

**Subpart C. COMMUNITY DEVELOPMENT AND HOUSING**

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**Authority**

The provisions of this Chapter 141 issued under the Community Development Block Grant Entitlement Program for Nonurban Counties and Certain Other Municipalities (35 P. S. §§ 1751—1765), unless otherwise noted.

**Source**

The provisions of this Chapter 141 adopted May 3, 1985, effective May 4, 1985, 15 Pa. B. 1614; renumbered from 16 Pa. Code Chapter 25, May 16, 1997, effective May 17, 1997, 27 Pa.B. 2415. Immediately preceding text appears at serial pages (173057) to (173093).

**GENERAL PROVISIONS**

**§ 141.1. Purpose.**

This chapter promulgates policies, requirements and procedures for grant assistance to eligible local governments authorized by the act. Parts of this chapter pertain to FFY 1984 grant funds while other parts will pertain only to FFY 1985 and thereafter. Where these differences are applicable, they are noted.

**Source**

The provisions of this § 141.1 adopted May 3, 1985, effective May 4, 1985, 15 Pa.B. 1614; amended March 21, 1986, effective March 22, 1986, 16 Pa. B. 943. Immediately preceding text appears at serial page (98877).

**§ 141.2. Primary objective.**

The primary objective for the use of funds authorized under the act shall be consistent with the objectives and requirements set forth in 24 CFR 570.2 (relating to primary objective). Not less than 51% of grant assistance under this program shall be used to benefit persons or families of a low to moderate income.

**Source**

The provisions of this § 141.2 adopted May 3, 1985, effective May 4, 1985, 15 Pa.B. 1614; amended March 21, 1986, effective March 22, 1986, 16 Pa. B. 943. Immediately preceding text appears at serial page (98877).

**Cross References**

This section cited in 12 Pa. Code § 141.101 (relating to primary objective); and 12 Pa. Code § 141.171 (relating to prerequisites).

**§ 141.3. Definitions.**

The following words and terms, when used in this chapter, have the following meanings, unless the context clearly indicates otherwise:

*Act*—The Community Development Block Grant Entitlement Program for Nonurban Counties and Certain Other Municipalities (35 P. S. §§ 1751—1765).

*CDBG*—The Federal Community Development Block Grant Program administered directly by the United States Department of Housing and Urban Development, under Title I of the Housing and Community Development Act of 1974 (42 U.S.C.A. §§ 5301—5320).

*County net population*—The population of eligible municipalities within the county except entitled cities, boroughs, towns and townships.

*Department*—The Department of Community and Economic Development.

*Discretionary grant*—For FFY 1984, the program funds allocated for grant assistance that are administered directly by the Department and distributed on a Statewide basis to eligible entities. For FFY 1985 and thereafter, funds allocated to the Department to provide assistance to nonentitlement entities and to eligible entitlement entities with populations less than 10,000.

*Eligible entitlement entity*—An eligible county, city, borough, town or township that has a population of 4,000 or more, and has been designated as UDAG-eligible at the time of filing for funds under the Commonwealth program.

*Eligible local government*—A county, city, borough, town, township or opt-out community eligible to participate in the Commonwealth program. The term does not include urban counties or their municipalities, metropolitan cities, boroughs or townships that receive annual CDBG entitlements.

*Entitlement grant*—For FFY 1985 and thereafter, the total cumulative FFY funds available over a 3-year period that are allocated by the Department to an

entitlement entity. The term includes minimum and additional funds as determined by formula under the act.

*FFY*—Federal fiscal year.

*HUD*—The United States Department of Housing and Urban Development.

*LPA—Local Public Agency*—A redevelopment authority under the Urban Redevelopment Law (35 P. S. §§ 1701—1747) or a housing authority under the Housing Authorities Law (35 P. S. §§ 1541—1595.9).

*Low- and moderate-income household or lower-income household*—A household which has an income equal to or less than the Section 8 lower-income limits as determined by HUD.

*Low- and moderate-income person or lower-income person*—A member of a family who has an income equal to or less than the Section 8 lower income limit as determined by HUD for the Section 8 Housing Assistance Payments programs. Unrelated individuals are one person families.

*Low-income household*—A household which has an income equal to or less than the Section 8 very low-income limit as determined by HUD for the Section 8 Housing Assistance Payments program.

*Low-income person*—A member of a family having an income equal to or less than the Section 8 very-low income limit as determined by HUD for the Section 8 Housing Assistance Payments program. Unrelated individuals are one-person families.

*Metropolitan city, town or township*—A municipality in this Commonwealth which has been so designated by HUD under the CDBG as of FFY 1984, and which receives a direct CDBG annual entitlement from HUD.

*Moderate-income household*—A household which has an income equal to or less than the Section 8 lower-income limit and greater than the Section 8 very low-income limit, as determined by HUD for the Section 8 Housing Assistance Payments program.

*Moderate-income person*—A member of a family which has an income equal to or less than the Section 8 lower-income limit and greater than the Section 8 very low-income limit, as determined by HUD for the Section 8 Housing Assistance Payments program. Unrelated individuals are one-person families.

*Population*—The number of inhabitants of a local government or class of local governments listed in the 1980 decennial census.

*Program*—The Community Development Block Grant Entitlement Program for Nonurban Counties and Certain Other Municipalities.

*Project*—Related eligible activities undertaken by an eligible local government under an entitlement a discretionary grant from the Department.

*UDAG*—The Federal Urban Development Action Grant program which periodically designates certain local governments as meeting UDAG current minimum standards of physical and economic distress.

*Urban county*—A county in this Commonwealth which has been so designated by HUD under the CDBG as of FFY 1984, and which receives a direct CDBG annual entitlement from HUD.

**Source**

The provisions of this § 141.3 adopted May 3, 1985, effective May 4, 1985, 15 Pa.B. 1614; amended March 21, 1986, effective March 22, 1986, 16 Pa. B. 943. Immediately preceding text appears at serial pages (98877) to (98879).

**GENERAL QUALIFICATIONS**

**§ 141.21. Eligibility.**

Eligible units of local government may apply for grant assistance under this program.

**Source**

The provisions of this § 141.21 adopted May 3, 1985, effective May 4, 1985, 15 Pa.B. 1614; amended March 21, 1986, effective March 22, 1986, 16 Pa. B. 943. Immediately preceding text appears at serial page (98879).

**§ 141.22. Capacity.**

An applicant shall demonstrate adequate legal capacity to undertake assisted activities as specified in section 3 of the act (35 P. S. § 1753).

**Source**

The provisions of this § 141.22 adopted May 3, 1985, effective May 4, 1985, 15 Pa.B. 1614; amended March 21, 1986, effective March 22, 1986, 16 Pa. B. 943. Immediately preceding text appears at serial page (98879).

**§ 141.23. Community Development Plan.**

A program applicant shall submit a 3-year Community Development Plan (CDP) to the Department for review and approval.

(1) The CDP shall include an analysis of the following needs:

(i) The major communitywide housing needs, especially those pertaining to the needs of low- to moderate-income families and persons.

(ii) The major communitywide needs for public/community facilities and improvements which are eligible for assistance under this program.

(iii) The major public service communitywide needs.

(iv) The major communitywide economic development needs, particularly for areas and population groups experiencing significant unemployment or underemployment.

(2) The CDP shall list the needs identified in paragraph (1) in terms of their importance, considering their magnitude, severity and urgency.

(3) The CDP shall identify the priorities in paragraph (2) in terms of both short-term and longer-term objectives to be met. A short-term objective is one

to be accomplished within the proposed project period specified in the grant application. A long-term objective is one to be met over the next 3 years and which is not included as a short-term objective.

(4) The CDP shall specify sources used to provide the information required in paragraph (1).

(5) Beginning with FFY 1985 entitlement grants, there are certain CDP requirements in addition to the 3 year CDP referenced in this subsection that pertain only to entitlement entities.

(i) Counties shall submit a CDP which includes provisions for each entitlement grant administered on behalf of another entitlement entity within the county. These CDP's may be developed by the county in cooperation with the affected entitlement entities.

(ii) Eligible entitlement entities—regardless of population size—located within urban counties are responsible for developing and submitting their respective CDP's directly to the Department.

(iii) In the case of waived entitlement grants, as permitted under section 8(d)(2) of the act (35 P. S. § 1758(d)(2)), a CDP is not required, but the applicant shall provide an outline of the activities proposed to be undertaken in future years if the proposed waiver is approved.

#### Source

The provisions of this § 141.23 adopted May 3, 1985, effective May 4, 1985, 15 Pa.B. 1614; amended March 21, 1986, effective March 22, 1986, 16 Pa. B. 943. Immediately preceding text appears at serial pages (98879) to (98880).

#### Cross References

This section cited in 12 Pa. Code § 141.171 (relating to prerequisites).

### § 141.24. Projected use of funds.

An applicant shall provide budget forms to the Department and narratives required by the Department to document the planned use of requested grant funds. Beginning with FFY 1985 entitlement grants, entitlement entities shall comply with paragraphs (1) and (2).

(1) *Counties.* Counties shall provide separate budget documents for each entitlement grant administered.

(2) *Waived grants.* An applicant for a waived grant application shall submit a projected use of funds budget that includes the aggregate of both current and prior waived grant entitlement.

#### Source

The provisions of this § 141.24 adopted May 3, 1985, effective May 4, 1985, 15 Pa.B. 1614; amended March 21, 1986, effective March 22, 1986, 16 Pa. B. 943. Immediately preceding text appears at serial page (98880).

**ALLOCATION OF FUNDS****§ 141.41. Competitive distribution.**

FFY 1984 funds will be allocated on a Statewide competitive basis.

**Source**

The provisions of this § 141.41 adopted May 3, 1985, effective May 4, 1985, 15 Pa.B. 1614; amended March 21, 1986, effective March 22, 1986, 16 Pa.B. 943. Immediately preceding text appears at serial page (98880).

**§ 141.42. Limitations.**

Grant funds shall be offered for competitive distribution based on the allocation formula prescribed in sections 9—12 of the act (35 P. S. §§ 1759—1762).

**Source**

The provisions of this § 141.42 adopted May 3, 1985, effective May 4, 1985, 15 Pa.B. 1614.

**§ 141.43. Awards.**

Grant awards shall be distributed directly by the Department only to units of eligible local government.

**Source**

The provisions of this § 141.43 adopted May 3, 1985, effective May 4, 1985, 15 Pa.B. 1614; amended March 21, 1986, effective March 22, 1986, 16 Pa.B. 943. Immediately preceding text appears at serial page (98880).

**§ 141.44. FFY 1985 and thereafter.**

(a) Entitlement grants will be allocated as follows:

(1) Eighty-five percent of available FFY funds will be distributed under sections 4—7 of the act (35 P. S. §§ 1754—1757).

(2) Individual entitlement grants will be adjusted to account for repayments of excess funds or underpayments received in FFY 1984 as specified in sections 10—12 of the act (35 P. S. §§ 1760—1762).

(3) While the act provides an annual allocation of funds for units of local government in the entitlement classes, these allocations should be considered as a planning guide. The Department recognizes that funding allocations provided in the act may, in some cases, be less than adequate to fund projects of sufficient scope to meet community needs. The Department encourages applicants to utilize one of the following methods to finance larger projects:

(i) An eligible applicant may prepare a single or multipurpose 3-year funding plan for an integrated set of activities of sufficient scope to meet community needs.



(ii) An eligible applicant may waive the current year's allocation and apply in one of the next 2 years for a grant including two or three annual allocations in a single funding year.

(iii) An eligible applicant may prepare an application for two or three times the amount of its minimum annual allocation and agree not to file an application for the subsequent grant years.

(4) Applications submitted under paragraph (3)(iii) will be competitively reviewed and selected by the appropriate administering authority. Unsuccessful applicants may reapply in future years for grants in excess of the minimum allocation.

(b) The balance of the FFY funds will be allocated as follows:

(1) Two percent of the FFY funds will be allocated for Departmental administration.

(2) Thirteen percent of the available FFY funds may be allocated for grant assistance as provided for in section 4(2) of the act (35 P. S. § 1754(2)), less funds required for repayment under section 12(b) of the act (35 P. S. § 1762(b)).

(c) Special conditions imposed on grants for FFY 1985 and thereafter include the following:

(1) *Urban counties.* Eligible entitlement entities located within urban counties, regardless of population size, shall directly apply for and receive their entitlement grants from the Department.

(2) *Waiver provisions.* Section 8(d)(2) of the act (35 P. S. § 1758(d)(2)) provides for grant waivers for eligible entitlement entities. The Department will evaluate each eligible entitlement grant application to determine if the application proposes activities sufficient to meet the scope of the entity's community development needs—as required under section 3(3) of the act (35 P. S. § 1753(3))—and if particular FFY allocated funds are sufficient to address the identified community development needs. The eligible entitlement entity may request one or two entitlement grant waivers so meaningful and needed activities can be undertaken in the future. If an eligible entitlement entity requests a grant waiver, this request shall be authorized by an official resolution of the entity's governing body. Where applicable, the request shall be submitted through the administering county, in writing, to the Department and specify whether one or two entitlement grants are being waived. If the Department approves a waiver of one or two entitlement grants for an entitlement entity, the Department will notify the affected entity of the waiver action to be taken. In the event the Department approves a waiver by an eligible entity, the Department will distribute those funds to eligible entitlement entities of the same class, under section 8(d)(2) of the act (35 P. S. § 1758(d)(2)).

(3) *Use of waived funds.* Waived entitlement grants shall be used and repaid under section 8(d)(3)—(5) of the act (35 P. S. § 1758(d)(3)—(5)).

(4) *Failure to apply—counties.* If a county either fails to apply for its own entitlement grant, or where the application is not determined to be of adequate scope and size to effectively address the applicant municipality's community development needs, the Department will distribute those funds under section 7(c)(2) of the act (35 P. S. § 1757(c)(2)).

(5) *Failure to apply—population under 10,000.* If a county fails to apply for an entitlement grant for an entity with a population under 10,000, the entitlement entity may apply for its own grant.

(6) *Failure to apply—cities, boroughs, towns and townships.* If an entitlement city, entitlement borough, town or township fails to apply for its entitlement grant or submits an application for ineligible activities, the Department will distribute these funds under the act.

(7) *Amended applications.* If an eligible entitlement entity submits an application that is deemed to be inadequate in scope and size to meet that community's development needs, or is deemed inconsistent with the requirements of State or Federal statutes, that community will be afforded a reasonable opportunity to cure its application. An applicant may not be required to submit an amended application in less than 45 days after it is notified in writing by the Department that its application cannot be approved as filed.

(8) *Change in eligibility status.* If the eligibility status of a local government changes, the change in status may not affect the particular eligibility of the local government for the purpose of funding allocation under the act until the next program year, unless the change in status occurs prior to the application submission deadline established by the Department for the current program funding allocations.

(9) *Insufficient funds.* If Federal appropriations to the program are insufficient to provide the full amount of entitlement grants authorized under the act, the entitlement grants will be reduced under section 5(b) of the act (35 P. S. § 1755(b)).

(10) *Loss of funds.* In the event that Federal funds cease to be available to this program, neither the Department nor the Commonwealth may be liable for a commitment or the completion of a partially completed or partially funded project as a result of this program.

#### Source

The provisions of this § 141.44 adopted March 21, 1986, effective March 22, 1986, 16 Pa. B. 943.

### ELIGIBLE ACTIVITIES

#### § 141.61. Coverage.

An applicant may apply for eligible activities listed in section 105 of Title I of the Housing and Community Development Act of 1974 (42 U.S.C.A. § 5305), as contained in 24 CFR Subpart C (relating to eligible activities).

**Source**

The provisions of this § 141.61 adopted May 3, 1985, effective May 4, 1985, 15 Pa.B. 1614; amended March 21, 1986, effective March 22, 1986, 16 Pa. B. 943. Immediately preceding text appears at serial page (98881).

**Cross References**

This section cited in 12 Pa. Code § 141.309 (relating to Department approval).

**§ 141.62. Planning and administration.**

Planning and administrative costs may not exceed 18% of each grant award. Planning activities authorized under 24 CFR 570.205 (relating to eligible planning and policy-planning-management-capacity-building activities) be funded within the 18% overall limitation for planning and administrative funds.

**Source**

The provisions of this § 141.62 adopted May 3, 1985, effective May 4, 1985, 15 Pa.B. 1614; amended March 21, 1986, effective March 22, 1986, 16 Pa. B. 943. Immediately preceding text appears at serial page (98881).

**Cross References**

This section cited in 12 Pa. Code § 141.309 (relating to Department approval).

**INELIGIBLE ACTIVITIES**

**§ 141.81. Coverage.**

An activity not specified under section 105 of the CDBG law (42 U.S.C.A. § 4505) and which is specifically prohibited in 24 CFR 570.207 (relating to ineligible activities) is ineligible for program assistance.

**Source**

The provisions of this § 141.81 adopted May 3, 1985, effective May 4, 1985, 15 Pa.B. 1614.

**Cross References**

This section cited in 12 Pa. Code § 141.309 (relating to Department approval).

**NATIONAL OBJECTIVES**

**§ 141.101. Primary objective.**

A program grant shall meet the primary national objective in § 141.2 (relating to primary objective). To determine if an activity qualifies as benefiting as low- and moderate-income, there are several different methods and tests that can be applied.

- (1) *Method one: assumed LMI benefit.* There are certain activity types that, because of their nature, will automatically be presumed by the Department to meet the LMI requirement as follows:

(i) An activity that involves a facility designed for the specific use by senior citizens or the handicapped. A senior center is defined as one that involves participants who are 60 years of age or older.

(ii) An activity that has built-in income eligibility requirements which limit benefits to LMI persons.

(iii) An activity that is intended to remove material and architectural barriers which restrict the mobility and accessibility of elderly or handicapped persons to public or privately owned buildings and improvements for the same purpose.

(2) *Method two: majority LMI benefit.*

(i) An activity that directly benefits a neighborhood or area consisting of no fewer than 51% LMI persons. The boundaries of the LMI benefit area shall be clearly defined and there shall be documentation—data—that supports the inclusion of the claimed 51% or more LMI persons. The assisted activities need not be directly located within the target LMI area, but the direct LMI benefits to the target area shall be clearly intended and evident.

(ii) If no area within the recipient's jurisdiction contains at least 51% LMI persons, the majority benefit criteria can be satisfied as follows:

(A) The area to be served has a larger proportion of LMI residents no less than 75% of other areas within the recipient's jurisdiction.

(B) The activities clearly meet the identified needs of the LMI persons in the area to be served.

(C) The LMI persons to be directly benefited are proportionate in numbers to the overall LMI population share of the total target area population.

(iii) The activities involve facilities designed for the predominant use—at least 51%—of LMI persons.

(iv) Activities involving the creation or retention of permanent jobs of which at least 51% will be made available to LMI persons. This test can be met in several ways, using clauses (A), (B) or (C) in conjunction with (D):

(A) *Specific set-asides.* Where an activity specifically sets aside the majority of jobs for LMI persons.

(B) *Nature of jobs made available.* Where the majority of jobs made available are of the nature—in terms of skills, education and experience—that they are particularly relevant to LMI persons.

(C) *Training.* Where the assisted project involves training opportunities to enable LMI persons to become qualified for a majority of the job opportunities.

(D) *Accessibility.* Where the assisted project is located in or near an area with 51% or more LMI persons; is designed or intended to principally benefit and employ LMI persons from that area; and where there are specific attempts through advertising and recruitment to make the job opportunities known and available to the LMI residents of that area.

(3) *Method three: necessary related activities.* In some instances, a recipient may need to undertake one or more secondary activities in support of a primary objective. These secondary activities will be considered to benefit LMI persons to the extent and in the same proportion that:

(i) The secondary activities are directly related to or are an integral part of a primary activity the latter, which, has already been determined to principally benefit LMI persons.

(ii) The secondary support activities are clearly necessary for the accomplishment of the primary objective or activity.

(iii) The secondary support activities are reasonable in terms of their proportionate cost to the primary objective or activity cost.

(4) *Method four: housing rehabilitation.* These activity types will be considered to meet the LMI test only when:

(i) For single housing units, the unit to be assisted is or will be occupied by an LMI resident or household upon the completion of rehabilitation.

(ii) For multifamily or dwelling units, the majority of the units are or will be occupied by LMI persons. A two-unit structure can satisfy this requirement if one of the two units is so occupied.

#### Source

The provisions of this § 141.101 adopted May 3, 1985, effective May 4, 1985, 15 Pa.B. 1614; amended March 21, 1986, effective March 22, 1986, 16 Pa. B. 943. Immediately preceding text appears at serial pages (98881) to (98888).

#### Cross References

This section cited in 12 Pa. Code § 141.102 (relating to other national objectives); 12 Pa. Code § 141.171 (relating to prerequisites); and 12 Pa. Code § 141.309 (relating to Department approval).

### § 141.102. Other National objectives.

If activities cannot be qualified under § 141.101 (relating to primary objective), the activities may be qualified under one of the two remaining national objectives as follows:

(1) *Prevention or elimination of slums and blight.* Activities meeting one or more of the following criteria, in the absence of substantial evidence to the contrary, will be considered to aid in the prevention or elimination of slums or blight:

(i) *Activities to address slums or blight on an area basis.* An activity will be considered to address this objective in an area if:

(A) The area, delineated by the grantee, meets the definition of “blighted area” under § 21.1 (relating to definitions).

(B) There is a substantial number of deteriorated or deteriorating buildings throughout the area.

(C) Documentation is maintained by the recipient on the boundaries of the area and the conditions which qualified the area at the time of its designation.

(D) The assisted activity is designed to address one or more of the conditions which contributed to the deterioration of the area. Rehabilitation carried out in an area meeting the requirements in this clause will be considered to address the area's slum or blight only where a building rehabilitated is considered substandard under local definition before rehabilitation, and deficiencies making a building substandard have been eliminated before less critical work on the building is undertaken. At a minimum, the local definition for this purpose shall be that residential buildings considered as substandard would also fail to meet the Existing Housing Quality Standards 24 CFR 882.109 (relating to housing quality standards).

(E) Notwithstanding the requirements of subparagraph (i), rehabilitation activity which benefits low- and moderate-income persons under clause (D) can be undertaken without regard to the area in which it is located or the extent or nature of rehabilitation assisted.

(ii) *Activities to address slums or blight on a spot basis.* Acquisition, demolition, rehabilitation, relocation and historic preservation activities designed to eliminate specific conditions of blight or physical decay on a spot basis not located in a slum or blighted area will meet this objective. Under this criterion, rehabilitation for other than low-and moderate-income persons is limited to the extent necessary to eliminate specific conditions detrimental to public health and safety.

(iii) *Urban renewal completion.* Activities included in the urban renewal plan most recently approved by HUD under Title I of the Housing Act of 1949 (42 U.S.C.A. §§ 1450—1469c) which are necessary to complete an urban renewal project will meet this objective.

(2) *Immediate situations that pose a threat to the health and safety of the community.* Program assistance can be used for activities that are clearly designed to eliminate an immediate threat to the health and safety of a community. The activities can qualify for this assistance only to the extent that:

(i) The serious nature of the problem has become critical no longer than 18 months prior to the proposed use—through application—of program funds for this purpose.

(ii) The use of program funds is limited to the alleviation of the immediate threat, and not for the permanent resolution of the threat.

(iii) The recipient must certify to the Department that the recipient cannot finance the needed activity from its own financial resources nor can it find any other financial assistance to do so.

(3) *Area benefit activities.* For the purposes of determining compliance with one or more of the three National objectives in this chapter, activities of

the same type that serve different areas will be considered separately on the basis of their individual service area.

(4) *Planning and administrative costs.* Planning and administrative funds, within the 18% allowable limit will be considered to address the National objectives qualified by the grantee in the same proportion as the objectives are met.

**Source**

The provisions of this § 141.102 adopted May 3, 1985, effective May 4, 1985, 15 Pa.B. 1614.

**Cross References**

This section cited in 12 Pa. Code § 141.309 (relating to Department approval).

**SPECIAL ACTIVITY CRITERIA**

**§ 141.121. Religious structures.**

Program funds may not be used for the acquisition, construction, reconstruction, rehabilitation or operation of religious structures for religious purposes.

**Source**

The provisions of this § 141.121 adopted May 3, 1985, effective May 4, 1985, 15 Pa.B. 1614; amended March 21, 1986, effective March 22, 1986, 16 Pa. B. 943. Immediately preceding text appears at serial page (98885).

**Cross References**

This section cited in 12 Pa. Code § 141.309 (relating to Department approval).

**§ 141.122. Change of use.**

The use of property acquired or improved with program funds may not be changed except as otherwise provided by statute or regulation.

**Source**

The provisions of this § 141.122 adopted May 3, 1985, effective May 4, 1985, 15 Pa.B. 1614; amended March 21, 1986, effective March 22, 1986, 16 Pa. B. 943. Immediately preceding text appears at serial page (98885).

**Cross References**

This section cited in 12 Pa. Code § 141.309 (relating to Department approval).

**§ 141.123. Policies governing facilities.**

Grantee use of program funds for facilities are governed by the special provisions of 24 CFR 570.200(b) (relating to general policies).

**Source**

The provisions of this § 141.123 adopted May 3, 1985, effective May 4, 1985, 15 Pa.B. 1614.

**Cross References**

This section cited in 12 Pa. Code § 141.309 (relating to Department approval).

**§ 141.124. Special assessments.**

The capital cost of public improvements funded in whole or in part by program funds cannot be recovered by assessing any amount against properties owned and occupied by persons of low and moderate income, including a fee charged or assessment made as a condition for obtaining access to assisted public improvements. This statutory prohibition (42 U.S.C.A. § 5306), is explained in 24 CFR 570.200(c) (relating to general policies) along with particular exceptions and other qualifications to this provision.

**Source**

The provisions of this § 141.124 adopted May 3, 1985, effective May 4, 1985, 15 Pa.B. 1614; amended March 21, 1986, effective March 22, 1986, 16 Pa. B. 943. Immediately preceding text appears at serial page (98885).

**Cross References**

This section cited in 12 Pa. Code § 141.309 (relating to Department approval).

**§ 141.125. Countywide projects.**

This section pertains to countywide or areawide projects that benefit an eligible entitlement entity under the State program or the Federal CDBG program within the county. To the extent that a county project under the State program will benefit an entitlement entity, the proportional cost of the project benefitting the entitlement entity or metropolitan city shall be met by funds not allocated to the county under the State program. The county is prohibited from paying the full costs from funds received under this act. The following requirements set standards in these instances:

(1) *Meaning of benefit.* A county project benefits an entitlement entity if there are clear and direct benefits to or within the entitlement entity, or both. Examples of direct benefits are as follows:

- (i) An economic development project that creates jobs within or employs people from the entitled entity.
- (ii) A public facility, such as a water or waste water facility that serves, in part, the entitled community.

(2) *Determining proportionate share.* The Department may not impose a standard for establishing proportional costs or the source of those costs with respect to the costs of the project benefitting a Federal or State entitlement entity. The Department reserves the right to review cost determinations to determine whether they are reasonable and consistent with the intent of section 8(c) of the act (35 P. S. § 1758(c)).



**Source**

The provisions of this § 141.125 adopted March 21, 1986, effective March 22, 1986, 16 Pa.B. 943.

**Cross References**

This section cited in 12 Pa. Code § 141.309 (relating to Department approval).

**FEDERAL AND STATE STATUTES AND REGULATIONS**

**§ 141.141. Environmental review.**

Grantees shall comply with the environmental review and clearance requirements and procedures set forth in the National Environmental Policy Act of 1969 (42 U.S.C.A. §§ 4321—4370a) and 24 CFR Part 58 (relating to environmental review procedures for the community development block grant program) for every activity or project. In addition, grantees shall comply with other applicable environmental laws as contained in 24 CFR 58.5 (relating to Federal laws and authorities).

**Source**

The provisions of this § 141.141 adopted May 3, 1985, effective May 4, 1985, 15 Pa.B. 1614.

**Cross References**

This section cited in 12 Pa. Code § 141.191 (relating to grantees); and 12 Pa. Code § 141.309 (relating to Department approval).

**§ 141.142. Labor standards.**

Grantees shall comply with the labor standards contained in the following Federal statutes and regulations:

- (1) Davis-Bacon Act (40 U.S.C.A. §§ 276a—276a-5).
- (2) Contract Work Hours and Safety Standards Act (40 U.S.C.A. § 327).
- (3) Anti-Kickback Act (41 U.S.C.A. §§ 51—54).
- (4) 29 CFR Parts 1, 3, 5, 6 and 7 (relating to labor standards).

**Source**

The provisions of this § 141.142 adopted May 3, 1985, effective May 4, 1985, 15 Pa.B. 1614; amended March 21, 1986, effective March 22, 1986, 16 Pa. B. 943. Immediately preceding text appears at serial page (98886).

**Cross References**

This section cited in 12 Pa. Code § 141.191 (relating to grantees); and 12 Pa. Code § 141.309 (relating to Department approval).

**§ 141.143. Civil rights.**

Grantees shall comply with the following Federal and State statutes and regulations that prohibit discrimination and insure equal opportunity based on race, color, religious creed, ancestry, national origin, age, sex or physical limitations:

(1) Title VI of the Civil Rights Act of 1964 (42 U.S.C.A. §§ 2000d—2000d-6) and as implemented by 24 CFR Part 1 (relating to nondiscrimination in Federally assisted programs of the Department of Housing and Urban Development—effectuation of Title VI of the Civil Rights Act of 1964).

(2) Section 109 of the Housing and Community Development Act of 1974 (42 U.S.C.A. § 5309), and as implemented by 24 CFR 570.602 (relating to section 109 of the act).

(3) Pennsylvania Human Rights Act (43 P. S. §§ 951—963).

(4) Age Discrimination Act of 1975 (42 U.S.C.A. §§ 6101—6107).

(5) Section 504 of the Rehabilitation Act of 1973 (29 U.S.C.A. § 794).

**Source**

The provisions of this § 141.143 adopted May 3, 1985, effective May 4, 1985, 15 Pa.B. 1614.

**Cross References**

This section cited in 12 Pa. Code § 141.191 (relating to grantees); and 12 Pa. Code § 141.309 (relating to Department approval).

**§ 141.144. Employment.**

Grantees shall comply with the following Federal statutes and regulations regarding fair and equal employment opportunities:

(1) Section 3 of the Housing and Urban Development Act of 1968 (12 U.S.C.A. § 1702u).

(2) Executive Order No. 11,246, 30 FR 12,319 (1965), as amended by Executive Order 12,086, 43 FR 46,501 (1978), and the regulations thereunder, 24 CFR Part 130 (relating to equal employment opportunity under HUD contracts and HUD assisted construction contracts) and 41 CFR Chapter 60 (relating to Office of Federal contract compliance programs, equal employment opportunity, Department of Labor).

(3) Executive Order 11,265, 36 FR 19,967 (1971), pertaining to minority business enterprise.

(4) Executive Order 12,138, 44 FR 29,637 (1979) pertaining to women's business equity.

**Source**

The provisions of this § 141.144 adopted May 3, 1985, effective May 4, 1985, 15 Pa.B. 1614.

**Cross References**

This section cited in 12 Pa. Code § 141.191 (relating to grantees); and 12 Pa. Code § 141.309 (relating to Department approval).

**§ 141.145. Fair housing.**

Grantees shall comply with the following Federal statutes and regulations regarding the development, sale, rental, financing or provision of brokerage ser-

vices in housing, in order to prohibit discrimination; to insure equal housing opportunity; and to affirmatively further fair housing:

(1) Title VIII of the Civil Rights Act of 1968 (42 U.S.C.A. §§ 3601—3619).

(2) Executive Order 11,063, 27 FR 11,527 (1962), as amended by Executive Order 12,259, 46 FR 12,531 (1980), and implemented by 24 CFR Part 107 (relating to nondiscriminatory and equal opportunity in housing under Executive Order 11,063).

**Source**

The provisions of this § 141.145 adopted May 3, 1985, effective May 4, 1985, 15 Pa.B. 1614.

**Cross References**

This section cited in 12 Pa. Code § 141.191 (relating to grantees); and 12 Pa. Code § 141.309 (relating to Department approval).

**§ 141.146. Architectural barriers.**

Grantees shall comply with the Architectural Barriers Act of 1968 (42 U.S.C.A. §§ 4151—4157), and 41 CFR 101-19.604 (relating to exceptions).

**Source**

The provisions of this § 141.146 adopted May 3, 1985, effective May 4, 1985, 15 Pa.B. 1614.

**Cross References**

This section cited in 12 Pa. Code § 141.191 (relating to grantees); and 12 Pa. Code § 141.309 (relating to Department approval).

**§ 141.147. Displacement.**

Grantees shall minimize the displacement of persons to the greatest extent possible as a result of program assisted activities and provide reasonable benefits when displacement becomes necessary. As a program requirement, each grantee shall develop, adopt and make public a statement of local policy indicating the steps that will be taken to minimize displacement of persons from their homes and neighborhoods and to mitigate the adverse effects of the action on low/moderate income persons.

**Source**

The provisions of this § 141.147 adopted May 3, 1985, effective May 4, 1985, 15 Pa.B. 1614; amended March 21, 1986, effective March 22, 1986, 16 Pa. B. 943. Immediately preceding text appears at serial page (98888).

**Cross References**

This section cited in 12 Pa. Code § 141.191 (relating to grantees); and 12 Pa. Code § 141.309 (relating to Department approval).

**§ 141.148. Acquisition.**

Grantees shall comply with the following requirements with respect to the taking of real property:

- (1) To the greatest extent practicable under State statute, comply with sections 301 and 302 of Title III, Uniform Real Property Acquisition Policy, of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (42 U.S.C.A. §§ 4651 and 4652) and comply with sections 303 and 304 of Title III (42 U.S.C.A. §§ 4653 and 4654), and HUD implementing instructions at 24 CFR Part 42 (relating to uniform relocation assistance and real property acquisition).
- (2) Inform affected persons of their rights and of the acquisition policies and procedures set forth at 24 CFR Part 42 and § 570.606 (relating to relocation and acquisition).

**Source**

The provisions of this § 141.148 adopted May 3, 1985, effective May 4, 1985, 15 Pa.B. 1614.

**Cross References**

This section cited in 12 Pa. Code § 141.191 (relating to grantees); and 12 Pa. Code § 141.309 (relating to Department approval).

**§ 141.149. Relocation.**

Grantees shall comply with the following requirements with respect to the relocation of persons:

- (1) Title II, Uniform Relocation Assistance, of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (42 U.S.C.A. §§ 4621—4638) and HUD implementing regulations at 24 CFR Part 42 (relating to uniform relocation assistance and real property acquisition) and 570.606(a) (relating to relocation and acquisition).
- (2) The Eminent Domain Code (26 P. S. §§ 1-101—1-903).

**Source**

The provisions of this § 141.149 adopted May 3, 1985, effective May 4, 1985, 15 Pa.B. 1614.

**Cross References**

This section cited in 12 Pa. Code § 141.191 (relating to grantees); and 12 Pa. Code § 141.309 (relating to Department approval).

**§ 141.150. Political activities and conflict of interest.**

Grantees shall comply with the limitations established for the political activities of their employes by the Hatch Political Activity Act, 5 U.S.C.A. §§ 1501—1508.

**Source**

The provisions of this § 141.150 adopted May 3, 1985, effective May 4, 1985, 15 Pa.B. 1614.

**Cross References**

This section cited in 12 Pa. Code § 141.191 (relating to grantees); and 12 Pa. Code § 141.309 (relating to Department approval).

**§ 141.151. Lead-based paint.**

Grantees shall comply with section 401(b) of the Lead-Based Paint Poisoning Prevention Act (42 U.S.C.A. § 4831(b)) and 24 CFR Part 35 (relating to lead-based paint poisoning prevention in certain residential structures).

**Source**

The provisions of this § 141.151 adopted May 3, 1985, effective May 4, 1985, 15 Pa.B. 1614.

**Cross References**

This section cited in 12 Pa. Code § 141.191 (relating to grantees); and 12 Pa. Code § 141.309 (relating to Department approval).

**§ 141.152. Floodplains.**

Grantee communities which reside in flood prone areas will be required to adopt and implement an appropriate floodplain ordinance, if one does not exist, that brings the community into compliance with the Flood Plain Management Act (32 P. S. §§ 679.101—679.601), and Chapter 38 (relating to flood plain management).

**Source**

The provisions of this § 141.152 adopted May 3, 1985, effective May 4, 1985, 15 Pa.B. 1614.

**Cross References**

This section cited in 12 Pa. Code § 141.191 (relating to grantees); and 12 Pa. Code § 141.309 (relating to Department approval).

**§ 141.153. Steel products.**

Grantee construction activities shall comply with the Steel Products Procurement Act (73 P. S. §§ 1881—1887).

**Source**

The provisions of this § 141.153 adopted May 3, 1985, effective May 4, 1985, 15 Pa.B. 1614.

**Cross References**

This section cited in 12 Pa. Code § 141.191 (relating to grantees); and 12 Pa. Code § 141.309 (relating to Department approval).

**§ 141.154. Minimum rehabilitation standards.**

Housing rehabilitation activities funded in whole or part by program funds shall comply with the cost-effective energy conservation and effectiveness standards (42 U.S.C.A. § 1425(b)) in 24 CFR Part 39 (relating to cost-effective energy conservation and effectiveness standards), and Section 8 Existing Housing Quality Standards in 24 CFR 882.109 (relating to housing quality standards).

**Source**

The provisions of this § 141.154 adopted May 3, 1985, effective May 4, 1985, 15 Pa.B. 1614.

**Cross References**

This section cited in 12 Pa. Code § 141.191 (relating to grantees); and 12 Pa. Code § 141.309 (relating to Department approval).

**§ 141.155. Separations Act.**

Grantees shall comply with the act of May 1, 1913 (P. L. 155, No. 104) (53 P. S. § 1003).

**Source**

The provisions of this § 141.155 adopted May 3, 1985, effective May 4, 1985, 15 Pa.B. 1614.

**Cross References**

This section cited in 12 Pa. Code § 141.191 (relating to grantees); and 12 Pa. Code § 141.309 (relating to Department approval).

**§ 141.156. Resource conservation.**

Grantees shall comply with section 6002 of the Resource Conservation and Recovery Act of 1976 (42 U.S.C.A. § 6962) and 40 CFR Part 249 (relating to guidelines for Federal procurement of cement and concrete containing fly ash).

**Source**

The provisions of this § 141.156 adopted May 3, 1985, effective May 4, 1985, 15 Pa.B. 1614.

**Cross References**

This section cited in 12 Pa. Code § 141.191 (relating to grantees); and 12 Pa. Code § 141.309 (relating to Department approval).

**§ 141.157. Other statutes and regulations.**

Grantees shall comply with other applicable statutes and regulations which may be adopted or issued during the administration of grantee projects.

**Source**

The provisions of this § 141.157 adopted May 3, 1985, effective May 4, 1985, 15 Pa.B. 1614.

**Cross References**

This section cited in 12 Pa. Code § 141.191 (relating to grantees); and 12 Pa. Code § 141.309 (relating to Department approval).

**APPLICATION REQUIREMENTS**

**§ 141.170. Scope.**

The Department will accept applications only from units of eligible local governments.

**Source**

The provisions of this § 141.170 adopted March 21, 1986, effective March 22, 1986, 16 Pa. B. 943.

**§ 141.171. Prerequisites.**

Prior to the formal submission of a grant application to the Department, the applicant shall do the following:

- (1) Prepare the community development plan as explained in § 141.23 (relating to community development plan).
- (2) Prepare a grant application in the manner and using the forms prescribed by the Department.
- (3) Insure that the proposed project meets the primary objectives in §§ 141.2 and 141.101 (relating to primary objective; and primary objective).
- (4) Follow the citizen participation requirements contained in 24 CFR 570.301(a)(2) and (3) (relating to presubmission requirements), and as further clarified in 49 FR 43882 and as prescribed by the Department in its application materials.
- (5) For FFY 1985 and subsequent year entitlement grant applications, counties shall ensure that the prerequisites are met for each entitlement grant administered by the county on behalf of another entitlement entity within the county.

**Source**

The provisions of this § 141.171 adopted May 3, 1985, effective May 4, 1985, 15 Pa.B. 1614; amended March 21, 1986, effective March 22, 1986, 16 Pa. B. 943. Immediately preceding text appears at serial pages (98890) to (98891).

**§ 141.172. Application criteria.**

(a) *Official adoption.* The applicant's governing body shall officially authorize the application and the chief elected official of the applicant shall sign the application before it is submitted to the Department. For FFY 1985 and subsequent year entitlement grant applications, counties shall certify that an entitlement grant application, submitted on behalf of another entitlement entity within the county, was authorized by the affected entitlement entity.

(b) *Content.* Applications shall contain materials, forms and certifications properly completed and executed which are required by the Department.

(1) Counties may submit a separate or combined application for the entitlement grants administered by that county.

(2) If an entitlement grant application is found to be deficient by the Department, the entitlement entity or county, or both, will be notified that it has 45 days in which to resubmit a corrected application. If this resubmittal deadline is not met, or if the resubmitted application continues to be deficient, the Department may then distribute these funds under the act.

(i) *FFY 1984.* If an application is found by the Department to be deficient for some reason, the applicant may be notified that it has 45 days in which to resubmit an amended and corrected application.

(ii) *FFY 1985 and thereafter.*

(c) *Preagreement costs.*

(1) *FFY 1984.* Reasonable preagreement costs will be allowed for grant reimbursement if the costs are in accordance with 24 CFR 570.200(h) (relating to general policies).

(2) *FFY 1985 and thereafter.* Reasonable preagreement costs are allowable costs if undertaken under 24 CFR 570.200(h) and will be allowed at the discretion of the Department. If an application resubmittal is required, the costs cannot be reimbursed a second time.

(d) *Submission.* An application shall be submitted to the Department in accordance with the announced time schedule, deadlines and quantities of required materials.

(e) *Awards.*

(1) *FFY 1984.* The Department will determine grant awards within 45 days from the announced submission deadline date. This 45-day rule may be extended in situations where submissions have been returned to an applicant for resubmission of amended applications. The Department reserves the right to adjust grant requests up or down depending on the Department's judgment as to appropriate funding levels required by individual grant applications.

(2) *FFY 1985 and thereafter.*

(i) *Entitlement grants.* The Department will determine grant awards within 45 days from the announced submission deadline date.

(ii) *Discretionary grants.* The Department will issue an annual applicant manual pertaining to the discretionary fund set aside prior to making these funds available.

#### Source

The provisions of this § 141.172 adopted May 3, 1985, effective May 4, 1985, 15 Pa.B. 1614; amended March 21, 1986, effective March 22, 1986, 16 Pa. B. 943. Immediately preceding text appears at serial page (98891).



**PROGRAM MANAGEMENT****§ 141.191. Grantees.**

Grantees shall adhere to the requirements for program management listed in this section and § 141.192 (relating to monitoring by Department). The Department will periodically issue program directives that provide additional guidance to certain requirements listed in paragraphs (1)—(15):

(1) *Grant agreements.* Grantees will be required to enter into a separate grant agreement for a grant award by the Department. Subparagraphs (i) and (ii) apply to FFY 1985 and thereafter:

(i) A county shall enter into a separate grant agreement for each entitlement grant administered on behalf of an entitlement entity within the county.

(ii) Requirements in this subpart shall be executed for each separate entitlement grant and agreement administered by an entitlement entity.

(2) *Environmental review certification.* A grantee shall comply with the environmental review policies and procedures specified in § 141.141 (relating to environmental review). A grantee cannot drawdown project activity funds prior to the proper completion of those requirements.

(3) *Financial management.* Grantees shall adhere to cost principles set forth in Office of Management and Budget Circular A-87 (Cost Principles Applicable to Grants and Contracts with State and Local Governments), and financial management requirements set forth in Attachment G of Office of Management and Budget Circular A-102 (Uniform Administrative Requirements for Grants-in-Aid to State and Local Governments). When grantee funds are administered under contract by a nonprofit organization, the organization shall comply with Office of Management and Budget Circular A-110 (Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals, and Other Nonprofit Organizations) and Office of Management and Budget Circular A-122 (Cost Principles for Nonprofit Organizations).

(4) *Planning and administration.* Planning activities, as specified in 24 CFR 570.205 (relating to eligible planning and policy-planning- management-capacity-building activities), and administrative costs, as specified in 24 CFR 570.206 (relating to eligible administrative costs), may not together exceed 18% of total grant funds. The Department will maximize the amount of funds available for eligible projects and, therefore, planning and administrative costs shall be accounted for separately from other grant funds. Planning and administrative funds shall be accounted for on a grant-by-grant basis, regardless of how many grants may be administered concurrently. The Department will encourage cost-effective administration at the local level through the creation of local staff capacity subparagraphs (i) and (ii) apply to FFY 1985 and thereafter:

(i) The Department will evaluate the planning and administrative needs of each grant applicant to determine reasonable planning/administrative costs.

(ii) The Department will require that counties which administer entitlement grants clearly justify the amount of administrative/planning funds to be used in relationship to each grant administered.

(5) *Property management.* Grantees shall adhere to the property management requirements set forth in Attachment N of Office of Management and Budget Circular A-102. This includes proper control and record procedures, as well as the disposition of property purchased in whole or part with grant funds.

(6) *Procurement and contracts.* Grantees shall adhere to the requirements for procurements and contracts contained in Attachment O of Office of Management and Budget Circular A-102, and applicable State statutes.

(7) *Disbursements.* A grantee may not, except for its initial drawdown of administrative funds, invoice the Commonwealth for program funds in amounts of less than \$4,000 per invoice, per grant agreement. Invoiced amounts shall be to reimburse costs incurred by the grantee. The total amount of an invoice is limited to the extent that the drawdown does not result in an excessive fund balance held by the grantee. An excessive fund balance includes either of the following:

(i) A balance that cannot or may not be disbursed within 3 business days of receipt.

(ii) A balance of \$4,000 or less that may not be disbursed within 30 days from receipt.

(8) *Budget and program revisions and amendments.* Grantees shall follow Attachment K of Office of Management and Budget Circular A-102 with respect to budget amendments. Grantees shall also follow the requirements in paragraph (14)(iii) pertaining to citizen participation and notification provided to the Department with regard to substantial budget amendments. The grantee shall obtain prior Departmental approval before implementing budget revisions or program amendments, or both.

(9) *Lump sum drawdowns.* Grantees, who establish approved revolving loan funds for the purpose of financing rehabilitation activities, shall conform to section 104(g)(1) of Title 1 of the Housing and Community Development Act of 1974 (42 U.S.C.A. § 5304(g)(1)) which specifies certain time limits for the start and substantial disbursement of the funds.

(10) *Reporting.* Grantees shall be required to provide to the Department periodic financial and performance reports for a grant administered as prescribed by the Department.

(11) *Monitoring.* A grantee shall adequately monitor its own performance and maintain adequate records regarding the monitoring efforts. A grantee will be assessed, on a *pro rata* basis, for monitoring and technical assistance.

(12) *Records.* A grantee is required to develop and maintain a grant record system for a grant administered. These records shall be open to public access and Departmental monitoring efforts. Records shall be retained by the grantee for a period of 3 years from official grant closeout by the Department.

(13) *Required documentation.* Grantees shall comply with certain Federal requirements, related to civil rights and equal employment opportunities under §§ 141.141—141.157 (relating to Federal and State statutes and regulations). Title VI of the Civil Rights Act of 1964 (42 U.S.C.A. §§ 2000d—2000d-4) requires that grantees maintain documented evidence of nondiscrimination compliance. To satisfy this requirement, grantees shall develop and maintain data records as follows:

(i) *Population.* Demographic data by census tract or smaller geographic area. The data shall include prevailing population characteristics relating to race, ethnic group, sex, age and head of household.

(ii) *Employment.* Data which record affirmative action in equal employment opportunity. These data shall include, but are not be limited to, employment, upgrading, demotions, transfers, recruitment or recruitment advertising, layoffs or terminations, pay or other compensation and selection for training.

(iii) *Section 3 employment and business opportunity.* Data which record special efforts to identify, train and hire lower-income residents of the project area and to utilize business concerns which are located in or owned in substantial part by persons residing in the area of the project.

(iv) *Minority business participation and minority equity utilization.* Data which record special efforts to identify, solicit bids from, and provide contracting and investment opportunities to minority businesses.

(v) *Program beneficiaries.* Individual and site-specific beneficiary data on the racial, ethnic or gender characteristics which show the extent to which minorities, nonminorities, women and handicapped persons have participated in, or benefited from programs and activities. Numerical data shall be maintained by project, program and activity.

(14) *Citizen participation.* A grantee shall:

(i) Provide open and reasonable access to grant records to citizens upon proper request.

(ii) Provide adequate and timely responses to citizen inquiries and complaints about grant implementation by the grantee. Complaints shall be recorded and filed, along with the grantee's documented response to the complaints. These complaints and grantee responses shall be reported to the Department within 30 days of the initial receipt of the complaint.

(iii) If a major revision is made to the project grant, provide a public notice of the revisions and provide the opportunity for public comments.

(15) *Program income.* Income earned through activities assisted by a program grant may be retained by the grantee but only as conditioned by section 104(i) of Title I of the Housing and Community Development Act of 1974 (42 U.S.C.A. § 5304(i)).

**Source**

The provisions of this § 141.191 adopted May 3, 1985, effective May 4, 1985, 15 Pa.B. 1614; amended March 21, 1986, effective March 22, 1986, 16 Pa.B. 943. Immediately preceding text appears at serial pages (98891) to (98894).

**Cross References**

This section cited in 12 Pa. Code § 141.231 (relating to administration).

**§ 141.192. Monitoring by Department.**

The Department will conduct an ongoing monitoring of grantees by scheduled site visits and through continuous examination of submitted grantee invoices and periodic reports. Part of this monitoring effort will be to continually assess whether the grantee has the ongoing capacity by which to successfully carry out its grant. Continuing capacity will be assessed on the basis of adequate performance and ability to meet project objectives. When the Department determines that a grantee's performance is not adequate, or that there is doubt that project objectives can be met, the Department may take corrective or remedial action as appropriate and as authorized under The Administrative Code of 1929 (71 P. S. §§ 51—732), including the withholding of funds, until the issues calling for remedial action are resolved.

**Source**

The provisions of this § 141.192 adopted May 3, 1985, effective May 4, 1985, 15 Pa.B. 1614; amended March 21, 1986, effective March 22, 1986, 16 Pa.B. 943. Immediately preceding text appears at serial page (98894).

**Cross References**

This section cited in 12 Pa. Code § 141.191 (relating to grantees).

**CLOSEOUT**

**§ 141.211. Close-out notification.**

A contract administered by a grantee shall be officially closed out upon program completion or the contract period, whichever comes first. While there are standard requirements to the close-out process, the Department will deal directly with the grantee to determine the most appropriate process and timetable for accomplishing these requirements. The Department will notify a grantee as to the time to begin the necessary close-out procedures. These procedures will consist of the following:

(1) *Program audit.* The Department will require an audit by an independent Certified Public Accountant. An audit shall be in conformance with Office of Management and Budget Circular A-128. The exact extent and timing of the audit will depend on how recently the grantee may have had an audit, or how soon one is scheduled, if any.

(2) *Property disposition.* If property was acquired in whole or part with program funds, there shall be a proper disposition of the property before final close-out. The Department will instruct grantees as to how this shall be done.

(3) *Third party claims.* If, during the grant, law suits or liens have been brought against the grantee, these shall be adequately resolved prior to, or as soon as possible after close-out. The Department will provide instructions to the grantee if the cases occur.

(4) *Fund reimbursements and accounting.* If the grantee has not fully expended program funds received or if the grantee has generated program income by virtue of program assisted activities, or both, these funds shall be accounted for to the Department. In the case of unexpended balances of program funds, these shall be returned to the Department prior to final close-out. In the case of program income, the Department will permit grantees to retain this income in accordance with 24 CFR 570.506 (relating to program income).

(5) *Final grant report.* Prior to final closeout, the grantee shall provide to the Department a final performance report which summarizes the results of activities undertaken with program funds. The Department will provide instructions as to the full content of this report.

#### Source

The provisions of this § 141.211 adopted May 3, 1985, effective May 4, 1985, 15 Pa.B. 1614; amended March 21, 1986, effective March 22, 1986, 16 Pa. B. 943. Immediately preceding text appears at serial pages (98894) to (98895).

### APPLICANT INFORMATION

#### § 141.231. Administration.

The program set forth in this part will be administered in conformity with the act, Title I of the Federal Housing and Community Development Act of 1974 (42 U.S.C.A. §§ 5301—5320), and implementing Federal regulations and other requirements, and the following additional materials:

- (1) Application forms, schedules and reports required by the Department.
- (2) Application and management guidelines prepared by the Department to explain this chapter.
- (3) Temporary program directives issued by the Department under § 141.191 (relating to grantees).

#### Source

The provisions of this § 141.231 adopted May 3, 1985, effective May 4, 1985, 15 Pa.B. 1614.

**§ 141.232. [Reserved].****Source**

The provisions of this § 141.232 adopted May 3, 1985, effective May 4, 1985, 15 Pa.B. 1614; reserved March 21, 1986, effective March 22, 1986, 16 Pa.B. 943. Immediately preceding text appears at serial page (98896).

**SECTION 108 LOAN PROGRAM****§ 141.301. Purpose.**

This section and §§ 141.302—141.309 contain conditions under which the Department will guarantee the notes or other obligations issued by public entities in compliance with Federal regulations authorizing a guarantee program under section 108 of the Housing and Community Development Act of 1974. See 24 CFR Subchapter C, Subpart M (relating to loan guarantees).

**Authority**

The provisions of this § 141.301 issued under the Community Development Block Grant Entitlement Program for Nonurban Counties and Certain Other Municipalities (35 P. S. §§ 1751—1765).

**Source**

The provisions of this § 141.301 adopted August 21, 1992, effective August 22, 1992, 22 Pa.B. 4313.

**Cross References**

This section cited in 12 Pa. Code § 141.302 (relating to definitions); 12 Pa. Code § 141.307 (relating to limitations on loan commitments—public entities); 12 Pa. Code § 141.308 (relating to CDBG requirement); and 12 Pa. Code § 141.309 (relating to Department approval).

**§ 141.302. Definitions.**

The following words and terms, when used in this section, §§ 141.301 and 141.303—141.309, have the following meanings, unless the context clearly indicates otherwise:

*Consortium*—A group of public entities that have entered into an agreement with the Department to apply jointly for an allocation of section 108 loan guarantee funds from HUD.

*Consortium member*—A public entity that has agreed to participate in the consortium to access section 108 loan guarantee funds from HUD.

*Entitlement public entity*—A city, county, borough, incorporated town or township that qualifies as an eligible entitlement entity under section 3 of the act (35 P. S. § 1753).

*Joint public entities*—Two or more public entities or a county that applies on behalf of a public entity, or both, which participate in a joint municipal or regional project.

*Nonentitlement public entity*—A unit of general local government that is eligible to participate in the State administered CDBG Program and which is not an eligible entitlement entity under section 3 of the act.

*Public entity*—A unit of general local government that is eligible to participate in the State administered CDBG Program.

**Authority**

The provisions of this § 141.302 issued under the Community Development Block Grant Entitlement Program for Nonurban Counties and Certain Other Municipalities (35 P. S. §§ 1751—1765).

**Source**

The provisions of this § 141.302 adopted August 21, 1992, effective August 22, 1992, 22 Pa.B. 4313; amended January 20, 2006, effective January 21, 2006, 36 Pa.B. 283. Immediately preceding text appears at serial pages (231102) to (231103).

**Cross References**

This section cited in 12 Pa. Code § 141.301 (relating to purpose); 12 Pa. Code § 141.307 (relating to limitations on loan commitments—public entities); 12 Pa. Code § 141.308 (relating to CDBG requirement); and 12 Pa. Code § 141.309 (relating to Department approval).

**§ 141.303. Applicability of HUD implementing regulations.**

(a) An application for loan guarantees by the Department must meet the requirements in 24 CFR Subchapter C, Subpart M (relating to loan guarantees).

(b) An application for State guarantees submitted with or without assistance from the State shall first be submitted to, and approved by the Department before it may be submitted to HUD.

**Authority**

The provisions of this § 141.303 issued under the Community Development Block Grant Entitlement Program for Nonurban Counties and Certain Other Municipalities (35 P. S. §§ 1751—1765).

**Source**

The provisions of this § 141.303 adopted August 21, 1992, effective August 22, 1992, 22 Pa.B. 4313; amended January 20, 2006, effective January 21, 2006, 36 Pa.B. 283. Immediately preceding text appears at serial page (231103).

**Cross References**

This section cited in 12 Pa. Code § 141.301 (relating to purpose); 12 Pa. Code § 141.302 (relating to definitions); 12 Pa. Code § 141.307 (relating to limitations on loan commitments—public entities); 12 Pa. Code § 141.308 (relating to CDBG requirement); and 12 Pa. Code § 141.309 (relating to Department approval).

**§ 141.304. Limitations on loan commitments—entitlement public entities.**

The amount of loan guarantees that an entitlement public entity receives may not exceed the amount of a public entity's CDBG allocation that can support annual debt service payments based on the average amount of the CDBG alloca-

tion for the past 3 years or \$7 million, whichever is less. This maximum amount applies to both single public entity applicants and joint public entity applicants.

**Authority**

The provisions of this § 141.304 issued under the Community Development Block Grant Entitlement Program for Nonurban Counties and Certain Other Municipalities (35 P. S. §§ 1751—1765).

**Source**

The provisions of this § 141.304 adopted August 21, 1992, effective August 22, 1992, 22 Pa.B. 4313; amended January 20, 2006, effective January 21, 2006, 36 Pa.B. 283. Immediately preceding text appears at serial pages (231103) to (231104).

**Cross References**

This section cited in 12 Pa. Code § 141.301 (relating to purpose); 12 Pa. Code § 141.302 (relating to definitions); 12 Pa. Code § 141.307 (relating to limitations on loan commitments—public entities); 12 Pa. Code § 141.308 (relating to CDBG requirement); and 12 Pa. Code § 141.309 (relating to Department approval).

**§ 141.305. Limitations on loan commitments—nonentitlement public entities.**

- (a) The total amount of a loan guarantee made to a nonentitlement public entity may not exceed \$3 million.
- (b) The maximum aggregate amount of section 108 loan assistance made to a county which applies on behalf of multiple nonentitlement public entities may not exceed \$7,000,000.
- (c) Nonentitlement public entities shall join the consortium before applying for section 108 loan guarantee funds from the Department.

**Authority**

The provisions of this § 141.305 issued under the Community Development Block Grant Entitlement Program for Nonurban Counties and Certain Other Municipalities (35 P. S. §§ 1751—1765).

**Source**

The provisions of this § 141.305 adopted August 21, 1992, effective August 22, 1992, 22 Pa.B. 4313; amended January 20, 2006, effective January 21, 2006, 36 Pa.B. 283. Immediately preceding text appears at serial page (231104).

**Cross References**

This section cited in 12 Pa. Code § 141.301 (relating to purpose); 12 Pa. Code § 141.302 (relating to definitions); 12 Pa. Code § 141.307 (relating to limitations on loan commitments—public entities); 12 Pa. Code § 141.308 (relating to CDBG requirement); and 12 Pa. Code § 141.309 (relating to Department approval).



§ 141.306. [Reserved].

**Source**

The provisions of this § 141.306 adopted August 21, 1992, effective August 22, 1992, 22 Pa.B. 4313; reserved January 20, 2006, effective January 21, 2006, 36 Pa.B. 283. Immediately preceding text appears at serial pages (231104) to (231105).

**Cross References**

This section cited in 12 Pa. Code § 141.301 (relating to purpose); 12 Pa. Code § 141.302 (relating to definitions); 12 Pa. Code § 141.308 (relating to CDBG requirement); and 12 Pa. Code § 141.309 (relating to Department approval).

**§ 141.307. Limitations on loan commitments—public entities.**

- (a) The repayment period for a guaranteed loan may not exceed 20 years.
- (b) The security offered by the Department to HUD will include a pledge of all grants made to the State or for which the State may become eligible under applicable Federal law and regulations.
- (c) The State may provide an additional guarantee from sources other than the public entity's annual CDBG grant. The additional State guarantee will supersede the use of the public entity's CDBG grant funds as a source to guarantee debt payments for a section 108 loan.
- (d) A public entity shall pledge the full amount of CDBG grants to be received during the period of the loan guarantee. Grant amounts for any year sufficient to pay current debt service may not be expended until the debt service for that year has been paid, or until the public entity provides the Department with satisfactory evidence that funds to pay current debt service have been placed in a trust account.
- (e) Loans must be amortized on an annual basis, unless otherwise approved in writing by the Department.
- (f) A public entity shall enter into a contract with the Department and HUD, in a form acceptable to the Department and HUD, for the repayment of notes or other obligations guaranteed under this section, §§ 141.301—141.305, 141.308 and 141.309.
- (g) Security in addition to a pledge of CDBG allocations will be required when the pledge of the allocations is not sufficient to protect all of the potential liability of the Department.

**Authority**

The provisions of this § 141.307 issued under the Community Development Block Grant Entitlement Program for Nonurban Counties and Certain Other Municipalities (35 P. S. §§ 1751—1765).

**Source**

The provisions of this § 141.307 adopted August 21, 1992, effective August 22, 1992, 22 Pa.B. 4313; amended January 20, 2006, effective January 21, 2006, 36 Pa.B. 283. Immediately preceding text appears at serial pages (231105) to (231106).

**Cross References**

This section cited in 12 Pa. Code § 141.301 (relating to purpose); 12 Pa. Code § 141.302 (relating to definitions); 12 Pa. Code § 141.308 (relating to CDBG requirement); and 12 Pa. Code § 141.309 (relating to Department approval).

**§ 141.308. CDBG requirement.**

Applicable requirements of the CDBG program apply to public entities receiving guaranteed loan funds, except as those requirements may be specifically modified or augmented by this section and §§ 141.301—141.307 and 141.309 or applicable HUD regulations.

**Authority**

The provisions of this § 141.308 issued under the Community Development Block Grant Entitlement Program for Nonurban Counties and Certain Other Municipalities (35 P. S. §§ 1751—1765).

**Source**

The provisions of this § 141.308 adopted August 21, 1992, effective August 22, 1992, 22 Pa.B. 4313.

**Cross References**

This section cited in 12 Pa. Code § 141.301 (relating to purpose); 12 Pa. Code § 141.302 (relating to definitions); 12 Pa. Code § 141.307 (relating to limitations on loan commitments—public entities); and 12 Pa. Code § 141.309 (relating to Department approval).

**§ 141.309. Department approval.**

(a) The Department may disapprove loan guarantees or may approve a guarantee for an amount less than requested, for reasons including one or more of the following:

- (1) The Department determines that the guarantee in light of the financial condition of the applicant, the viability of the project or the costs of the project, constitutes an unacceptable financial risk.
- (2) The requested guarantee amount exceeds one or more of the limitations in this section and §§ 141.301—141.308 or in applicable Federal regulations.
- (3) Funds are not available in the amount requested.
- (4) The performance of the public entity under §§ 141.61, 141.62, 141.81, 141.101, 141.102, 141.121—141.125 and 141.141—141.157 is unacceptable.
- (5) The activities to be undertaken are ineligible under State or Federal law or regulations.

(b) The Department will notify the public entity in writing that the guarantee has been approved, reduced or disapproved. If the guarantee is reduced or disap-

proved, the public entity will be informed of the specific reasons for that action. If the guarantee is acceptable, the Department will approve the application of the public entity to HUD for its commitment.

**Authority**

The provisions of this § 141.309 issued under the Community Development Block Grant Entitlement Program for Nonurban Counties and Certain Other Municipalities (35 P. S. §§ 1751—1765).

**Source**

The provisions of this § 141.309 adopted August 21, 1992, effective August 22, 1992, 22 Pa.B. 4313; amended January 20, 2006, effective January 21, 2006, 36 Pa.B. 283. Immediately preceding text appears at serial pages (231106) to (231107).

**Cross References**

This section cited in 12 Pa. Code § 141.301 (relating to purpose); 12 Pa. Code § 141.302 (relating to definitions); 12 Pa. Code § 141.307 (relating to limitations on loan commitments—public entities); and 12 Pa. Code § 141.308 (relating to CDBG requirement).

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