

STATE OF CONNECTICUT

2002 Action Plan for Housing & Community Development

INTRODUCTION

The Annual Action Plan updates the State of Connecticut's 2000 Consolidated Plan for Housing and Community Development (ConPlan), a five year plan addressing Connecticut's housing and community development needs. The State submits the Plan to the U.S. Department of Housing and Urban Development in order to be eligible to apply for funds under the Community Development Block Grant (CDBG), HOME Investment Partnerships (HOME), Emergency Shelter Grant (ESG), and Housing Opportunities for Persons with Aids (HOPWA) programs. This Annual Action Plan covers the program year from July 1, 2002 to June 30, 2003.

References to sections of the ConPlan are made throughout this document. Not all of these sections are duplicated here. Copies of the ConPlan are available from the Public Affairs and Strategic Planning Division of the Connecticut Department of Economic and Community Development. A copy of the Action Plan can be viewed or downloaded by visiting DECD's web site at www.DECD.org

The activities, programs and resources discussed in this Plan will be administered by various agencies including the Departments of Economic and Community Development, Social Services, Mental Health and Addiction Services, and the Connecticut Housing Finance Authority.

In accordance with federal regulations, the Action Plan includes the following sections:

- Resources: funding sources available to address the State's needs and objectives
- Activities: method for distributing funds for activities that address needs and objectives
- Geographic Distribution: geographic areas to which the State will direct assistance
- Homeless and Special Needs Activities: plans to address homelessness and assist persons with special needs
- Other Actions: strategies to address underserved populations, foster and maintain affordable housing, remove barriers, and assist families in poverty
- Summary of Public Comments: comments made on the Action Plan and DECD responses
- Applications for Assistance: HUD Form 424 for the CDBG, HOME, ESG, and HOPWA programs
- Certifications: General and program specific certifications as required by HUD

CITIZEN PARTICIPATION

In accordance with Connecticut's 2000 –2005 Consolidated Plan for Housing and Community Development, the Department of Economic and Community Development (DECD) solicited public input in developing the 2002 –2003 Action Plan. So that public input and concerns could be included in the development of the state's 2002-2003 Action Plan, a public hearing was conducted by DECD on February 4, 2002 on housing and community development needs throughout the State.

DECD also solicited input on the draft Action Plan through a 30-day public comment period from February 21, 2002 to March 21, 2002 and invited citizen participation at two public hearings held on March 11, 2002 in Hartford and New Haven.

1. Resources:

Federal and State resources which will be used during this Action Plan time frame to address the needs and strategies identified in the ConPlan are found in the sections on specific programs in this report. This Action Plan provides a plan for expending FFY 2002 funds in the following programs:

HOME Investment Partnerships (HOME)	\$ 11,374,000
Small Cities Community Development Block Grant (CDBG)	\$ 14,814,000
Emergency Shelter Grants (ESG)	\$ 1,029,000
Housing Opportunities for Persons with AIDS (HOPWA)	\$ 1,060,000

A chart of State and Federal Resources that details those funds that are available to support housing and community development activities is included later in this document. The state cannot anticipate what other public or private funds may be available to support the programs, activities and strategies discussed here, however, the state will make maximum use of any such resources as they become available. The state is committed to making the most efficient and effective use of all resources.

A notice of funding availability will be posted on the DECD website upon funding notification from HUD.

2. Activities:

The State's methods of distributing funds and carrying out activities funded by HUD and other federal programs are described in the program-specific sections that follow. In recognition of the crucial need for access to funding for housing and community development projects throughout the year, the State is instituting the availability of both HOME and Small Cities funds on a year-round basis. Please refer to the HOME and Small Cities CDBG sections of this document for more detail on these activities.

3. Geographic Distribution:

All communities of the state are eligible for funding from both state and federal programs, in accordance with program requirements. Funds under both the HOME and Small Cities programs will be available to all eligible communities. Communities with greater needs may be given higher priority.

4. Homeless and Other Special Needs Populations:

Homeless and other special need populations are described in detail in the *Needs Assessment* and the *Homelessness* sections of the ConPlan. Strategies to address these needs are listed in the *Strategies* section of the ConPlan. A general description of state and federal resources can be found in the *Institutional Structure* section of the ConPlan.

5. Other Actions:

The strategies to address under served populations, foster and maintain affordable housing, remove barriers and assist families at or below poverty are discussed in the *Strategies* section of the ConPlan. A general description of state and federal resources can be found in the *Institutional Structure* section of the ConPlan.

- A. The Connecticut Housing Finance Authority will review the Federal Low Income Housing Tax Credit Allocation Plan to assure consistency with state policies described in this Action Plan.

- B. Redevelopment of state assisted housing stock will be considered in the award of Housing Tax Credits.
- C. The State of Connecticut will continue to address the reduction of lead-based paint hazards in a manner consistent with current activities at the Department of Economic and Community Development (DECD). These include but are not limited to the following:
 - 1. The State will continue its efforts to reduce the hazards of lead-based paint through a coordinated outreach effort to provide lead based paint hazard reduction methods training to rehabilitation and construction contractors. This training effort is in compliance to all HUD rules and guidelines and will be made available in several sites statewide to ensure the greatest participation. In addition, CDBG funds used to support homeownership rehabilitation loans will be increased to absorb the costs associated with the lead based paint hazard reduction methods requirements.
 - 2. Further, the state will continue its association with selected contractors to administer a comprehensive rehabilitation effort through a one-stop process for housing rehabilitation activities including but not limited lead-based paint hazard reduction, code violations and energy conservation improvements. Funding continues to be available from the State-funded Energy Conservation Loan Program and the Removal of Hazardous Materials from Residential Structures Program.

The State of Connecticut intends to abide by HUD's new requirements for notification, evaluation and reduction of lead-based paint hazards in federally owned residential property and housing receiving federal assistance (Lead Safe Housing Regulation at 24 CFR Part 35).

ACTIVITIES

A. HOME FUNDS

The State will continue its effort to strengthen the abilities of state and local government to expand and preserve its supply of decent, safe, sanitary, and affordable housing with the use of federal fiscal year 2002 HOME funds.

The Connecticut Housing Finance Authority will review the Low Income Housing Tax Credit Allocation Plan to assure consistency with State policies to foster and maintain affordable housing described under the HOME program in this Action Plan. All HOME assisted rental and home ownership units must meet all program guidelines for income eligibility.

The State will invest in the production of affordable housing through new construction or rehabilitation only when it determines that the units produced will remain affordable for the minimum years of affordability required under the HOME Program. If HOME funds are used for homebuyers, the State will abide by the guidelines for resale and recapture as required in Section 92.254 of the HOME Investment Partnerships Program Consolidated Final Rule.

Pursuant to Sec. 92.218-92.222 of the HOME Final Rule, the state PJ incurs a 25% matching obligation for the HOME funds it expends. In order to meet this obligation, each applicant must provide documentation identifying match sources.

The state is also seeking to expand access to affordable housing through the utilization of partnerships with stakeholders and other funding organizations that leverage existing housing programs.

Geographically, HOME funds will be available to all 169 communities.

FFY 2002 RESOURCE ALLOCATION PLAN FOR THE HOME PROGRAM

The federal Fiscal Year 2002 HUD allocation to the Department of Economic and Community Development for HOME is expected to be \$11,374,000. DECD funds are subject to availability from the federal government.

FFY 2002 Allocation	\$	11,374,000
State Administration (10%)	\$	<u>1,137,400</u>
ADMIN. SUBTOTAL	\$	1,137,400
CHDO Capacity Building		
CHDO Set-aside (15% of Allocation)	\$	1,706,100
CHDO Operating Funds (5% of Allocation)	\$	<u>568,700</u>
CHDO Pre-development Funds (10% of CHDO set-aside - \$ 170,610)		
CHDO FUNDS SUBTOTAL	\$	2,274,800
PROGRAM FUNDS	\$	<u>7,961,800</u>
TOTAL	\$	11,374,000

Reprogramming of Funds:

During the fiscal year, DECD may recapture funds from previous fiscal years from:

- Non-performing grantees
- Grantee's underutilized funds
- Program Income generated by grantees

Funds may be reallocated during the program year based on demand and /or emergency situations.

The Department of Economic and Community Development (DECD) proposes to use ten percent of its annual HOME allocation for program administration. The remaining funds are proposed to be allocated for HOME eligible activities. A minimum of fifteen percent of the annual allocation will be set-aside for Community Housing Development Organizations (CHDO) as required by federal law.

Ten percent (10%) of the CHDO set aside will be reserved for CHDO Predevelopment Loans. (Upon repayment of a CHDO loan, the repaid funds shall be placed in a revolving loan account to fund new CHDO Predevelopment Loans).

Under the HOME Program, a PJ may set-aside up to 5% of its annual HOME allocation for a CHDO Operating Expense Program. Beginning with the Department's distribution of 2002 HOME funds, the Department has implemented such a program. Funds shall be awarded in the following order until all funds set aside for this program are exhausted:

- First to "state designated" CHDO's that were newly successful in obtaining DECD HOME funds for a HOME project. The maximum award under this section of the program will be limited to 7.5% of the amount of HOME funds awarded for the approved HOME project. Under federal law, a CHDO may not receive HOME support that provides for more than 50% of its operating budget in any fiscal year or \$50,000, whichever is greater. Under Connecticut's program, operating expense assistance will be capped at \$50,000.

- Second to “state designated” CHDO’s that were awarded assistance for a HOME project in a previous year and whose progress has been deemed to be satisfactory by the Department.

For non-profit developers, the Department may also utilize HOME funds to refinance existing debt or to retire bridge financing provided the following conditions are met:

A. Refinancing of Existing Permanent Debt – (Applies only to Nonprofit Developers)

DECD may permit the cost of fully or partially refinancing an existing permanent mortgage loan on rental property provided, in the opinion of the Commissioner, the following conditions are met:

1. The rehabilitation of the housing must be the primary eligible activity. Therefore, the cost of the rehabilitation of the housing must equal or exceed \$25,000 per HOME-assisted unit and the total cost of the refinancing paid for with HOME funds may not exceed 50% of the cost of the eligible HOME rehabilitation activities;
2. A review of the management practices of the applicant must demonstrate that the proposed rehabilitation is not the result of disinvestment in the property by any entity involved in the application for HOME funds;
3. A review of the proposed operating budget for the project must demonstrate that both the cost of the refinancing and the needed rehabilitation of the project can be met and still result in the affordability of the units to HOME-eligible tenants for a period of 15 years or the term of the refinancing, whichever is longer;
4. When compared to the refinancing terms being proposed, the loan being refinanced must have:
 - a. An interest rate higher than the proposed refinancing;
 - b. A repayment term that is longer than the proposed refinancing; or
 - c. A lump-sum repayment requirement (a balloon payment);
5. The project must be located in a neighborhood identified in a neighborhood revitalization strategy under 24 CFR 91.215(e)(2), a Federally designated Empowerment Zone or Enterprise Community, or a State designated Neighborhood Revitalization Zone; and
6. Not involve the refinancing of a multifamily loan made or insured by any Federal program, including CDBG.

B. Grants or Loans to Pay Off a Bridge Loan – (Applies only to Nonprofit Developers)

DECD may permit the repayment of all or part of any bridge loans secured by a nonprofit developer to pay for project costs necessarily incurred prior to the availability of HOME or other financing. Such expenses may include the cost of acquisition of real property, real estate options and feasibility studies, which in the opinion of the Commissioner were necessary to the development of the project. Any services paid for with such a bridge loan that will be repaid with HOME funds must be for HOME-eligible expenses. The applicant must have secured all services in accordance with a DECD-approved Procurement Plan.

B. COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) FUNDS FOR SMALL CITIES

The Department will accept applications for all Small Cities eligible activities with the exception of applications for the rehabilitation of existing state-financed public housing in non-entitlement communities, which will be eligible but only for non-urgent rehabilitation activities. If an applicant has an urgent need, they should apply directly to the Department of Economic and Community Development for state bond funds as soon as the need has been identified. The definition of urgent or eminent need rehabilitation of state financed housing can be found in attachment A.

In the event that additional funds are allocated that affect Connecticut's initial allocation and/or are recaptured from other states and reallocated to Connecticut during the program year, these funds will be distributed.

FFY 2002 RESOURCE ALLOCATION PLAN FOR THE SMALL CITIES PROGRAM

The federal Fiscal Year 2002 HUD allocation to the Department of Economic and Community Development for Small Cities is expected to be approximately \$14,814,000. DECD funds are subject to availability from the federal government. If changes to this distribution become necessary, procedures outlined below will be observed in making those changes.

FFY 2002 Allocation	\$	14,814,000
State Administration (2%)	\$	296,280
(Additional State Admin) (\$100,000)	\$	100,000
Technical Assistance (1%)	\$	148,140
ADMIN SUBTOTAL	\$	544,420
Program Funds Available	\$	14,269,580
TOTAL	\$	14,814,000

Reprogramming of Funds:

During the fiscal year, DECD may recapture funds from previous fiscal years from:

- Non-performing grantees
- Grantee's underutilized funds
- Program Income generated by grantees

Funds may be reallocated during the program year based on demand and /or emergency situations.

COMMUNITY REVITALIZATION STRATEGIES

In 1996, HUD established criteria for allowing States to approve a locally determined strategy for revitalizing an area that is among the community's most distressed. In order to provide some incentive for grantees to undertake such revitalization, the CDBG regulations provide certain benefits for the use of CDBG funds in such an area. DECD will apply the same criteria to communities eligible for Small Cities CDBG.

A community that is interested in seeking approval of a community revitalization strategy (CRS) must submit a request to DECD prior to and separate from an application for a Small Cities grant. Once a CRS is approved, the community is eligible for the following incentives:

Job Creation/Retention as Low/Moderate Income Area Benefit: job creation/retention activities undertaken pursuant to the CRS may be qualified as meeting area benefit requirements, thus eliminating the need for a business to track the income of the persons that take or are considered for such jobs.

Aggregation of Housing Units: units assisted pursuant to the CRS may be considered to be part of a single structure for purposes of applying the low- and moderate-income national objective criteria, thus providing greater flexibility to carry out housing programs that revitalize neighborhoods.

Aggregate Public Benefit Standard Exemption: Economic development activities carried out under the strategy may be exempt from the aggregate public benefit

standards, thus increasing a community's flexibility for program design as well as reducing its record-keeping requirements.

Public Service Cap Exemption: Public services carried out pursuant to the CRS by a Community Based Development Organization will be exempt from the public service project funding cap.

A community's strategy must be designed to provide for the economic empowerment of the low and moderate income residents of a particular area that is among the community's most distressed. It must also provide for other long-term improvements within a reasonable period of time. Therefore, the CRS must clearly describe how it meets the following criteria:

Boundaries: the community must identify the neighborhood's boundaries for which the CRS applies. All areas within the boundaries must be contiguous.

Demographic Criteria: the designated area must be a primarily residential area that contains at least 51 percent low and moderate-income residents. However, a community may not utilize the area benefit presumption authorized by 24 CFR 570.483(e)(5)(i) or the aggregation of housing units authorized by 24CFR 570.483 (e)(5)(ii) unless it meets the additional demographic criteria outlined in 24 CFR 570.483(b)(1)(v). Communities that intend to utilize the area benefit presumption or the aggregation of housing units must provide DECD with the census data needed to support the LMI percentage and poverty rate in the designated area.

Consultation: The community must describe how the CRS was developed in consultation with the area's stakeholders, including residents, owners/operators of businesses and financial institutions, nonprofits, and community groups that are in or serve the neighborhood.

Assessment: the CRS must include an assessment of the economic conditions of the area and an examination of the opportunities for economic development improvement and the problems likely to be encountered.

Economic Empowerment: there must be a realistic development strategy and implementation plan to promote the area's economic progress focusing on activities to create meaningful jobs for the unemployed low and moderate income residents of the area as well as activities to promote the substantial revitalization of the area.

Performance Measures: the CRS must identify the results expected to be achieved, expressing them in terms that are readily measurable, in the form of benchmarks.

In order to avoid an unnecessary burden for the community in describing its CRS, the community may refer to specific portions of other documents that the community must provide to DECD. The community may only need to provide additional information to the extent that insufficient detail is not already contained in these documents in order that DECD determine that each of the criteria has been met.

A community with an approved Neighborhood Revitalization Zone pursuant to Public Act 95-340 may use the strategic plan developed for the NRZ as the CRS as long as any additional information required by DECD is also provided.

Planning Grants

Planning grants must be utilized to build local administrative capacity and to develop or manage Community Development Block Grants. Federal and State policy requires that all Planning Only grants, develop plans that, if implemented, would meet the low/moderate income national objectives. To meet this requirement, planning grants must be for a specific CDBG eligible activity.

Request for funding will be approved on first come, first served basis. Towns are limited to one planning grant request per program year in an amount not to exceed \$50,000.

Economic Development Applications

The Small Cities Program will award grants under the Economic Development Category to eligible local governments or multi-jurisdictional applicants to assist business in meeting the national objective for low and moderate income benefit through job creation or retention. The type and level of assistance shall not unduly enrich the business or be unreasonable in relation to the achieved public benefit.

Applications will be accepted on an open window basis. Grants will be awarded based on negotiations that determine (1) whether CDBG funding is appropriate, and (2) that the type and level of CDBG assistance are reasonable in relation to the achieved public benefit and does not unduly enrich the business.

Section 108 Loans

Section 108 Loan Guarantee Program is an extension of the federal CDBG program. This program provides a source of financing for community development projects in accordance with Section 108 of the Housing and Community Development Act of 1974 as amended. The program is designed to finance large-scale projects that address public needs or stimulate economic development.

Guaranteed by the U.S. Department of Housing and Urban Development and backed by the full faith and credit of the United States, Section 108 notes are issued to investors through private underwriters. The Section 108 funds are offered to localities in the form of loans, which must be repaid in full. The State pledge of future Small Cities CDBG funds serves as one source of security. All projects will be required to provide additional security and demonstrate that the 108 borrowing can be paid back. All Section 108 projects must fulfill at least one of the Federal CDBG national objectives.

Applications will be approved on an "open" window basis. The awards will be made for projects qualifying on non-competitive criteria until funding authority is less than pending pre-applications. When and if demand exceeds supply, the statewide Small Cities evaluation criteria will be employed.

Proposals for Section 108 loans will be accepted by the State throughout the year and will be evaluated on project merits by a review team. Localities will be requested to complete a pre-application, which will enable the State to determine that the proposal meets federal eligibility and feasibility criteria. Proposals will be accepted for housing rehabilitation, economic development and related projects. The amount of funds committed to a particular project will be based on financial need and public benefit relative to risk.

Key program elements for the Section 108 Loan Guarantee Program include:

- DECD Statewide assistance is limited to \$14 million or no more than \$1,500,000 principal and interest payments annually
- DECD minimum amount per project is \$500,000
- DECD maximum loan guarantee per applicant or per project will not exceed \$4 million
- The maximum loan term will be 20 years
- Loans will be capped at 75% to 80% Section 108 loan to collateral value pledged
- Repayment feasibility must be reasonably assured
- Each project must demonstrate at least 10% equity participation
- Section 108 loan funds cannot constitute more than 90% of total project costs
- For economic development projects, the cost per FTE job cannot exceed \$35,000 in Section 108 funds (all permanent jobs)

- For economic development projects Section 108 assistance is limited to a maximum of \$350 per LMI resident served
- The interest rates charged will be pegged to cost of funds, which track treasury rates
- For DECD housing rehabilitation projects, maximum assistance will be capped according to HOME program guidelines

APPLICATION PROCESS FOR HOME & CDBG PROGRAMS

DECD will continue to accept applications for the Small Cities CDBG and HOME programs under the "open" application process. Applications will be accepted on a continuing basis year-round.

The application process will be as follows:

- Prospective applicants must complete a pre-application in accordance with the Department's administration of each program. All applications must be submitted directly to the regional field office-serving the community in which the project/ activity will be carried out.
- Regional staff will review the pre-application and any attached materials to determine if the project/activity meets minimum program eligibility and threshold requirements. (Regional field staff are available to provide technical assistance regarding eligibility requirements and funding opportunities).
- Regional staff will invite an application if the project/activity is determined to be eligible and the threshold requirements have been addressed or the prospective applicant will be advised of deficiencies.

PROGRAM ELIGIBILITY AND THRESHOLD REQUIREMENTS

The following requirements apply to the HOME and Small Cities CDBG programs:

- Eligible Applicants, as defined by HUD program regulations.
- Eligible Activity - Only those activities eligible under the appropriate Federal Acts will be funded.
- Statement of compliance with all program requirements.
- Applicants must be in compliance with all existing DECD Assistance Agreements. (Waiver provision provided in extraordinary circumstances.)
- The applicant must identify how the project meets and is consistent with the goal/strategy(ies) of the DECD Consolidated Plan.
- Certification/demonstration of compliance with Fair Housing Guidelines

The following requirements are specific to the Small Cities CDBG Program:

- National Objective - Each proposed activity must meet at least one national objective. The national objective claim must be fully supported, and in some cases, the Agency should pre-approve the approach for meeting the national objective.
- Certification/demonstration of compliance with Citizen Participation criteria
- Applicants must provide a minimum local contribution of 10% of the DECD amount requested from a non-state or non-federal source. Rural communities with populations of 3,000 or less which are classified as economically disadvantaged under any state or federal authority, are

not subject to the match requirement. (Waiver provision provided in extraordinary circumstances).

- **Housing Projects and planning only** grants are not subject to the 10% local contribution.

If the applicant is denied funding based on not meeting the 10% local contribution threshold, the applicant may make written appeal to the Commissioner. The Commissioner, at his discretion, may approve or disapprove the appeal.

APPLICATION EVALUATION AND APPROVAL PROCESS FOR THE HOME AND SMALL CITIES PROGRAMS

Applications for both the HOME and Small Cities Block Grant Programs will be evaluated as follows:

DECD staff will conduct due diligence and evaluate eligible applications using the evaluation criteria described herein. Depending on the nature of the proposed activity, site inspections may be conducted by DECD staff. An evaluation of the site's feasibility will be completed and considered as part of the final review.

Regional staff will make a recommendation for approval to the Commissioner. Final recommendations will be based on the overall quality of the application. The ability of the applicant to demonstrate that they will be able to secure firm financial commitments from other funding sources will also be a determining factor.

Approved applicants will receive notification from the Commissioner's office. If the application is not approved, regional staff will advise the applicant of deficiencies and provide necessary technical assistance.

EVALUATION CRITERIA FOR THE HOME AND SMALL CITIES CDBG PROGRAMS

The following are categories of evaluation criteria and descriptions of factors that will be considered within each category.

The following are categories of evaluation criteria and descriptions of factors that will be considered within each category.

Need and Marketability

Is the project a stated priority of the applicant. Communities are encouraged to set priorities for projects and funding on an annual basis. The governing or legislative body of the applicant must provide a written resolution attesting to the priority of the project as part of the application process. The project must meet one or more of the priorities as outlined in the ConPlan. This category will consider: the overall housing and community development needs of the community and the region in which the activity is proposed; the documented need for the specific activity proposed; the extent to which low and moderate income households will be served or will benefit; the extent to which health and safety issues apply; the extent to which the proposal addresses the community's special needs housing; a market analysis of the proposed activity and waiting lists (if appropriate).

Project Feasibility

DECD must expend federal funds in a timely manner, therefore all projects must have a "ready to go" status which means that necessary approvals are in place such as permits, funding, certifications, etc.

This category will consider distinct areas: site feasibility, development feasibility, and operational feasibility. Site feasibility will consider the environmental condition of the proposed activity; site control; current zoning and approvals; infrastructure condition and needs; the presence of

hazardous materials; historic preservation requirements. Development feasibility will consider: project cost including total development cost, per unit cost and program (“soft cost”) cost; proposed development budget; appraisals; funding commitments from other sources; amount of funding leveraged by HOME or Small Cities funds; the extent to which HOME or Small Cities is used as gap financing or funding of last resort; relocation; project time line, and project readiness to proceed. Operational feasibility will consider: proposed operating budget; proposed rents and/or purchase prices, the reasonableness of operating expenses including fees, cash flow projections for the project.

Applicant/Sponsor Capacity

All applicants must be in full compliance with any and all Assistance Agreements with DECD. This will be determined internally within DECD. This category will consider the applicant's: success with previous DECD funded projects; development experience; experience of the development team and staff, management experience; performance in administering previous grants and/or loans from DECD, specifically HOME and Small Cities; performance in promoting fair housing and equal opportunities.

Community Impact

Is the project part of a comprehensive planning process for the community such as a Community Revitalization Strategies Plan, Plan of Development or similar planning effort. The applicant must provide evidence of the planning effort supporting the project. This category will consider: the relationship between the proposed activity and the other housing, economic and community development activities that are planned or underway in the impacted neighborhood; the relationship of the proposed activity to priorities identified in the municipality's or region's plan of development; the economic impact of the proposed activity; local government support for the proposed activity; neighborhood support for the proposed activity; if the proposed activity is located in a targeted investment area such as a Neighborhood Revitalization Zone or Enterprise Zone.

Fair Housing and Equal Opportunity

Is there evidence of a previously approved and active Fair Housing Plan? How is the applicant performing in terms of achieving the goals of the plan? Has the Plan been revised to reflect the requirements of DECD's Analysis of Impediments Action Plan? Is there evidence of an active Equal Opportunity Plan? How is the applicant performing in terms of achieving the goals of the plan? Applicant must submit a Plan that has been updated within the last 2 years and milestones/achievements as a result of the plan. This category will consider the extent to which proposals promote racial and economic integration; the extent to which the proposal offers housing choice and opportunities to extremely low, very low, low and moderate income households and to persons with special needs; the extent to which the proposed project reduces racial segregation. The fair housing category will only apply to housing proposals, while Equal Opportunity will be applied to all proposals.

STATE AND FEDERAL RESOURCES

ECONOMIC & COMMUNITY DEVELOPMENT (DECD)	STATE> 02-03	HUD >02-03	TOTAL
HOME	\$0	\$11,374,000	\$11,374,000
Small Cities Community Development Block Grant	\$0	\$14,814,000	\$14,814,000
Lead Based Paint Removal	\$0	\$0	\$0
Flexible Housing Funds	\$47,837,638	\$0	\$47,837,638
Assisted Living Funds	\$900,000	\$0	\$900,000
Housing Assistance and Counseling Elderly/Congregate Rental Assistance	\$384,600	\$0	\$384,600
Congregate Operating Subsidy	\$370,417	\$0	\$370,417
Urban Act Funds (Community Development)	\$1,336,654	\$0	\$1,336,654
TOTAL FOR DECD:	\$65,037,309	\$26,188,000	\$91,225,309

Figures for state 02-03 are based on Governor's Recommended Budget
 Capital figures consist of Gov. Recommend. Budget plus balance @ 12/31/01

CONNECTICUT HOUSING FINANCE AUTHORITY (CHFA)	STATE> 02-03	HUD >02-03	TOTAL
LOW INCOME HOUSING TAX CREDIT	\$0	\$5,993,880	\$5,993,880
TOTAL FOR CHFA:	\$0	\$5,993,880	\$5,993,880

PRIORITY OBJECTIVES AND PERFORMANCE GOALS

The state intends to make available CDBG and HOME funds to eligible recipients based on the priorities set forth in the 2000-2005 Consolidated Plan and this document.

The following year 2002 objectives and performance goals are specific to HOME and CDBG. The Strategies section of the Consolidated Plan contains all of the five-year strategies and the five-year objective and performance goals.

The following series of tables contain the projected outcomes/objectives and performance goals, and the strategies that they address for the year 2002 fiscal year HOME AND CDBG programs. The projected outcomes/objectives and performance measures are listed in terms of units created or rehabilitated and people served. People served is estimated at 2.5 people per unit. These outcomes are further broken down into sub-categories that identify the number of units created or rehabilitated according to income group and again further broken down by special needs grouping. The corresponding strategies enlisted in effecting these outcomes or accomplished through projects under the HOME and CDBG programs are listed by number. Details regarding these strategies appear in the Strategies and Objectives and Performance Measures section of the ConPlan. For easy reference, a simplified recap to these strategies appears in a table at the end of this section.

HOME

Year 2002 Projected Outcomes/Objectives and Performance Goals

Outcomes/objectives and performance goals for fiscal year 2002 are as follows:

The DECD expects to fund the rehabilitation or construction of the following number of units, which will serve the corresponding number of individuals.

	Total	Rental	Home Ownership	Strategies Addressed
Units	277	152	125	1,3,6,7,8,9,11,15
People	693	381	312	15

The following is the distribution of the above mentioned Rental and Homeownership opportunities between income groups.

0 to 30% AMI - Units	61		3,6,7,8,9,11,15
0 to 30% AMI - People	153		
31 to 50% AMI - Units	61	25	1,3,6,7,8,9,11,15
31 to 50% AMI - People	153	63	
51 to 80% AMI -Units	30	100	1,3,6,7,8,9,11,15
51 to 80% AMI - People	75	249	

The following is the allocation from the total of the above-mentioned Rental and Homeownership opportunities between the different special need categories.

Disabled/Special Needs Units	23	15	1,3,4,6,7,8,9,11,15
Disabled/Special Needs People	23	38	
Elderly Units	16		3,6,7,8,9,11,15
Elderly People	16		
Homeless Units	22		3,6,7,8,9,11,15
Homeless People	22		

The following is a further breakdown of the allocation of the Rental and Homeownership opportunities for the different special need categories by income group.

0 to 30% AMI – Elderly Units	12		3,6,7,8,9,11,15
0 to 30% AMI - Elderly People	12		
31 to 50% AMI - Elderly Units	2		3,6,7,8,9,11,15
31 to 50% AMI - Elderly People	2		
0 to 30% AMI - Disabled/Special Needs - Units	17		3,6,7,8,9,11,15
0 to 30% AMI - Disabled/Special Needs - People	17		
31 to 50% AMI - Disabled/Special Needs - Units	6		3,4,6,7,8,9,11,15
31 to 50% AMI - Disabled/Special Needs - People	6		
0 to 30% AMI - Homeless Units	22		3,4,6,7,8,9,11,15
0 to 30% AMI - Homeless People	22		

CDBG

Year 2002 Projected Outcomes/Objectives and Performance Goals

Outcomes/objectives and performance goals for fiscal year 2002 are as follows:

CDBG –Housing

The DECD expects to fund the rehabilitation or construction of the following number of units, which will serve the corresponding number of individuals.

	Total	Rental	Home Ownership	Strategies Addressed
Units	280	154	126	1,3,4,5,6,7,8,9,11,15
People	700	385	315	
Very Low Income Units (0 to 30% AMI)				
		62		1,3,4,5,6,7,8,9,11,15
Very Low Income People (0 to 30% AMI)		155		
Low Income Units (31 to 50% AMI)				
		61	101	1,3,4,5,6,7,8,9,11,15
Low Income People (31 to 50% AMI)		153	253	
Moderate Income Units (51 to 80% AMI)				
		31	25	1,3,4,5,6,7,8,9,11,15
Moderate Income People (51 to 80% AMI)		77	62	

CDBG –Housing Supportive or Non-Housing **Strategies Addressed**
 The following are generalized categories

CDBG – Economic Development		10,12,13,14,16,17
Employer Driven Training Assistance	25-50 Low/Moderate Income People	
Assorted Economic Development Projects	15-30 Low/Moderate jobs created and/or retained	
CDBG – Public Facilities		10,13,14,17
Public Facilities/ADA	5-10 Projects benefiting Low/Moderate Income People	
CDBG - Public Service		3,4,5,8,10,13,14,17,18
Public Service	2-3 Projects Low/Moderate Income People	
CDBG – Technical Assistance		15
Technical Assistance	Held in reserve for use as need arises.	

INCOME GROUPS DEFINITIONS FOR THE SMALL CITIES CDBG PROGRAM:

Extremely/Very Low Income Persons (0 to 30% AMI) - are defined as those families and individuals whose incomes do not exceed **thirty percent** of the area median income; to avoid inconsistencies with other income limits, it is defined as sixty percent of the four person family low-income limit, adjusted for family size.

Low Income Persons - (31 to 50% AMI) are defined as those families and individuals whose incomes exceed **thirty percent** but does **not exceed fifty percent** of the median income of the area involved, as determined by the U.S. Department of Housing and Urban Development with adjustments for areas with unusually high or low incomes.

Moderate Income Persons (51 to 80% AMI) - are defined as those families and individuals whose income **exceed fifty percent but does not exceed eighty percent** of the median income of the area involved, as determined by the U.S. Department of Housing and Urban Development with adjustments for smaller and larger families.

Low/Moderate Income Persons - (31 to 80% AMI) are defined as those families and individuals whose incomes do not exceed **eighty percent** of the median income of the area involved as determined by the U.S. Department of Housing and Urban Development with adjustments for areas with unusually high or low income or housing costs. The area involved has been determined by HUD to be the same area as determined for purposes of assistance under Section 8 of the United States Housing Act of 1937.

INCOME GROUPS DEFINITIONS FOR THE HOME PROGRAM:

Extremely Low Income Persons/Families (0 to 30% AMI) are defined as those families/individuals whose annual incomes do not exceed 30% of the median income for the area as determined by HUD adjusted for family size.

Very Low Income Persons/Families (31 to 50% AMI) are defined as those families/individuals whose annual incomes do not exceed 50% of the median income for the area as determined by HUD adjusted for family size.

Low Income Persons/Families (51 to 80% AMI) are defined as those families/individuals whose annual incomes do not exceed 80% of the median income for the area as determined by HUD adjusted for family size.

ConPlan STRATEGIES REFERENCE TABLE

The following table contains the strategies that appear in the ConPlan.

No.	Strategy	Priority
1	Homeownership	High
2	Rent Subsidies	High
3	Homelessness and Prevention	High
4	Special Needs-Persons with Disabilities	High
5	Special Needs-Persons with AIDS/HIV	High
6	Housing Rehabilitation and Preservation	High
7	New Development and Housing Production	Medium
8	Fair Housing	High
9	Financing and Incentives	High
10	Neighborhood and Community-based programs	High
11	Lead Abatement and Hazardous Materials	Medium
12	Job Training and Welfare to Work	High
13	Urban Center-related	High
14	Urban-Suburban Partnerships	Medium
15	Technical Assistance: Non-Profits, Grantees, Sub-recipients	Low
16	Small Business-related	Medium
17	Transportation and Infrastructure Facilities	Low
18	Community Development Support Services	Medium

C. EMERGENCY SHELTER GRANTS (ESG)

Connecticut anticipates \$1,031,000 in Federal Emergency Shelter Grants Program (ESG) funds for the new consolidated plan program year beginning July 1, 2002. Federal ESG funds will be pooled with \$5,687,529 in annual funding from Connecticut's general operating budget and \$3,908,703 from the U.S. Department of Health and Human Services' TANF and Social Services Block Grants. The Connecticut Department of Social Services administers these funds.

The pool of funds are allocated to local community based organizations and municipalities for the provision of temporary shelter for homeless individuals and families. Federal and state funds provide operational costs, rehabilitation activities, essential services such as counseling, case management, health, education, employment and training as well as help finding permanent housing and homeless prevention activities.

Federal ESG funds will primarily be targeted for operational costs (65% of available funds) followed by essential services (30%) and administrative services (5%).

Connecticut currently has 18 shelters for single individuals, 15 shelters that support families and 14 shelters for both families and individuals. These shelters were established over the years due to the documented need to support homeless individuals and families. As needs are identified in local communities, the Department of Social Services examines its current financial capability to determine if there is financial and program support for new shelters.

An estimated 17,000 individuals, including families with children, will receive emergency shelter services during the program year that began July 1, 2001.

The Department of Social Services consults with the Connecticut Coalition to End Homelessness for the provision of technical assistance, program development service model recommendations and program evaluation.

OUTCOME MEASURES FOR HOMELESS SHELTERS

The Department of Social Services has negotiated the following client based outcomes and measures with directors of emergency shelters. Each shelter will select and negotiate individual numerical outcomes and measures with DSS staff and will submit a monthly statistical and quarterly demographics report. The projected numerical goals represent statewide outcomes that will be evaluated throughout the program year.

OUTCOMES

Consumer attains alternate housing and/or accesses social and/or treatment services.

MEASURES

- (Singles Housing Programs)

At least 30% of consumers will access another community housing setting such as transitional housing, residential treatment program or permanent housing.

(Family Housing Programs)

At least 55% of consumers will access another community housing setting such as transitional housing, residential treatment program or permanent housing.

- (Singles Housing Programs)

At least 40% of consumers will access additional social services.

(Family Housing Programs)

At least 65% of consumers will access additional social services.

- (Singles Housing Programs)

For consumers with agreed upon goal of accessing information in order to make informed decisions about their health, education, housing, etc., 95% of consumers

will be provided with such information to enable them to make informed decisions.

(Family Housing Programs)

For consumers with agreed upon goal of accessing information in order to make informed decisions about their health, children's education, housing, etc., 95% of consumers will be provided with such information to enable them to make informed decisions.

D. HOUSING OPPORTUNITIES FOR PERSONS WITH AIDS (HOPWA)

Connecticut anticipates \$1,137,000 in Federal Housing Opportunities for Persons With AIDS (HOPWA) funds for the new consolidated plan program year beginning July 1, 2002. HOPWA funds will be pooled with \$3,017,608 million in annual funding from Connecticut's general operating budget, \$1,006,023 from the US. Department of Health and Human Services (HHS) and approximately \$1.5 million raised annually by community based organizations from private sources. In addition, Connecticut has approximately \$600,000 available in bond funds for acquisition, rehabilitation, or new construction of AIDS housing programs. The Connecticut Department of Social Services administers these funds.

HOPWA funds will be distributed to twenty-four community-based organizations statewide that provide AIDS housing services. These funds in conjunction with state appropriations will be used for community residence operational costs, rental assistance, technical assistance to non-profit organizations, supportive and case management services, housing information and resource identification.

The types of housing that will be funded include scattered site apartments, community residences with and without 24 hour staffing and respite/hospice care. The housing programs are located in eleven different Connecticut communities and provide housing with supportive services to approximately 600 individuals at any one time.

Supportive services include case management, medical services, legal assistance, substance abuse counseling and recovery support, pastoral and emotional counseling, cooking and cleaning assistance, transportation, social, recreational, educational and volunteer opportunities.

An estimated 1,063 individuals living with HIV/AIDS and their families will receive supportive housing assistance. The population to be served is 42% male adult, 33% female adult and 25% children. It is estimated 75% of adults will have a history of substance abuse. Each housing program has specific criteria for admission which includes verification of HIV/AIDS diagnosis, income verification, review of living situation with preference provided to those living in shelters or on the streets, willingness to abide by program regulations such as drug free environments.

The community-based organizations that provide the described services have established excellent reputations within their communities. Each has developed networks that are informed of the available housing and supportive services provided. Staff work closely with discharge planners from hospitals, homeless shelters and correction facilities, as well as, with case managers and care coordinators from the regional AIDS consortia. In addition the statewide Connecticut AIDS Residence Coalition (CARC) mails a semi-annual newsletter to approximately 1,200 social service and housing contacts. The Department of Social Services consults with CARC for technical assistance in the development of service models and program evaluation. CARC is a membership organization for AIDS housing providers in the state.

CARC and its members, through its Quality Assurance Program, will continue to work closely with the State Department of Social Services to establish appropriate and measurable performance measures for the coalition's activities.

OUTCOME MEASURES FOR AIDS HOUSING

The Department of Social Services has negotiated the following outcomes and measures with the AIDS residence service providers. Each organization that receives HOPWA funds will establish numerical goals for the outcomes and measures selected. The numerical goals identified below represent the statewide goal for all individual AIDS residence programs.

OUTCOMES

Program will strive to maintain maximum capacity.

Residents with HIV/AIDS will receive services and support to improve their quality of life.

MEASURES

- Programs will maintain an occupancy rate of 80%.

- For residents with an agreed upon goal of accessing financial and medical entitlement, at least 90% will be assisted in accessing such benefits.

- For residents with an agreed upon goal of improving daily living skills, at least 90% will demonstrate abilities in one or more functional area(s).

- For residents with an agreed upon goal of participation in support groups, counseling, therapy or substance abuse treatment, at least 90% will participate 70% of the time.

- For residents with an agreed upon goal of accessing legal services, at least 90% will access legal services.

- For residents with an agreed upon goal of accessing information about medical services, treatment and/or medications in order to make informed decisions about their health, 100% will access the above identified services to enable them to make informed decisions about their medical treatment.

STATE AND FEDERAL RESOURCES (SFY 2002)

SOCIAL SERVICES (DSS)	STATE	HUD	HHS	TOTAL
Emergency Shelters	5,687,529	1,031,000	3,908,703	10,625,232
Domestic Violence Programs	554,476		4,427,313	4,981,789
Housing Opportunities for Persons With AIDS	3,017,608	1,137,000	1,006,023	5,083,631
Section 8 Rental Assistance		26,300,000		26,300,000
Special Needs Housing Benefits (incl.in TFA,AABD expenditures)	420,000		780,000	1,200,000
Time-Limited Rental Assistance	3,500,000			3,500,000
Rental Assistance Program	14,000,000			14,000,000
Family Home Share Program	55,596			55,596
Elderly Home Share Program	46,817		52,020	98,837
Security Deposit Program	550,000			550,000
Eviction Prevention Program	229,965		980,726	1,210,691
Transitional Living Program	2,184,198		825,930	3,010,128
<u>TOTAL FOR DSS</u>	30,246,189	28,468,000	11,980,715	70,615,904

2002 Action Plan - Attachment A

DEPARTMENT OF ECONOMIC & COMMUNITY DEVELOPMENT

RENTAL REHABILITATION PROGRAM

ELIGIBLE WORK ITEMS CATEGORIZED BY DEGREE OF URGENCY (but not limited to)

The following is a list of potential rehabilitation and improvement work items classified under the 4-degree of urgency criteria definitions. The list is not conclusive and some work items based on the severity of the work can fall under more than one degree of urgency category. Also items are not prioritized in order of necessity under each degree of urgency category.

Further, we would consider immediate emergency failed system work items directly for remedial action.

1A - Urgent Need - May be a threat to life

- electric service and circuit panel upgrade
- electrical wiring and circuits upgrade
- electrical ground fault interruption (GFI) in kitchens & bathrooms
- structural defects, cause for structure to be unsafe
- potential boiler failure, cause for explosion or fire to occur
- severe roof problem, cause for collapse or water penetration
- severe deterioration of exterior brick lintels or relief supports
- basement oil tank failure
- fencing in of water hazardous and/or open culvert
- non-operational smoke detection and/or fire alarm system
- child safe bars/screens – in bldg.'s w/ three or more stories
- lead abatement in unit where a EBL child resides
- deteriorated chimney flues
- septic system failing
- well system health & equipment problems
- friable exposed hazardous asbestos containing material
- severe deterioration of exterior fire escape structure
- exterior and/or interior lead abatement, units identified to contain TLL & defective surfaces where a child under the age of six resides

1 - Eminent Need - May be a threat to life.

- inoperable bedroom egress windows
- non-operational site & security lighting
- deterioration of exterior cantilever balcony
- other work items similar to 1A except of a less severity
- individual electrical hazard
- building equipment code violations or failures

2 - Moderate Code Violations or Deterioration - Affect the health and safety of tenants.

- boiler replacement
- oil tank replacement
- window replacement
- entry door replacement
- site lighting upgrade for security
- roof replacement, start of leaks

- severe deteriorated walks, roads or parking areas
- exterior brick cracks, to cause water penetration
- bathroom renovations
- kitchen renovations
- site drainage problems, cause for water to enter basements
- health code violations
- code citations from local building official
- window security grilles
- install exterior railings per code
- upgrade entry door lock hardware to code
- upgrade smoke detection and/or fire alarm system
- upgrade common area emergency lighting
- handicapped accessibility deficiency
- replace problem electric baseboard heating unit
- severe termite & other insect infestation problem
- interior and/or exterior environmental situation
- vacant boarded-up out of service units/buildings

3. Minimum Essential Renovations and Improvements - Maintain structures from future deterioration

- normal roof replacement, no leaks, visual deterioration & outlasted life expectancy
- gutter/leader replacement
- normal walks, road & parking area resurfacing and/or replacement
- site watershed drainage problems
- storm drainage problems
- basement bulkhead replacement
- basement hatchway stair replacement
- termites & other insect infestation problem
- replace individual bathroom fixture
- replace individual component and/or kitchen fixture
- elevator upgrade

2002 Action Plan - Attachment B

Summary of public comments made at the public hearings and during the 30-day public commentary period.

PUBLIC HEARINGS AND PUBLIC COMMENTARY PERIOD

The department held one Public Hearing on February 4, 2002 to elicit input into the development of State's 2002 Action Plan for Housing and Community Development. Notification for this hearing appeared in ten (10) newspapers around the state. See attached copy of the notification. No testimony was received at this hearing. See attached copy of the hearing transcript.

The department initiated a 30 day public commentary on February 21, 2002. The public commentary period was concluded on March 21, 2002. The department received one letter regarding the 2002 Action Plan. The concerns expressed in this letter and DECD's response appear below. A copy of the letter is attached.

The department held two public hearings on March 11, 2002; one in Hartford and one in New Haven. No testimony was received at these hearings. See attached copy of the transcripts for the two hearings.

Notification for the public commentary period as well as the two aforementioned hearings appeared in ten (10) newspapers around the state. See attached copy of the notification.

In addition to the public hearings and commentary period, the department posted the draft Action Plan on the agency's web site. This was noted in the public notices. The department also submitted, via e-mail, to the members of the State Legislature's Appropriations Committee, Commerce Committee, Planning and Development Committee and the Chairs of the Housing Sub-Committee, a schedule of the public hearings and commentary period as well as a copy of the draft Action Plan.

COMMENTS RECEIVED AND DECD RESPONSE

Representative Lee Samowitz:

"My concern is that the HOME program does not accommodate the condominium community that is in need of new roofs, boilers or other major repairs and only a few banks will consider loans and unit owners are reluctant to disclose incomes. My second concern is the same as previously expressed at the last approval hearing is that urban-suburban cooperation is given high priority when programs that promote the arts would often be suburban-urban cooperative effort but are not a priority of the agency." Copy of original correspondence is attached.

DECD's Response:

The HOME program will accommodate the condominium community. In the case of individual units the applicant would need to be the home owner or developer of the individual unit. In cases where systems such as boilers are shared, the applicant would need to be the condominium association. The same would be true for the exterior renovation/repair (roofs, siding, etc) for individual units.

Federal regulations would however, require that the owners of the condominiums disclose their income. In order to be eligible for the HOME program the applicant/owner must be of low or moderate income as defined by HUD. The owner must also agree to keep the unit affordable for a specified number of years.

The priorities outlined in the State's Consolidated Plan govern the use of funds in each annual action plan. The priorities were determined by numerous committees composed of legislators, state officials, for-profit and non-profit developers, housing and social service advocates, housing and social service providers as well as community groups and municipal representatives. Arts based projects are eligible under the Small Cities program as long as they can show a low/moderate income benefit. If a suburban and urban community were to present an arts project to DECD and can show that it is a cooperative venture that promotes urban-suburban interaction as well as provide the federally required low/moderate income benefit, the department would consider it for funding.

The Small Cities program is designed to assist the state's smaller communities. The larger urban centers, such as the cities of Hartford and Bridgeport are entitlement communities and receive a direct allotment from HUD. As such they are not eligible for state administered CDBG funding.

Ralph Monti, Urban Services of America:

"I have examined the above referenced document can offer the following comments with apartments consideration."

"Page 5 of the draft references that nonprofit developers may utilize HOME funds to refinance existing debt or to retire bridge financing. Does this mean that for-profit developers are excluded from the benefit? If so, a large number of urban apartments will no longer be affordable and converted into market rate units." Copy of original correspondence is attached.

DECS's Response:

Refinancing of Existing Debt

While the use of HOME funds to refinance existing debt is a permitted activity under the HOME Program, it is one of the few that must have specific parameters established before the activity becomes eligible (92.206(b)). Until this year, Connecticut did not take the necessary steps to implement this activity. HUD's issue with this activity appears to be a concern that HOME funds could be used to "bail-out" property acquired with minimal personal investment and with the intention of earning as much income as possible while investing as little as possible in maintenance and improvements.

Because this is our first attempt at making refinancing an eligible expense in Connecticut's program, we decided to limit the activity to the non-profit sector where the above concerns are less likely to be an issue. After gaining some experience in evaluating funding requests that include the refinancing of existing debt we will review carefully expanding eligibility to for-profit developers.

Refinancing of Bridge Financing

The Department will consider expanding eligibility to for-profit developers.

2002 Action Plan - Attachment C

MONITORING

THE DEPARTMENT OF ECONOMIC AND COMMUNITY DEVELOPMENT (DECD)

The following describes the standards and procedures that the DECD will use to monitor activities carried out in furtherance of Connecticut's consolidated plan and will use to ensure long-term compliance with requirements of the CDBG and Home programs.

SMALL CITIES PROGRAM COMPLIANCE AND MONITORING

DECD performs monitoring to ensure that Department funds are being spent correctly and in compliance with federal regulations. The Department prepares a biannual monitoring plan. Each grant must be monitored on-site at least once prior to closeout. Monitoring reviews will be scheduled in accordance with the Small Cities Program Monitoring Schedule.

DECD monitors housing program compliance and financial compliance with federal and state regulatory mandates. The on-site monitoring visit and the desk reviews are mechanisms used for in-depth investigation and overall assessments. Quarterly financial reports are required for all Small Cities grant recipients.

The review of activities that include a rehabilitation or construction component must include an inspection of the "project" that was rehabilitated or constructed (e.g., the rental units rehabilitated, roads or sidewalks constructed, etc.). The DECD Building Construction Specialist who assists the DECD Project Manager with the monitoring review will inspect the project to ensure that it was rehabilitated or constructed in accordance with state & local building codes and with the plans & specifications for the project.

Sub-recipients of federal funds are also monitored for compliance with Single Audit, OMB Circulars, and contractual financial requirements. In-depth financial monitoring and technical assistance are provided to improve financial accountability and fiscal responsibility. In addition, financial reviews are conducted upon the request of and in concert with program area staff through team monitoring visits.

HOME MONITORING

HOME MONITORING & CLOSEOUT GUIDELINES DEVELOPMENT to OCCUPANCY

Monitoring will occur on a yearly basis and perform a 20% random selection of projects to monitor. All grantees will be notified and required to submit quarterly status reports on their projects for the periods ending 9/30, 12/31, 3/31 and 6/30. DECD will conduct site inspections with grantees, as warranted. Site inspections will include, but not be limited to, a review of the rent structure, utility allowance, yearly re-certification of income, verification of income and review of resident folders. The grantee will be notified of the monitoring/inspection findings and required remedies to any deficiencies that exist. Project managers will conduct requisite follow-ups with the grantee to insure that all remedies are enacted and completed in a comprehensive, timely and efficient manner.

MONITORING PREPARATION DURING APPLICATION

The staff of the Community & Housing Development Division (CHD) will advise sponsors during the application phase on the program requirements including project & program monitoring and long term obligations. The reference documents used will be:

Monitoring HOME Program Performance
Technical Guide for Determining Income and Allowances for the HOME Program

Technical staff from the Infrastructure & Real Estate Division will review and approve design standards, cost estimates, construction related documents and environmental reports.

Affirmative Action Office will be sent copies, for their records, of sponsor's:

- Affirmative Fair Housing Marketing Plan
- Civil Rights and ADA compliance forms
- Tenant or Homebuyer Selection plan
- Section 3 Plan

MONITORING DURING DEVELOPMENT

CHD staff will review quarterly reports from project sponsors. Project payment will not be made to sponsor's delinquent in their quarterly reporting.

Payments will be reviewed against project budgets to ensure conformance.

CHD and IRE staff will coordinate on-site inspections as necessary. These inspections may include but will not be limited to:

- Relocation
- Owner Selection (Home Income eligibility)
- Homebuyer Files (including sales documents and/or tenant files as applicable)
- Wage Rates and Labor Standards reviews
- Procurement
- Construction files
- Inspection of property(s)

Following every monitoring visit, the Project Manager will prepare a letter to the developer listing all findings and concerns and the action the Project Manager expects the developer to take to correct any problems. All letters should include a resolution or response due date (e.g. "please respond within thirty days of the receipt of this letter"). Staff should schedule a monitoring exit meeting with the sponsor to review findings and discuss next steps. The initial letter shall be addressed to the developer's project manager; however, should problems develop with the developer's representative with either interpretation of the issues or in the quality of the responses, the Project Manager shall discuss the next course of action with his/her supervisor. When all issues have been resolved, the Project Manager shall write a letter to the developer so stating.

All monitoring letters must be copied to the CHD Executive Director

CIVIL RIGHTS MONITORING

The Affirmative Action Office will be notified when on-site monitorings are scheduled and encouraged to attend, schedules permitting. The Affirmative Action staff will monitor:

- Sponsor's implementation of the Affirmative Fair Housing marketing Plan
- Tenant selection process
- Section 3 Plan

FINANCIAL MONITORING

Financial monitoring will be conducted in accordance with HUD A133 requirements. DECD will use current staff or qualified contractors to undertake this activity as required.

PRE-OCCUPANCY REVIEW

Six months prior to expected project completion CHD staff will coordinate with Audit and Asset Management staff (AAMD) the scheduling of the Pre-Occupancy monitoring visit. This monitoring will include:

- Tenant selection (HOME income eligibility)
- Home buyer selection (HOME income eligibility)
- Review on Rent schedules

AAMD has the lead responsibility for compliance issues beginning six month prior to occupancy through the affordability period. CHD Staff will also confirm with AAMD the date of initial occupancy of sponsor's project via e-mail. Initial occupancy for homeownership projects is defined by the occupancy date of the first completed unit.

FINANCIAL CLOSEOUT

Financial closeouts of HOME projects will be conducted in accordance with the Department's Financial Closeout procedure as periodically revised by the agency.

PROJECT COMPLETION & TRANSFER

HOME projects will be considered completed when all funds are spent and are entered as completed in the HUD IDIS system. CHD staff will submit the "Project Completion Form" to the sponsor for completion and forward it to the central office for entry into IDIS. A copy of the Completion form should also be kept by the project's sponsor for their records.

Completed, closed out project must be transferred to AAMD for ongoing compliance. Transfer documents must be transmitted with a transfer memo and may include for each property:

- Project completion report
- Copy of certificate of occupancy
- Copy of restrictive covenant, mortgage note and deed

MASTER FILE

Original HOME Assistance Agreements must sent to the Master File as soon as they are executed. Other Master File documents may include:

- Loan notes
- Project Expenditure Account Agreements
- Restrictive Covenant
- Approved Project Financing Plan & Budget
- Final Budget

ONGOING COMPLIANCE

After HUD project completion, DECD's Compliance Manual developed by DECD's Audit and Asset Management Division (AAMD) will be used through the affordability period.

CHD Supervisory staff are required to review monitoring activities of their staff to ensure completeness and may require additional documents or activities as needed from staff or the sponsor. Staff from Affirmative Action Office or AAMD may be asked for specialized technical assistance to ensure the Department's compliance to all HUD requirements.

Copies of all e-mail correspondence must be retained either as a "hard copy" in the project file or in an electronic folder until the project has been closed out.

HOME POST DEVELOPMENT MONITORING

Program Monitoring Guidelines

Monitoring and evaluation of Owners is a requirement of HOME Program. It also is one of the best ways to ensure effective program administration to maximize the benefit to persons in need of housing assistance. Monitoring of projects is the responsibility of all DECD staff members, and monitoring should be an ongoing activity.

Monitoring can be carried out in a variety of formal and informal ways and methods. These include on-site reviews; desk reviews of performance reports; financial audits; other verbal and written exchanges with the Owner; conversations with Owner, clients, etc..

In accordance with the requirements of 92.504(5)(d), on-site inspections must occur no less than: every three years for projects containing 1 to 4 units; every two years for projects containing 5 to 25 units; and every year for projects containing 26 or more units. Inspections must be based on a sufficient sample of units.

Monitoring Notice: An on-site field monitoring visit should be conducted of each Owner at least once every two years after "project completion" during the compliance period. Every attempt should be made to provide notice (preferably written) at least 14 days in advance of the scheduled visit. (Note: On-site monitoring visits should be coordinated, where possible, for Owners administering more than one DECD program.) The scope of the on-site monitoring review should be as comprehensive as possible taking into consideration all applicable contractual, program, and state and federal requirements.

Follow up Monitoring Letter: Every attempt should be made to complete and mail out a follow-up monitoring letter no later than 30 days from the date of the visit. It is very important to inform Owners of the result of the monitoring as soon as possible. If concerns, deficiencies, or findings are identified, the Owner should be asked to take steps to resolve these and respond by letter within 30-60 days.

For HQS project deficiencies identified, an immediate letter must be issued (even prior to the formal monitoring letter) to inform Owners of the project items that need to be corrected. Timely issuance of this letter to stimulate correction of health or safety hazards. Appropriate follow up as well as an acknowledgment letter should be provided on a timely basis.

Findings, Deficiencies & Concerns

The monitoring letter is utilized to document any findings, deficiencies, or concerns identified by the reviewer. The focus is on mission or regulatory problems and not on "nit-picking" items. It is important to explain if some items are more important than others.

A "**finding**" is issued if it is discovered that the Owner has consistently and deliberately been out of compliance with any major program or contract provision. Each finding should be adequately described and documented and accompanied by date specific remedies.

A "**deficiency**" is somewhat less serious than a finding and is usually more inadvertent than deliberate. Like a finding, it should be clearly described, and the Owner should be given a specified amount of time to correct the deficiency and report back to DECD.

A "**concern**" is obviously the least serious of the three categories. It is often used to "head off trouble," alerting the Owner that this is an area that should be given some attention. Perhaps, some existing documents or procedures are out of date because the Owner hasn't implemented recently issued regulations.

Generally, the difference between a finding and a deficiency is in the motivation of a Owner. In the case of deficiency, the problem was caused by legitimate staff inexperience, turnover, etc. or the Owner acting in the best interest of the client neglected to adhere to a regulation.

DECD's regulatory responsibilities must be carried out, but a good part of the monitoring process (particularly for relatively new projects) is to provide technical assistance as well.

Corrective and remedial actions: DECD will use the procedures outlined in Section C in taking corrective and remedial actions regarding performance reviews.

Reporting Requirements: Owners shall submit the following to DECD's AAMD for review and approval:

1. Annual Financial Statements **only if other DECD funds involved;**
2. Annual HOME Program Certification Form;
3. Annual 3rd Party HQS Unit Inspection & Owner Certification Form;
4. Annual Recalculation of Rent & Utility Allowances;
5. Annual Tenant Paid Utility Data Sheet or local housing DECD documentation, whichever is applicable; and
6. Biennial IPA Audit.

The Project Compliance report must be submitted annually.

Program Noncompliance

Performance review: If DECD determines preliminarily that the Owner has not met a program or regulatory requirements, the Owner will be given notice of this determination and an opportunity to demonstrate, within the time prescribed by DECD (not to exceed 60 days) and on the basis of substantial facts and data, that it has done so.

Corrective and Remedial Actions: Corrective or remedial actions for a performance deficiency (failure to meet a program or regulatory requirements) will be designed to prevent a continuation of the deficiency; mitigate, to the extent possible, its adverse effects or consequences; and prevent its recurrence. DECD may instruct the Owner, depending upon the severity of the non-compliance, to submit and comply with proposals for action to correct, mitigate and prevent a performance deficiency, including but not limited to:

1. Request the Owner to submit additional information;
2. Issue a letter of warning that advises the Owner of the deficiency and puts the Owner on notice that more serious actions will be taken if the deficiency is not corrected or if it is repeated;
3. Prepare and follow a schedule of actions for carrying out the affected activities, consisting of schedules, timetables, and milestones necessary to implement the affected activities;
4. Establish and follow a corrective action plan that assigns responsibilities for carrying out the remedial actions;
5. Direct the Owner to suspend, discontinue or not incur costs for the affected activity;
6. Direct the Owner to reimburse DECD for its HOME Investment Trust Fund in any amount not used in accordance with the program requirements;
7. Prohibit Owner from applying for future DECD/HOME assistance; and
8. Take other remedies that may be legally available.

Notification to Owner: If DECD does not receive the required certifications, or finds instances of noncompliance with the HOME requirements or other appropriate governing documentation, the Owner will immediately be notified of the violation and the time period allowed for correcting the violation.

Correction Periods: After a notice of noncompliance is received, an Owner shall have up to 30 days to correct the finding, except in the case of a missed certification, where the cure period is 10 working days.

THE DEPARTMENT OF SOCIAL SERVICES (DSS)

The following describes the standards and procedures that the DSS will use to monitor activities carried out in furtherance of Connecticut's consolidated plan and will use to ensure long-term compliance with requirements of the ESG and HOPWA programs.

ESG Monitoring

The Department of Social Services Regional Grants and Contract Staff monitor ESG Programs using a tool developed by the staff which, in a comprehensive manner, reviews each program's Administration, Personnel Policies and Procedures, Accounting, Budgeting, Reporting, Program Services, Goals and Objectives, Outcomes and Measures, Contractor's Self-Evaluation Process, Quality Assurance/Licensure Compliance. After all phases of the program have been evaluated, the Staff Representative will write up any Areas of Concern with whatever follow-up is needed. DSS staff will provide follow-up if it is deemed necessary.

HOPWA Monitoring

HOPWA contracts are handled a little differently than ESG, In addition to the above review, a coordinated effort between DSS Regional Staff Representatives and the Staff of Connecticut AIDS Residence Coalition (CARC) perform a Standards of Care Review.

The Standards of Care is a comprehensive tool first produced in 1992 and carefully reviewed and updated twice since then. The philosophy behind this tool's development and use is the belief that all people have a right to safe, affordable, accessible, and permanent housing that enhances their quality of life. The Standards of Care was developed by the Standards Committee of CARC to describe the best practices of operating supportive residential programs for people living with HIV/AIDS. The Standards of Care describes six levels of supportive housing from Level 1, a completely independent housing program, to Level VI for those who need skilled nursing care.

The Standards address: resident eligibility, screening potential residents, staffing, and policies and procedures. These guidelines offer detailed description of programs in establishing and running a residence.

The Standards is a tool to assure the quality of programs by setting down guidelines for services, health and safety, and general management, A dual-committee of DSS Regional Staff Representative along with CARC staff use this tool to identify programs' strengths and weaknesses, highlight their best practices, and develop a framework, time line and process for technical assistance to correct deficiencies.

Standards of Care review includes:

1. Program Policies and Procedures: Program and Services, Admissions and Intake, services, and Supervision.
2. Life, Health, Safety: Facility and Sanitation, Safety, Health Care. and Food Service.
3. General Admission: Administration, Fiscal Management, Human Resources, Staff Development, Record Keeping, and Information Systems.
4. Citizen and Community Participation.
5. Grievance
6. Structural and Design Considerations
7. Confidentiality
8. Tuberculosis Screening and Management

2002 Action Plan - Attachment D

COPIES:

- Notices of Public Commentary and Public Hearings
- Public Hearing Transcripts
- Comment Letter from Ralph Monti
- Comment Email from Representative Samowitz

2002 Action Plan - Attachment E

CERTIFICATIONS