CDBG: COMMUNITY DEVELOPMENT PROGRAM

POLICIES AND PROCEDURES

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LANCASTER COUNTY
Redevelopment Authority

COMMUNITY DEVELOPMENT PROGRAM POLICIES & PROCEDURES

The following local administrative policies have been established by the Board of Commissioners of Lancaster County and by the Redevelopment Authority of the County of Lancaster. They will govern all requests for Fiscal Year 2026 Community Development Block Grant (CDBG) Funds.

POLICIES:

PROJECT BENEFICIARIES: All CDBG Projects must be designed to serve those areas of the community with the highest percentage of low- and moderate-income persons, using current census data or recent (less than three years old) income survey results.

i. All projects must benefit residents in an area that is at least 45.20% low- and moderate-income;

ii. Redevelopment Authority staff can provide area maps showing eligible low- and moderate-income areas. The proposed project's service area must be approved by the Redevelopment Authority staff before the submittal of the Funding Request Application;

iii. The project area must be primarily residential;

iv. The service area needs to be the entire area served by the project. This may be more than one census tract or municipality depending on the type of project.

MAXIMUM FUNDING: A maximum of $300,000 will be granted to any project or program in Fiscal Year 2026. No more than $400,000 in Fiscal Year 2026 CDBG Funds will be granted for projects within or benefitting the residents of any one municipality.

i. The Redevelopment Authority will accept no more than two Funding Request Applications from or for the benefit of a municipality. This includes, but is not limited to, all projects submitted by the municipality itself, water or sewer authorities, and/or non-profit community organizations located within and serving each municipality.

ELIGIBLE CDBG PROJECT COSTS: CDBG funds cannot be used to finance 100% of the project/program costs.

i. For municipal infrastructure or community facilities projects, sponsors are required to certify that a minimum of ten percent (10%) of the total project cost will be financed through non-CDBG sources of funding. Documentation verifying that these funds are secured, and identifying their intended use, **must be provided before the project can be placed under contract.**

- CDBG funds can be used for construction costs only.
- At least five percent (5%) of the cost of construction contracts must be paid with non-CDBG funds.
- Project sponsors are responsible for covering soft costs: all legal, advertising, right-of-way acquisition, engineering, and design expenditures.

ii. For housing rehabilitation activities carried out by non-profit organizations, CDBG funds can be used to cover construction costs only. The sponsor will be responsible for all administrative costs.

PROCEDURES:

1. **LETTER OF INTENT**: All applicants must submit a "Letter of Intent" by May 1, 2026.
    a. This step will ensure that applicants have sufficient time to complete requirements and receive any necessary technical assistance from the Redevelopment Authority staff.
2. **REQUIRED CONSULTATION WITH LCHRA**: All applicants may be required to attend a consultation with the LCHRA staff. The purpose of this meeting is to review the letter of intent for eligibility and fundability of the project.
3. **PUBLIC HEARING REQUIRED**: All applicants must schedule and hold a public hearing within the local community *before* the Funding Request Application submission deadline (May 29th, 2026).
    a. The purpose of the hearing is to present the proposed project to the public as well as provide an opportunity for the public to comment on the proposed project and any other local needs which may be addressed by Lancaster County's CDBG Program.
    b. If more than one application is being submitted for projects located within or serving a municipality, the applicants must schedule and hold a joint public hearing.
    c. A legal notice that announces the public hearing must be published in the local newspapers not less than *ten (10) days prior* to the date of the meeting.
4. **LOCAL PROJECT REVIEW**: All proposed project(s) must obtain appropriate local approvals prior to submitting the Funding Request Application.
    a. For public infrastructure projects, the applicant must submit formal letters of approval and/or resolutions from the Lancaster County Planning Commission (LCPC),

the local municipal governing body, and the local Municipal Planning Commission within thirty (30) days of the due date of the Funding Request Application. If the formal approval letters cannot be submitted with the funding request, the applicant must submit, at least, a letter from each of the governing bodies stating that it has at least reviewed the application and that it will be presenting the project to its board for approval at its next meeting within the allowed thirty (30) day grace period.

b. For housing or other projects submitted by non-profit community organizations, the applicant must submit specific formal written endorsement of their project from their governing board and/or from their local municipality's governing body.

5. **REDEVELOPMENT REVIEW OF APPLICATIONS**: Prior to the Community Development Steering Committee review of a Funding Request Application, the Redevelopment Authority staff will review each Fiscal Year 2026 Funding Request Application.

   a. All requests will be evaluated for completeness of information and for eligibility and fundability under the regulations of the Community Development Block Grant Program.

   b. All requests will be reviewed for compatibility and consistency with the priority needs and objectives established in Lancaster County's Consolidated Plan and the Lancaster County Comprehensive Plan including the Policy Element, Growth Management Element and all Functional Elements.

   c. All public water and sanitary sewer projects must be located in and serve areas that the county and the local municipality have formally established, designated, and adopted as a Urban Growth Area (UGA) or a Village Growth Area (VGA).

      i. For projects not located in a UGA or a VGA, the applicant (municipality or municipal authority) and the Lancaster County Planning Commission (LCPC) must jointly certify in writing that the municipality has proposed a draft UGA or a draft VGA and/or is actively working toward formally establishing and adopting these boundaries.

      ii. If the project is not located in either a UGA or a VGA and/or the municipality is not working on these boundaries, then the applicant must obtain the specific written endorsement of the project from LCPC.

6. **OTHER REQUIREMENTS**:

   a. Municipal and non-profit community organizations must submit a copy of their organization's most recent audited financial statement with their Funding Request Application and a copy of their audit completed after the completion of the project. If more than one Funding Request Application is being submitted by the organization, only one copy of this information is required.

   b. No CDBG funds may be used to cover the costs incurred to secure the audit.

DETERMINING SERVICE AREAS AND LOW/MOD BENEFIT

Before accepting a Funding Request Application, the proposed project's service area must be approved by the Redevelopment Authority staff.

1. **REQUIREMENTS:**
   - The service area of a project must include the entire area that the project will serve. The service area will be determined by the type of project and intended beneficiaries. Factors to be considered in making the determination of the area served are the nature of the activity; the location of the activity; accessibility issues; and the availability of comparable activities.
   - The service area of a project must be primarily residential and meet the identified needs of low- and moderate-income persons. Low- and moderate-income benefit of a service area can be determined with the use of census data or use of income surveys. Census data will be used to the maximum extent feasible for determining the income of persons residing in service areas.
2. **COMMERCIAL DISTRICTS:**
   - Projects located in commercial districts may qualify; for instance a street improvement project where businesses and stores serve local clientele and the service area boundaries encompass a primarily residential area while still qualifying under the low- and moderate-income benefit.
3. **PUBLIC FACILITY PROJECTS:** Projects that are designed to benefit a targeted group of persons and not a general service area may qualify if at least 45.20% of the beneficiaries are low- and moderate-income and documentation and data concerning beneficiary family size and income is evident; or the facility has income-eligibility requirements that limit the service to persons meeting the low- and moderate-income requirement as evident of the applicants procedures, or intake/application forms; or if the facility primarily serves a group presumed to be low- and moderate-income such as abused children, battered spouses, elderly persons, severely disabled adults, homeless persons, illiterate adults, persons living with AIDS, and migrant farm workers.
4. **INCOME SURVEYS**: Please refer to the CDBG Income Survey Guidelines for direction. Surveys must be completed to determine the low/moderate income of an area. Income surveys are required for the following project types;
   - New Sanitary Sewer System Projects;
   - Sanitary Sewer System Extension Projects;
   - New Public Water Distribution System Projects;
   - Public Water Distribution System Extension Projects;

- Construction of New Sidewalks where none currently exist;
- Construction or reconstruction of curbs and sidewalks only (not part of a comprehensive street improvement project); and
- When the service area of the proposed project is part of census block group(s) that do not support a determination of low/moderate income benefit of 45.20% or higher and the applicant has compelling reason to believe the service area would qualify based on a change in either population or income of the area since the census.

NEW SANITARY SEWER PROJECTS

Before accepting Funding Request Applications for new sewage treatment plants and collections systems, the municipality or municipal authority must comply with the following requirements:

1. **PROJECT BENEFICIARIES:** The project must serve an area where at least 45.20% percent of the beneficiaries are low or moderate income. An income survey achieving a minimum response rate must be completed which clearly documents that 45.20% or more of the beneficiaries (total persons) of the proposed new sanitary sewer system project are low and moderate income persons. For projects located in census block group(s) where the residents are not primarily low or moderate-income, after achieving a minimum response rate, at least 51% of the persons represented by the responding survey must be considered low- and moderate-income persons. Note that projects with small sample sizes will require a 100% response rate. (Redevelopment Authority staff will provide the exact percentage required and other assistance on how to conduct such an income survey.)
2. **REQUIRED DOCUMENTATION:** The municipality or municipal authority must provide the following documentation.
    - Applied for all necessary local, State, and Federal permits and approvals.
    - Adopted a current (within the past five to seven years) Act 537 Sewage Facilities Plan and the applicant must be proposing to provide or extend public sanitary sewer service under the project proposal to a service area designated as an "Immediate Needs Area";
    - Obtained Lancaster County Planning Commission approval/endorsement of the Act 537 Sewage Facilities Plan, confirmed in writing;
    - Obtained Pennsylvania Department of Environmental Protection approval of the Act 537 Sewage Facilities Plan, confirmed in writing;
    - A copy of the current municipal zoning map and a formal letter of approval and/or resolutions from the local municipal planning commission certifying that it is compatible with the current municipal land use plan.
    - A formal letter of approval and/or resolutions from the Lancaster County Planning Commission (LCPC) for the proposed project.
    - A formal letter of approval and/or resolutions from the local municipal governing body certifying that it is compatible with the adopted municipal or multi-municipal comprehensive plan.

- If the formal approval letters cannot be submitted with the funding request, the applicant must submit, at least, a letter from each of the governing bodies stating that it has at least reviewed the application and that it will be presenting the project to its board for approval at its next meeting within the allowed thirty (30) day grace period from submission of the Funding Request Application.
- If the formal approval letters from the governing bodies cannot be submitted with the funding request, the applicant must submit, at least, a letter from each of the governing bodies stating that it has at least reviewed the application and that it will be presenting the project to its board for approval at its next meeting within the allowed thirty (30) day grace period.

3. OTHER REQUIREMENTS:

- A plan to finance the entire sanitary sewer system must be in place and must be submitted along with the completed Funding Request Application.
- The sewage treatment plant must be part of the first phase of construction of the sanitary sewer system, or be operational, if CDBG funds are only being requested to construct the sanitary sewage collection and conveyance system. The sanitary sewage collection and conveyance system cannot be constructed before the public sewer system is ready to accept and treat sewage flows.
- Applicants who currently have one or more open CDBG Public Improvements grants and have not yet had a first draw issued by LCHRA to the selected contractor in accordance with program procedures are ineligible to apply. Eligibility will be restored only after the first draw for the existing project has been issued.

SANITARY SEWER SYSTEM EXTENSION PROJECTS

Before accepting Funding Request Applications for sanitary sewer projects that would extend sanitary sewage collection lines beyond the existing sanitary sewer service areas, a municipality or municipal authority must comply with the following requirements:

1. **PROJECT BENEFICIARIES:** The project must serve an area where at least 45.20% percent of the beneficiaries are low or moderate income. An income survey achieving a minimum response rate must be completed which clearly documents that 45.20% or more of the beneficiaries (total persons) of the proposed new sanitary sewer system project are low and moderate income persons. For projects located in census block group(s) where the residents are not primarily low or moderate-income, after achieving a minimum response rate, at least 51% of the persons represented by the responding survey must be considered low- and moderate-income persons. Note that projects with small sample sizes will require a 100% response rate. (Redevelopment Authority staff will provide the exact percentage required and other assistance on how to conduct such an income survey.)

2. **REQUIRED DOCUMENTATION:**

   - The proposed sanitary sewer extension project must be compatible with the municipality's current existing Act 537 Sewage Facilities Plan (adopted within past five to seven years) and its comprehensive municipal land use plan and the applicant must be proposing to provide or extend public sanitary sewer service under the project proposal to a service area designated in the Act 537 Sewage Facilities Plan as an *Immediate Needs Area*. The applicant must submit the following items:
     - Written documentation verifying that the Pennsylvania Department of Environmental Protection has reviewed and approved the sewer planning module covering the planned sanitary sewer extension project.
     - A copy of the current municipal zoning map and a formal letter of approval and/or resolutions from the local municipal planning commission certifying that it is compatible with the current municipal land use plan.
     - A formal letter of approval and/or resolutions from the Lancaster County Planning Commission (LCPC).
     - A formal letter of approval and/or resolutions from the local municipal governing body certifying that it is compatible with the adopted municipal or multi-municipal comprehensive plan.

- If the formal approval letters cannot be submitted with the funding request, the applicant must submit, at least, a letter from each of the governing bodies stating that it has at least reviewed the application and that it will be presenting the project to its board for approval at its next meeting within the allowed thirty (30) day grace period from submission of the Funding Request Application.

- Documentation must be submitted along with the completed Funding Request Application showing that the municipality or municipal authority has investigated other alternatives to extending sanitary lines, such as on-lot disposal or spray irrigation systems.

- Applicants who currently have one or more open CDBG Public Improvements grants and have not yet had a first draw issued by LCHRA to the selected contractor in accordance with program procedures are ineligible to apply. Eligibility will be restored only after the first draw for the existing project has been issued.

PUBLIC WATER SYSTEM DISTRIBUTION AND EXTENSION PROJECTS

Before accepting Funding Request Applications for any proposal to construct a new public water treatment plant, filtration plant, and distribution system or extension project, a municipality or municipal authority must comply with the following requirements:

1. **PROJECT BENEFICIARIES:** The project must serve an area where at least 45.20% percent of the beneficiaries are low or moderate income. An income survey achieving a minimum response rate must be completed which clearly documents that 45.20% or more of the beneficiaries (total persons) of the proposed new public water system project are low and moderate income persons. For projects located in census block group(s) where the residents are not primarily low or moderate-income, after achieving a minimum response rate, at least 51% of the persons represented by the responding survey must be considered low- and moderate-income persons. Note that projects with small sample sizes will require a 100% response rate. (Redevelopment Authority staff will provide the exact percentage required and other assistance on how to conduct such an income survey.)
2. **REQUIRED DOCUMENTATION:**
   - The municipality or municipal authority must have applied for and received all necessary local, State, and Federal permits and approvals prior to applying for CDBG funds to construct a well, water treatment plant, water filtration plant, or water distribution system. For example, water quality tests must be completed and applicable permits received indicating that both the water quantity and quality are acceptable.
   - Applicants must submit formal letters of approval and/or resolutions from the Lancaster County Planning Commission (LCPC), the local municipal governing body, and the local Municipal Planning Commission within thirty (30) days of the due date of the Funding Request Application. If the formal approval letters cannot be submitted with the funding request, the applicant must submit, at least, a letter from each of the governing bodies stating that it has at least reviewed the application and that it will be presenting the project to its board for approval at its next meeting within the allowed thirty (30) day grace period.
   - A financing plan for the construction of the entire new public water system must be in place and must be submitted along with the complete Funding Request Application.
   - If the project area to be served by the new public water system is in a rural area, documentation verifying that the municipality or municipal authority has investigated alternative water supply systems must be submitted along with the completed Funding Request Application.

3. OTHER REQUIREMENTS:

- CDBG funds cannot be used to help finance the discovery of, or testing for, safe and suitable drinking water supplies.
- The water supply, water treatment, or water filtration plant, if necessary, must be constructed before or at the same time as the water distribution system. The water distribution system cannot be constructed before the public water system is ready to supply water.
- Applicants who currently have one or more open CDBG Public Improvements grants and have not yet had a first draw issued by LCHRA to the selected contractor in accordance with program procedures are ineligible to apply. Eligibility will be restored only after the first draw for the existing project has been issued

NEIGHBORHOOD IMPROVEMENT PROJECTS

Neighborhood Improvement Projects can include curb and sidewalk replacement, major storm water management improvements, street reconstruction, or water main and sewer main replacement projects. Neighborhood Improvement Projects may be undertaken in phases.

1. **PROJECT BENEFICIARIES:** The project must serve an area where at least 45.20% percent of the beneficiaries are low- and moderate-income.
    - The service area of a Neighborhood Improvement Project must include the entire area that the project will serve. The service area must be approved by the Redevelopment Authority before submission of the Funding Request Application. Determination of income status of a service area is based on the most current census data. In some instances an income survey may be used to determine if the service area is low- and moderate-income.
2. **REQUIRED DOCUMENTATION:**
    - Applicants must submit formal letters of approval and/or resolutions from the Lancaster County Planning Commission (LCPC), the local municipal governing body, and the local Municipal Planning Commission within thirty (30) days of the due date of the Funding Request Application. If the formal approval letters cannot be submitted with the funding request, the applicant must submit, at least, a letter from each of the governing bodies stating that it has at least reviewed the application and that it will be presenting the project to its board for approval at its next meeting within the allowed thirty (30) day grace period.
    - Applicants who currently have one or more open CDBG Public Improvements grants and have not yet had a first draw issued by LCHRA to the selected contractor in accordance with program procedures are ineligible to apply. Eligibility will be restored only after the first draw for the existing project has been issued
3. **OTHER ELIGIBLE PROJECTS:**
    - Proposed curb and sidewalk replacement projects are eligible, however should be an integral part of an overall neighborhood improvement program. If the project involves only the construction or reconstruction of curbs and sidewalks, an income survey must be undertaken to determine income status. CDBG funds may be used to construct sidewalks where none currently exist only if 45.20% of the total residents in the service area are low- and moderate-income. Determination of income status is based on census data or recent (less than three years old) income survey results.

PARKS AND RECREATIONAL FACILITIES PROJECTS

CDBG funds may only be used to construct new facilities or purchase new equipment. CDBG funds cannot be used to replace equipment that has been vandalized or has deteriorated because of a lack of maintenance.

1. PROJECT BENEFICIARIES:

- In order to be eligible for CDBG funds, all parks and recreational facility projects must have primary service areas where at least 45.20% or more of the residents are low- and moderate-income persons. This must be verified by the most recent census information available or by the results of recent (less than three years old) income surveys.
- All parks and recreational facility acquisition or improvement projects must be designed to primarily serve a *neighborhood*. A park will generally be considered to serve a neighborhood by the Redevelopment Authority if the primary users of the park live within a ½ mile radius of the park and if the park is no larger than five (5) acres.
- All other recreational facilities, such as those deigned to serve an entire township, borough, multiple municipalities, or a larger region, are generally ineligible for CDBG Funds. The only exception to this policy will be if 45.20% or more of the principal users of the park are low- and moderate-income persons. *Principal users* are defined as those residents living within a certain radius of the facility. For a park serving an entire municipality, this will be all residents of that municipality. For larger parks and recreational facilities, national standards for recreational facilities provided by the United States Department of Housing and Urban Development (HUD) will be used to define service area based on the size of the park facility. A final decision on granting any exceptions in this regard will be made by the Redevelopment Authority staff.

2. REQUIRED DOCUMENTATION:

- Applicants must submit formal letters of approval and/or resolutions from the Lancaster County Planning Commission (LCPC), the local municipal governing body, and the local Municipal Planning Commission within thirty (30) days of the due date of the Funding Request Application. If the formal approval letters cannot be submitted with the funding request, the applicant must submit, at least, a letter from each of the governing bodies stating that it has at least reviewed the application and that it will be presenting the project to its board for approval at its next meeting within the allowed thirty (30) day grace period.

3. OTHER REQUIREMENTS:

- The municipality or non-profit organization submitting the project must contribute a local financial match equal to at least fifty percent (50%) of the total cost of the project. Local, State, or other Federal Funds can be used to meet this matching requirement.
- If CDBG funds are used to acquire private property for use as a public park or as a public recreational facility, the municipality or sponsoring non-profit organization acquiring the land must agree to add a deed restriction requiring the land to remain as public open space, a public park, or a public recreational facility.
- Applicants who currently have one or more open CDBG Public Improvements grants and have not yet had a first draw issued by LCHRA to the selected contractor in accordance with program procedures are ineligible to apply. Eligibility will be restored only after the first draw for the existing project has been issued

PUBLIC FACILITIES

CDBG funds may be used the acquisition, rehabilitation, or installation of public facilities and improvements. Public facilities and public improvements are interpreted to include all facilities and improvements that are publicly owned, or that are owned by a nonprofit and open to the general public. Examples include, but are not limited to, the following: Senior Centers, Handicapped Centers, Homeless Facilities, Parking Facilities, Child Care Centers, Fire Stations, and Facilities for Abused and Neglected Children or AIDS Patients.

1. PROJECT BENEFICIARIES:

- In order to be eligible for CDBG funds, all public facility projects must have primary service areas where at least 45.20% or more of the residents are low- and moderate-income persons. This must be verified by the most recent census information available or by the results of recent (less than three years old) income surveys.
- Public facilities funded by CDBG may sometimes qualify under the Limited Clientele criteria of low-and-moderate income persons. Limited clientele is described as persons of presumed benefit (abused children, battered spouses, elderly persons, "severely disabled" adults, homeless persons, illiterate adults, persons living with AIDS, and migrant farm workers); or being of such a nature and in a location that it may be concluded that the activity's clientele are low-and-moderate income.

2. REQUIRED DOCUMENTATION:

- Applicants must submit formal letters of approval and/or resolutions from the Lancaster County Planning Commission (LCPC), the local municipal governing body, and the local Municipal Planning Commission within thirty (30) days of the due date of the Funding Request Application. If the formal approval letters cannot be submitted with the funding request, the applicant must submit, at least, a letter from each of the governing bodies stating that it has at least reviewed the application and that it will be presenting the project to its board for approval at its next meeting within the allowed thirty (30) day grace period.
- Applicants who currently have one or more open CDBG Public Improvements grants and have not yet had a first draw issued by LCHRA to the selected contractor in accordance with program procedures are ineligible to apply. Eligibility will be restored only after the first draw for the existing project has been issued.