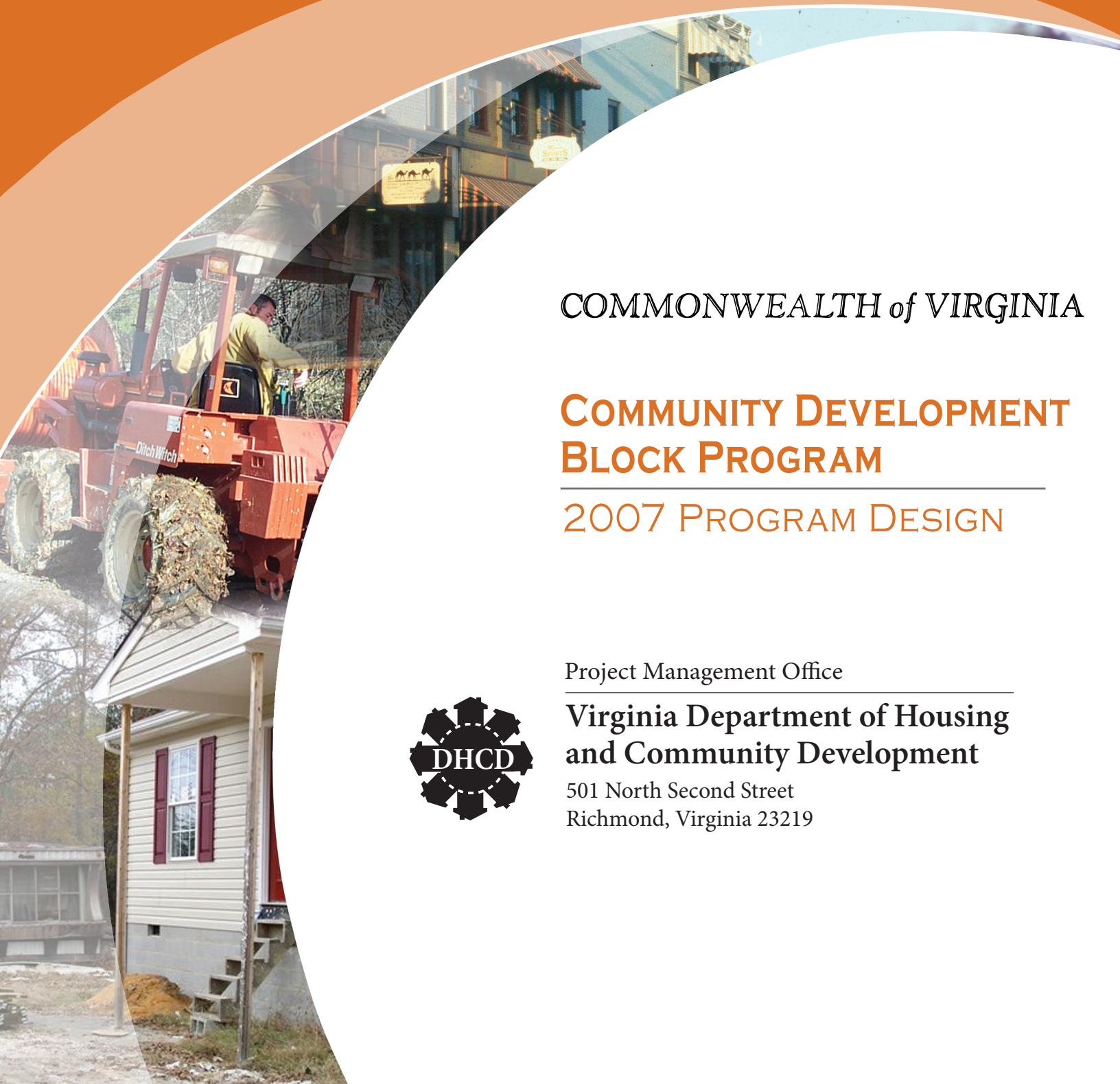

COMMONWEALTH of VIRGINIA

Community Development Block Program

2007 Program Design

Project Management Office

Virginia Department of Housing and Community Development

501 North Second Street
Richmond, Virginia 23219

2007 CDBG PROGRAM DESIGN
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INTRODUCTION

The Virginia Community Development Block Grant (CDBG) Program provides funding to eligible units of local government to address critical community development needs, including housing, infrastructure, and economic development. This Program has been administered by the Virginia Department of Housing and Community Development (DHCD) since 1982. CDBG funds are made available to DHCD by the U.S. Department of Housing and Urban Development (HUD).

Pursuant to the provisions of the Housing and Community Development Act of 1974 (the CDBG enabling legislation), DHCD has prepared this 2007 Program Design to include a final statement of Virginia's community development objectives, its projected use of funds, and its method of fund distribution to local governments, and to present the core CDBG elements for the Virginia Consolidated Plan.

The 2007 Program Design was further developed following two regional 2007 Program Design Input Sessions on October 24 and October 26, 2006, a Public Hearing held on November 21, 2006, and review of all public comments that were received through December 1, 2006.

Copies of the 2007 Program Design will be available through each of the twenty-one Planning District Commissions and from DHCD via the U.S. Mail or Internet. The 2007 Program Design will also be mailed to each eligible locality and to other interested parties. DHCD contact information is as follows:

Virginia Department of Housing and Community Development
The Jackson Center
501 North Second Street
Richmond, Virginia 23219
(804) 371-7061
(804) 371-7084 TDD
http://www.dhcd.virginia.gov

DHCD reserves the right to amend any portion of the 2007 Program Design which is impacted by any Federal regulations that become effective subsequent to its publication.

This document is available to all eligible localities and other interested parties.

For more detailed guidance for project specific policies during implementation of projects, please see the V*CDBG Grant Management Manual*, located online at:

http://www.dhcd.virginia.gov/CD /CDBG default.htm

CHANGES FOR 2007 PROGRAM DESIGN

Downpayment Assistance

VCDBG funds cannot account for more than 50% of downpayment assistance for a qualified client. (pages 47 and 48)

Open VCDBG Projects

Prior to the award of any VCDBG funds, a review of all open VCDBG projects will be conducted. In instances where performance or project issues have been identified, DHCD may withhold new VCDBG funds until these deficiencies are corrected. (page 23)

Construction and Administrative Cost Limit Increases

Significant cost limit increases for housing rehabilitation and substantial reconstruction projects have been made. (pages 46-47)

Comprehensive Community Development Projects

The VCDBG investment for the installation or improvement of water / wastewater services for Comprehensive Community Development projects may not exceed an average of $15,000 per household. (page 34)

Business District Revitalization Projects

Construction and Planning Grants

Changes are proposed as follows:

- In order to be eligible for construction funding, applicants must demonstrate that at least 25 percent of the properties in the potential project area are physically blighted or have at least a 50% vacancy rate (pages 37-38)

- To be eligible for the full planning grant amount, applicants must have a population greater than 750 persons within a one-mile radius of the project area. Exceptions to this threshold, such as where the Business District serves a very unique function or where improvements to the region's economic environment increases the opportunities for revitalization, will be considered. (page 27)

- Applicants that do not meet this population threshold may qualify for not more than $15,000 in planning grant funds. (page 27)

- Applicants must demonstrate that business district revitalization is the highest community development need. Applicants must provide an analysis of housing and other community needs, how these needs have been addressed, and how any

remaining unment needs will be handled. (pages 26 and 37)

Regional Project Planning Grants

Regional projects that demonstrate a clear and significant economic impact are eligible for up to $50,000 in planning grant funds. These projects will require a 20 percent local match. (page 27)

Recaptured / Unexpended Funds

Following the announcement of successful VCDBG Competitive Grant applicants, DHCD will establish a cut-off point among the unsuccessful projects. This will serve as a point where unsuccessful Competitive projects will be considered for funding should there be recaptured funds or a balance of uncommitted VCDBG funds at the end of the Program Year. Projects that fall below this point will be deemed not to be ready or feasible and will not be considered for funding.

Funding which has not been committed as of September 28, 2007 may be committed to Self Help projects, Planning Grant projects, Urgent Need projects, the next highest ranking 2007 Competitive Grant project (to the established cut-off point), Administrative Bonuses, projects with Letters of Intent, and Community Economic Development Fund projects. (page 15)

Community Facility Project

The VCDBG investment for the installation or improvement of water / wastewater services for Community Facility projects may not exceed an average of $12,500 per household. (page 49)

COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) NATIONAL OBJECTIVES

Community Development Block Grant (CDBG) funding was established by the Housing and Community Development Act of 1974. In accordance with Section 104(b)(3) of the Act, the use of CDBG funding must "give maximum feasible priority to activities which will benefit low- and moderate-income families or aid in the prevention or elimination of slums and blight" and "may also include activities which are designed to meet other community development needs having a particular urgency because existing conditions pose a serious and immediate threat to the community". These provisions constitute the three CDBG national objectives.

The Virginia Community Development Block Grant Program makes funding available to units of local government for planning and implementing community development projects in non-entitlement localities, which are those not receiving CDBG assistance directly from the U.S. Department of Housing and Urban Development. Each project and each activity within a project which will utilize CDBG funding must meet a national objective. Projects may contain activities which meet different national objectives.

The National Objectives are further defined as follows:

Activities benefiting low- and moderate-income persons

Individuals or households whose household income is equal to or less than the Section 8 lower income limit established by the U.S. Department of Housing and Urban Development (HUD) are determined to be low- and moderate-income. The Section 8 income limits are published annually by HUD. The lower income limit represents 80 percent of the area median income for like-sized households or 80 percent of the median income of the entire non-metropolitan area of the State, whichever is higher. No project will receive funding which benefits moderate-income persons (80 percent AMI) to the exclusion of low-income persons (50 percent AMI or less).

Activities benefiting low- and moderate-income persons must meet one of the following tests:

- Benefits are available to all of the residents in a particular area, wherein at least 51 percent of the residents are low- and moderate-income persons;

- At least 51 percent of the benefits are provided to low- and moderate-income persons;

- Benefits will be provided to a clientele presumed to be principally low- and moderate-income persons; or,

- If jobs are created or retained in a project, at least 51 percent of the aggregate jobs will be held by or made available to low- and moderate-income persons.

- In the case of a project providing relevant, direct outcome-based services, the following classes of people are considered LMI:
  - abused children
  - battered spouses
  - elderly persons
  - severely disabled persons (persons meeting the Bureau of Census' definition)
  - homeless persons
  - migrant farm workers
  - persons with AIDS
  - illiterate adults

Activities which aid in the prevention or elimination of slums or blight

An activity will be considered to address prevention or elimination of slums and blight in an area if:

- The delineated area meets a definition of a slum, blighted, or deteriorated or deteriorating area and is formally designated a slum or blighted area in accordance with State law. In Virginia, this definition and procedure for designation is available in Title 36, Article 7 of the Code of Virginia; and,

- Throughout the area, there is a substantial number of deteriorated or deteriorating buildings or the public improvements are in a general state of deterioration; and,

- The activity addresses one or more of the conditions which contributed to the deterioration.

Activities designed to meet community needs having a particular urgency

An activity will be considered to address this objective if the following conditions are met:

- The activity is designed to alleviate existing conditions which pose a serious and immediate threat to the health or welfare of the community; and,

- The conditions are of recent origin or recently became urgent. Recent is defined as within the preceding 18-months; and,

- The locality is unable to finance the project on its own and no other funding is available to address the problem; and,

- There exists a current declaration of emergency by the Governor of Virginia or of a health threat by the State Health Commissioner.

The Virginia Department of Housing and Community Development reserves the right to reclassify both activities and projects in terms of national objective as is appropriate. Projects which do not meet at least one of the three national

objectives will not be considered for funding. Any activity within a project not shown to meet at least one of the three national objectives will not be considered for funding.

VIRGINIA CDBG PROGRAM GOAL AND OBJECTIVES

The Commonwealth of Virginia has adopted the following Goal, Objectives, and Strategies to guide its investment of CDBG funds. The Objectives are not listed in order of priority.

Goal

Improve the economic and physical environment in Virginia's communities through implementation of activities which primarily benefit low- and moderate-income persons, prevent or eliminate slums and blighting conditions, or meet urgent needs which threaten the welfare of citizens.

Objective A

To assist local governments in improving neighborhoods and other areas through comprehensive community development programs.

Strategies and Expected Results

Provide financial and technical support for the comprehensive improvement of residential areas to result in revitalized neighborhoods including improved housing, water, sewer, road, and drainage conditions.

Objective B

To assist local governments in increasing business and employment opportunities through economic development programs.

Strategies and Expected Results

Provide financial and technical support for the acquisition, development, rehabilitation, or expansion of business and industrial sites and facilities to result in raising wage levels, retaining existing jobs, generating new jobs and employment opportunities, generating long-term employment, diversifying and expanding local tax bases and economies, and reducing the out-commuting of workers and out-migration of residents.

Provide financial and technical support for the acquisition, development, and revitalization of commercial districts to result in increasing retail sales and property values in stagnating or declining commercial districts, retaining existing businesses, increasing the opportunities for small businesses in commercial districts, retaining existing jobs, and strengthening local tax bases.

Provide financial and technical support for the development of entrepreneurial assistance programs including microenterprise assistance, business incubators, and similar

efforts to result in creating assets among low-income persons, increasing employment opportunities, reducing unemployment, increasing wage levels, generating new jobs, generating long-term employment, and diversifying and expanding local tax bases.

Objective C

To assist local governments in conserving and improving housing conditions.

Strategies and Expected Results
Provide financial and technical support for housing rehabilitation to result in reducing substandard housing conditions, conserving local housing stocks, stabilizing declining neighborhoods, promoting homeownership options, improving standards of living, and enhancing the attractiveness of the community.

Provide financial and technical support for acquisition and improvement of sites and/or facilities for low- and moderate-income housing to result in reducing the number of Virginia citizens in substandard housing, increasing the supply of housing, improving local standards of living, expanding housing opportunities, improving the quality of public facilities serving low- and moderate-income housing, and providing or improving basic public facilities serving low- and moderate-income housing.

Objective D

To assist local governments in improving the availability and adequacy of community facilities.

Strategies and Expected Results
Provide financial and technical support for acquisition of sites or rights-of-way for community facilities such as water, sewer, drainage, and streets to result in providing basic facilities in areas where they are lacking.

Provide financial and technical support for the installation, rehabilitation, or improvement of community facilities such as water, sewer, drainage, and streets to result in providing basic facilities in areas where they are lacking, improving the quality of inadequate community facilities, enhancing the development potential of communities, and eliminating conditions detrimental to health, safety, and public welfare.

Objective E

To assist local governments in improving the availability and adequacy of community service facilities.

Strategies and Expected Results
Provide financial and technical support for the acquisition of sites and/or structures for community services facilities to result in providing new or expanded community services.

Provide financial and technical support for the construction, rehabilitation, or improvement of community service facilities to result in developing new structures, or rehabilitating or improving existing structures for the provision of new or expanded community services.

FUNDING AND DISTRIBUTION METHODOLOGY

Use of Funding in 2006

The Commonwealth of Virginia's allocation of CDBG funds in 2006 was generally distributed as follows:

State Administration	$ 391,379
State Technical Assistance	$ 195,689
Local Administration	$ 1,500,000
Local Project Implementation	$ 17,481,860
TOTAL	$ 19,568,928

The Virginia CDBG funding attributable to Local Project Implementation by national objective in 2006 was as follows:

Objective	Amount	%
Benefit to low- and moderate-income	$15,677,476	89.7%
Elimination of slums and blight	$ 1,530,124	8.8%
Meeting urgent needs	$ 274,260	1.5%
TOTAL	*$17,481,860	100%

**Estimated*

Use of Funding in 2007

In 2007, Virginia's CDBG funding will be allocated to four principal categories of usage: State Administration, State Technical Assistance, Planning Grants, and Community Improvement Grants.

State Administration

Up to 2% of the Virginia CDBG allocation will be used for state program administration purposes.

State Technical Assistance

Up to 1% of the Virginia CDBG allocation will be used to cover the costs of state-provided technical assistance.

Planning Grants

Planning Grants enable localities to conduct assessments and develop effective strategies for solving local community development problems. The predominant focus of this offering will be on solving the problems of low- and moderate-income persons. All planning grant funding will be made available on an open basis.

Community Improvement Grants

Community Improvement Grants enable localities to implement solutions to identified local community development problems. These grants include acquisition, construction, reconstruction, installation, and development of comprehensive, economic development, housing, community facility, and community service facility projects. A substantial majority of the Virginia CDBG allocation will be made available to localities in the form of these types of grants. A portion of this funding will be targeted for prior commitments. Other

portions will be reserved for innovative projects, especially self-help water and sewer, and economic development projects. The balance of funding will be made available to localities on a competitive basis.

The use of Virginia CDBG funding in 2007 is anticipated to be as follows:

*Anticipated HUD Allocation		$ 20,547,374
plus:	Recaptured Funds (estimated)	$ 2,000,000
less:	State Administration	$ 410,947
	State Technical Assistance	$ 205,474
	2006 Letters of Intent	$ 1,290,000
less:	Planning Grants	$ 500,000
equals:	Community Improvement Grants	$ 20,140,953

The anticipated use of Community Improvement Grant funding is as follows:

Construction-Ready Water and Sewer Fund	$ 1,000,000
Community Economic Development Fund	$ 2,500,000
Community Development Innovation Fund	$ 2,750,000
Urgent Need Open Submission Projects	$ 1,000,000
Competitive Grants	$ 12,890,953**
TOTAL	$ 20,140,953

*Based on a 5 percent increase from 2006
**This amount will be reduced at the time funding decisions are made for the Competitive Round to provide funds for previously awarded multi-year projects that will be positioned to move into their second phase of implementation.

Distribution Methodology

If Virginia's allocation should increase or decrease from the amount shown above, only those figures for State Administration, State Technical Assistance, and Competitive Grants would be changed. All other figures are expected to remain constant regardless of any change in the allocation. Funds cancelled or returned to the Program or funds returned as Program Income during the 2007 Program Year will be allocated in accordance with the policies described herein.

Funding available for Competitive Grants will be awarded following careful

evaluation of all proposals received or postmarked by the March 21, 2007 deadline. Community Economic Development Fund, Community Development Innovation Fund, and the Construction-Ready Water and Sewer Fund projects will receive funding on an open, first-come, first-served basis between January 1, 2007 and September 28, 2007. Urgent Need Open Submission Projects will receive funding on an open, first-come, first-served basis between January 1, 2007 and October 31, 2007. Projects will be funded to the extent of the respective funding caps.

Planning Grants will be awarded on an open basis between January 1, 2007 and September 28, 2007.

Following the announcement of successful VCDBG Competitive Grant applicants, DHCD will establish a cut-off point among the unsuccessful projects. This will serve as a point where unsuccessful Competitive projects will be considered for funding should there be recaptured funds or a balance of uncommitted VCDBG funds at the end of the Program Year. Projects that fall below this point will be deemed not to be ready or feasible and will not be considered for funding.

Funding which has not been committed as of September 28, 2007 may be committed to Self Help projects, Planning Grant projects, Urgent Need projects, the next highest ranking 2007 Competitive Grant project (to the established cut-off point), Administrative Bonuses, projects with Letters of Intent, and Community Economic Development Fund projects.

Funding recaptured through closeout of older Community Improvement Grant projects or which is returned to DHCD as Program Income may also be committed to Self Help projects, Planning Grant projects, Urgent Need projects, the next highest ranking 2007 Competitive Grant project (to the established cut-off point), Administrative Bonuses, projects with Letters of Intent, and Community Economic Development Fund projects.

VIRGINIA CDBG PROGRAM GENERAL POLICIES

There are a number of policies which are applicable to all assistance available under the Virginia Community Development Block Grant Program, except where noted:

National Objectives

All proposals and all project activities must address one of the three national objectives as detailed in the earlier section entitled Community Development Block Grant (CDBG) National Objectives.

Eligible Localities

Non-entitlement units of local government, as listed in **APPENDIX A**, are the only eligible recipients of Virginia CDBG funding, but these local governments may contract with Planning District Commissions, non-profit organizations, and other competent entities to undertake project activities.

Eligible Activities

All activities listed as eligible in the Community Development Block Grant regulations under 24 CFR Part 570, Subpart C are eligible for funding under the Virginia CDBG Program. These regulations are available via the World Wide Web at the following address: http://www.access.gpo.gov/nara/cfr/cfr-table-search.html.

Citizen Participation Requirements

All applicants must provide citizens an adequate opportunity to participate in the development of proposals for CDBG assistance, particularly Community Improvement Grant proposals. Notwithstanding important, ongoing, informal organizational efforts, each applicant for Community Improvement Grant funding must hold two public hearings to notify citizens of details of its past use of CDBG funding and of the activities, level of funding, and level of benefit targeted by its current application. In regional proposals, all participating local governments must hold these public hearings. Formal citizen participation requirements are further detailed in the 2007 Virginia Community Development Block Grant Citizen Participation Plan for Local Government Applicants which is included as **APPENDIX B**.

Multi-Contract Limitations

Annual requests for CDBG assistance far exceed the amount of funding available. Although CDBG assistance is targeted for those localities which will have the greatest impact on significant community development needs, localities with multiple current contracts for CDBG assistance will not receive additional assistance until the activities

under the old contracts have been completed.

Localities are limited to $2.5 million in open CDBG contracts. Open contracts are those in which all required funding has not been expended, all contractual obligations have not been met, and/or required closeout forms have not been submitted to and physically received by DHCD. Competitive grant applicants must have received administrative close-out from DHCD on any open grants by March 1 of the year for which they are applying for funding in order for the open grant to NOT count against the $2.5 million limit. This means that all CDBG-funded activities must be complete and all CDBG funds must be drawn down and spent. This limitation includes Community Economic Development Fund contracts, Urgent Need Open Submission contracts, Planning Grant contracts, and Community Development Innovation Fund contracts. Contracts for Self-Help and Lead Paint Demonstration Fund projects are exempted from the $2.5 million limitation.

A locality which finds itself in a position to apply for a critical Urgent Need Open Submission or Community Economic Development project and is currently at or near the $2.5 million limit MAY, at DHCD's discretion, be granted a temporary waiver of the cap limit. The locality should contact DHCD to discuss a possible waiver prior to submittal of the proposal. If the waiver is approved, the Urgent Need or Community Economic Development funds will count towards the cap limit once other CDBG projects are closed (see pages 59 and 68).

In cases where project activities will encompass two or more localities, at least 65% of the project funds must be spent in the locality that is applying for assistance. CDBG funds will be attributed to each participating locality based on the proposed activities, and each locality will be held to the $2.5 million limit on open CDBG contracts.

Regional Projects

For regional projects, one local government must be designated the lead locality. The lead locality and all participating localities must, prior to receiving a contract with DHCD, enter into a legally binding cooperative agreement to ensure equitable project implementation and compliance with all applicable regulations. Almost any project type may be considered regional if planning or implementation activities occur in or concern each of the participating localities. Regional projects targeting physical improvements must be contained to a single area which includes portions of adjacent CDBG-eligible localities. Each locality participating in a regional project will be held responsible for having dollar value capacity under the Multi-Contract Limitations.

All regional projects are limited to the grant maximum listed for that project type, except Community Improvement Grants for regional infrastructure. Regional infrastructure projects are limited to $2,000,000 of VCDBG assistance. These projects will be considered regional in the event that the involved localities are either creating a new entity to manage the infrastructure

system or are combining systems under a single entity. Projects that simply extend utility lines from one jurisdiction to another or create interconnections between currently existing systems will not be considered regional.

Regional infrastructure projects must document:

- A significant need to be addressed through services within each locality's borders for the benefit of its residents, including investment by each locality,
- Equity in rates charged to users who are directly benefited by the CDBG investment,
- Assurances that system improvements will be adequately maintained; AND,
- Consolidation of two or more existing utility systems into a single operating entity, such as a Regional Service Authority, or creation of a new operating entity that serves the region with at least 51% of CDBG expenditures devoted to new service or a significant upgrade in service.

Program Income

Income generated by a CDBG project is Program Income and must be returned to DHCD except in cases where a Program Income Plan has been approved. These Plans will, in general, only be approved when the income will be reinvested in the same activity that generated the income and in the same geographic location from which it was generated. Program Income received by DHCD will be used to fund additional eligible VCDBG projects.

Contract Negotiation

Following announcement of the award of a grant, DHCD will schedule a Contract Negotiation Meeting with a locality to further discuss the terms of the grant offer and to identify actions which must be taken by a locality, generally within a 90 day period, in order to receive a contract from DHCD. Failure on the part of a locality to complete identified actions will result in revocation of a grant offer by DHCD. Such actions typically include, but are not limited to, completion of Federal requirements, drafting and execution of other contracts and agreements, resolution of issues from previous contracts with DHCD, and completion of certain management planning activities.

Facility Control

Any facility built or improved with VCDBG funding must be controlled for at least 20 years through ownership or lien by the local government and maintained for the intended use OR the facility or the amount of VCDBG funding invested in the facility must be returned to the local government to utilize for other VCDBG-eligible activities authorized by DHCD.

Anti-Displacement

Localities must minimize the displacement of individuals, families, businesses, organizations, and farms in implementing projects using CDBG funding. This includes direct displacement resulting from real property acquisition, rehabilitation, demolition, and conversion and any indirect displacement.

Localities targeting Community Improvement Grant funding must certify that displacement will be minimized at the local level and that a Residential Anti-displacement and Relocation Assistance Plan will be followed which includes a one-for-one replacement provision. Each recipient of Community Improvement Grant funding must provide financial benefits and advisory services to any individual or entity involuntarily and permanently displaced as a result of a CDBG-assisted activity. This assistance must be provided on an equitable basis.

Acquisition

Proper federal regulatory procedures must be followed when acquisition is identified as a potential project activity and CDBG funds will be utilized. CDBG funds will only pay up to the fair market value established by a formal appraisal and review appraisal.

Project Enhancements

Additional funding of up to 10% or $100,000 of the VCDBG award *may* be made available to Community Improvement Grant projects for project enhancements. The provision of funding for enhancements may be included in CIG proposals and budgeted accordingly or discussed at the contract negotiation meetings which follow the announcement of CIG awards. Funding will only be authorized for the actual costs of those enhancements which will be consistent with and add measurable value to the original CIG activities. Examples of possible enhancements include the provision of construction skills training to residents of a neighborhood targeted by a Comprehensive project, the creation of a homeownership creation program in support of a Housing Rehabilitation project or addition of an entrepreneurial component, such as a micro-loan fund, in a Business District Revitalization project.

Project Administration

VCDBG funding may be used to cover administrative costs in Community Improvement Grants of all types. VCDBG-eligible administrative costs are limited to 10 percent of the total VCDBG award with limits depending upon project type. Such costs are limited to:

Project Type	Limits
Community Facility—Competitive Grant	$ 50,000
Business District Revitalization—Competitive Grant	$ 80,000
Community Service Facility—Competitive Grant	$ 60,000
Community Development Innovation Fund (except CDVC Fund)	$ 60,000
Community Economic Development Fund and Competitive Economic Development Grants	$ 50,000
Urgent Need	$ 50,000
Housing—Competitive Grant	$ 80,000
Two-Activity Comprehensive—Competitive Grant	$ 80,000
Three-Activity Comprehensive—Competitive Grant	$100,000
Regional Community Facility Projects—Competitive Grant	$ 60,000
Construction-Ready Water and Sewer Fund	$ 20,000

Administrative cost targets may be modified during contract negotiations. VCDBG funding generally may not be used for administrative costs in Planning Grant projects unless the locality

receiving the Planning Grant award has never received prior VCDBG assistance.

Administrative Bonus:

A 10% administrative bonus, over and above the limits expressed for each project type, is available to Comprehensive, Downtown and Housing Rehabilitation projects when these projects are completed within the original contracted period of time. Any extension to the original contract date will render the project ineligible for receipt of the 10% administrative bonus. The administrative bonus will be drawn from:

1. Funds leftover in the grant at closeout of the grant; or, should no such funds be available,
2. Returned funds to the Virginia CDBG program during the program year in which the project was completed.

Administrative bonuses will only be available at the end of the project following the completion of **all** activities. Completion of a project is defined as having all work 100% complete at the original termination date of the contract. In projects where housing rehabilitation and/or façade improvements are a component, the housing/façade program must be complete with no more work scheduled and no more demand for work to be done. In such cases, 90% of all housing/façade work must be complete in order for the locality to claim the project is complete and therefore access the administrative bonus. The funds may only be expended on eligible CDBG administrative or construction cost items.

Project Modifications

DHCD reserves the right to adjust requests for VCDBG assistance and the terms of this assistance to optimize the provision of benefits, ensure that activities and improvements are eligible for VCDBG assistance, and otherwise promote efficient utilization of available funding.

Letters Of Intent

For projects where it is apparent that, because of the timing of the availability of other funding sources or similar factors, project implementation will not commence following an award of VCDBG funding, DHCD reserves the option of offering such a project a Letter of Intent for future VCDBG funding. Such future funding may be a commitment from a current or future year's CDBG allocation. Decisions to issue Letters of Intent will be made during the proposal review process. Applicants will receive notice of an award of a Letter of Intent at the same time other applicants receive notices of awards of funding.

Letters of Intent will generally be provided only to Competitive Grant proposals and will be limited in cumulative value to 30% of any one year's CDBG allocation. All Letters of Intent issued during 2007 will expire on May 1, 2008. DHCD reserves the right to establish an alternative Letter of Intent expiration date between May 1 and September 30, 2008 to accommodate exceptional circumstances. A locality receiving a Letter of Intent can receive a funding offer if it executes formal agreements with all outstanding funding sources, resolves any outstanding issues,

and takes formal steps to begin project implementation, such as publication of an invitation to bid for a project involving construction activities.

No extensions of a specified Letter of Intent termination date will be permitted. Letters of Intent for which all outstanding issues have not been addressed by this date will be voided, terminating all potential future funding obligations related to the original proposal submission. Localities impacted by a voided Letter of Intent will be eligible, multi-contract rule permitting, to submit a proposal for the same project in subsequent VCDBG funding competitions.

Contracts and Payments

DHCD reserves the option of funding projects under more than one performance-based contract and from more than one year's CDBG allocation. DHCD reserves the option of canceling additional contracts due to non-performance on initial contracts.

DHCD will make prompt payments under current contracts pending confirmation that performance expectations are being met. DHCD reserves the option of withholding payments for non-performance under any particular VCDBG project and for non-performance under any other DHCD programs.

DHCD Technical Assistance

DHCD will provide technical assistance to local governments and their agents in preparing and submitting proposals and otherwise pursuing assistance under the Virginia CDBG Program. This assistance will generally occur via telephone, facsimile transmission, electronic mail, formal meetings, and occasional site visitation.

Environmental Consideration For Construction Projects

Applicants will be advised to contact the Department of Historic Resources early in the project planning process. Community Representatives will assist in incorporating this step into the Environmental Review process.

Planning District Commission Review

Local governments must comply with the Code of Virginia §15.2-4213. This section of the Regional Cooperation Act requires that Planning District Commissions be notified by local governments of applications for state or federal aid. As this notification is for informational purposes only, it may take many forms during the pursuit of VCDBG assistance. Notification may be more standardized for those VCDBG assistance offerings with formal proposal submission requirements.

Survey Guidance

HUD has released recommendations for applicants to follow when conducting income surveys. This guidance includes an overview of the types of acceptable surveying methods, recommendations for improving research techniques, procedures for conducting random sample surveys, and a review of

acceptable rates of return for surveys. This guidance will be included as an Appendix in the VCDBG Competitive Grant Request for Proposals and should be utilized to the extent possible.

Conflict of Interest

The Grantee and its management agents (when acting on behalf of the Grantee in the administration and implementation of this project) are required to act in conformance with the *Virginia State and Local Government Conflict of Interest Act* and the CDBG Grant Agreement. This applies to any person, and his/her immediate family, who has or had decision making power in the development or implementation of any VCDBG-funded application or project, including elected and appointed officials, employees of the grantee or subrecipient, Rehab / Façade Board members and Project Team members.

Open VCDBG Contracts

Prior to the award of any VCDBG funds for under the Community Development Innovation program, a review of all open VCDBG projects will be conducted. In instances where performance or project issues have been identified, DHCD may withhold new VCDBG funds until these deficiencies are corrected.

Project Selection and Criteria

Proposal packages are available for each VCDBG program. These packages contain specific guidance for the application process, including when proposals are accepted, funding limits by program and project type, eligible activities, thresholds, selection criteria and other requirements. These packages can be requested from DHCD or downloaded from the DHCD website.

PLANNING GRANTS

Background

Virginia's CDBG Planning Grant program is designed to aid those communities with the greatest community development needs in developing clearly articulated strategies for addressing these needs following meaningful citizen participation.

Planning Grant funding totaling $500,000 is available on an open basis from January 1, 2007 until September 28, 2007 or until all of the funding is committed, whichever comes first.

A locality interested in obtaining Planning Grant assistance must submit an Interest Letter in accordance with format developed by DHCD. In general, this Interest Letter will include a brief description of the project area and the community development needs in this area, a discussion of the locality's and project area's readiness and capacity to proceed with a participatory planning process, and some justification for why Planning Grant funding is needed. DHCD will review this Interest Letter and provide the applicant locality with a written response which outlines activities which must be accomplished prior to Planning Grant investment and/or which invites the locality to submit a brief Planning Grant proposal in accordance with the Planning Grant Proposal Format. Awards of Planning Grant funding will be made following DHCD review of Planning Grant proposals.

Categories

There are six categories of Planning Grants: Community Organizing Planning Grants; Community Needs Assessment/Economic Assessment Planning Grants; Project Planning Grants; Business District Revitalization Project Planning Grants; Regional Project Planning Grants; and Telecommunications Planning Grants.

Project Planning Grants

Project Planning Grants of up to $25,000 are available for needs analysis and prioritization, preliminary design, and strategy development activities in preparation for a future Community Improvement Grant proposal. DHCD reserves the option of awarding additional Planning Grant funding in excess of this limit for projects which are particularly innovative, challenging, or costly. Eligible activities include:

- Community assessments, needs analyses, and need prioritization
- Activation and organization of target area residents and stakeholders
- Surveys of residents, users, customers, and potential beneficiaries
- Obtaining easements and user agreements
- Development of cost estimates and Preliminary Engineering Reports (PERs)
- Completion of market studies

All Project Planning Grant activities must be conducted with maximum participation of residents, potential beneficiaries, stakeholders, and local leaders. This participation should be carried out in accordance with the Virginia Community Development Block Grant Citizen Participation Plan for Local Government Applicants which is included as **APPENDIX B**.

Planning Grant activities should be oriented towards the development of products which directly relate to a future Community Improvement Grant project. These products should detail community development problems and present realistic solutions for treatment of these problems. All Project Planning Grant recipients must submit complete Community Improvement Grant proposals following completion of all planning activities unless otherwise negotiated with DHCD.

Business District Revitalization Project Planning Grants

DHCD has introduced revised guidance to help direct the planning process for business district revitalization planning grants.

Through this process, applicants will undertake activities which are designed to identify opportunities to improve the economic and physical conditions within the community. A key outcome of this process will be the development of an economic restructuring plan that will identify the means by which the locality can implement economic improvement strategies that will help ensure the long-term sustainability of the community, particularly the downtown business district.

Applicants must demonstrate that business district revitalization is the highest community development need. Applicants must provide an analysis of housing and other community needs, how these needs have been addressed, and how any remaining unment needs will be handled.

Because thorough preparation for BDR construction projects is necessary to ensure the desired community outcome of improved overall economic vitality, DHCD is continuing a phased approach for this project type. It often takes a number of years of appropriate planning and development efforts for these projects to be successful and the following process is designed to recognize and accommodate this.

DHCD will provide guidance to applicants as they progress through planning process. Applicants may only advance through the phases with approval of DHCD. Planning activities may be unique to each project, and funding amounts will be determined on a project by project basis.

Examples of activities that will be undertaken include:

- Holding an initial community meeting and management team meetings
- Conducting a facilitated visioning session
- Collecting physical environment, business operation, and business assistance data

- Identifying a small-scale capital improvement project that will be completed with local resources
- Learning about the Virginia Main Street approach
- Conducting downtown user surveys
- Determining the type of economic restructuring needed
- Procuring necessary Economic Restructuring / Marketing services

Following the successful completion of these activities and the development of an accepted Economic Restructuring Plan, applicants may pursue additional activities which include design assistance (facades, streetscaping, infrastructure, and so forth) activities. Funding related to physical design will be the last approved activity, based on satisfactory completion of all other Planning Grant activities.

The locality will be required to become a Main Street affiliate if not already one.

Up to a maximum of $35,000 will be available for each Business District Revitalization Planning Grant.

However, in order to be eligible for the full planning grant amount, applicants must have a population greater than 750 persons within a one-mile radius of the project area. Applicants that do not meet this population threshold may qualify for not more than $15,000 in planning grant funds. Exceptions to this threshold, such as where the Business District serves a unique function or where improvements to the region's economic environment increases the opportunities for revitalization, will be considered.

Community Needs Assessment/Economic Assessment Planning Grants

Community or Economic Assessment Planning Grants of up to $10,000 are available for a locality to conduct a single objective general needs analysis and prioritization of community or economic conditions and future direction.

Regional Project Planning Grants

Project Planning Grants of up to $40,000 are available for a regional effort of more than one locality for needs analysis and strategy development activities in preparation for a future Community Improvement Grant (construction) proposal. Eligible activities include:

- Community assessments, needs analyses, and need prioritization
- Activation and organization of target area residents and stakeholders
- Surveys of residents, users, customers, and potential beneficiaries
- Obtaining easements and user agreements
- Development of cost estimates and Preliminary Engineering Reports (PERs)
- Completion of market studies

Beginning with this Program Year, regional projects that demonstrate a clear and significant economic impact are eligible for up to $50,000 in planning

grant funds. These projects will require a 20 percent local match. Applicants interested in pursuing this Planning Grant must discuss the potential project with DHCD *prior* to the submission of a request for assistance.

Community Organizing Planning Grant*s*

Community Organizing Planning Grants of up to $10,000 are available for activation and organization of community residents to develop strategies for future social and physical improvements. Eligible activities include:

- Conducting assessments of community strengths, weaknesses, opportunities, and threats
- Establishing goals and objectives
- Developing work plans and implementation strategies

Citizen participation is the central purpose of these Planning Grants and should result in an organized, informed community which has reached consensus on a practical vision of the future and has the capacity and options available for future community improvement.

The sole product of these grants is a summary of planning efforts undertaken and results of this planning. All Community Organizing Planning Grant recipients must submit complete Project Planning Grant proposals or pursue project planning under a Just-In-Time or Technical Assistance Planning Grant following completion of organizing activities unless otherwise negotiated with DHCD. A Community Improvement Grant proposal is not required following a Community Organizing Planning Grant.

Of the $500,000 available for Planning Grants, no more than $60,000 will be targeted for Community Organizing Planning Grants. This amount is only a maximum, not a reservation of funds.

Telecommunications Planning Grants

Telecommunication planning grants are available for future system development and support or implementation efforts. Funds may be utilized to:

- Assist in promoting awareness of potential CDBG eligible activities and gauging stakeholder interest
- Creating a management team of potential user groups to oversee the creation of a Telecommunications Plan
- Conduct surveying efforts to document the eligibility of future telecommunication planning and implementation efforts for CDBG funding
- Conduct informational and training programs
- Identify and procure professional assistance as necessary

In order to access CDBG funds for telecommunication implementation, a locality must have completed a community-based telecommunications plan.

Up to $25,000 per project is available for Telecommunications Planning Grants.

Applicants interested in planning for telecommunications should contact DHCD to discuss the recently introduced Virginia Rural Broadband Planning Initiative.

Proposal Evaluation

Planning Grant investment decisions will be based on the following:

Is there a clear indication of community development needs?

Proposals must demonstrate some local knowledge of the scope and scale of the community development needs in the proposed project area. Certainly, the Planning Grant investment is provided to fully assess the scope and scale of such needs, but there has to be some evidence that Planning Grant funding would be properly applied in a particular project area because there is some good knowledge that needs exist. There must be evidence that the needs are known among potential beneficiaries and local officials alike.

Are there potential benefits?

The needs identified must generally be eligible targets for future VCDBG investments. One test of eligibility is whether the need can be addressed under at least one of the three CDBG national objectives, particularly benefit to low- and moderate-income persons. Another test is whether the need can be addressed through one of the VCDBG funding options, including Competitive Grants, the Community Development Innovation Fund, and the Community Economic Development Fund. There must also be evidence of participation by potential beneficiaries in the Planning Grant process to the extent that needs and demand can be fully assessed.

Is there adequate local readiness?

There must be evidence that local officials and stakeholders alike are committed to fully identifying and addressing local needs. Generally, a management team must exist which is comprised of stakeholders and local officials. This team must agree to meet regularly to actively address issues that arise during the planning process. The locality must show a willingness to remove any barriers to addressing the identified needs, particularly those which are controlled locally. The locality must also commit financial resources to fill gaps not covered by Planning Grant assistance.

Is there adequate local capacity?

There must be evidence that the locality and management team have the time, funding, and expertise to follow through with the planning process. If local expertise is lacking, the locality must procure professional assistance. If funding is lacking, the locality must identify other sources of funding. Time cannot be lacking.

Is there a need for Planning Grant funding?

For localities which have participated extensively in the VCDBG program, Planning Grant assistance should be targeted for projects which are

innovative and/or unlike anything the locality has undertaken before or for components of typical projects which the locality cannot undertake with its own resources. For localities which have not participated extensively in the VCDBG program, Planning Grant assistance can be targeted to a range of costs associated with obtaining community input and contracting for professional assistance. It is the locality's responsibility to adequately state its case for Planning Grant funding in its proposal.

Payment for Performance

All Planning Grant projects will have a common action which is a Facilitated Planning Strategy session. This session shall include all key local stakeholders and appropriate staff from DHCD and other relevant organizations. This session will result in the establishment of planning performance targets and decision points which will provide the basis for DHCD's issuance of a Planning Grant contract.

Contracts for Planning Grants will stipulate the criteria, date, and grant amount for successive performance targets. Successful completion of targets will trigger the release of grant funding and the obligation of additional funding for activities related to future performance targets. A negotiated amount of funding may be provided to localities for initiation of planning activities, but this amount will be an element of, not an addition to, the total amount of Planning Grant funding committed to a project. For most Planning Grants, the total amount committed to any one project will be negotiated with the locality and will depend upon the level of need and community capacity and readiness. The total amount will not exceed the amounts listed in this Program Design or negotiated with DHCD.

Technical Assistance

Localities interested in Planning Grant assistance can contact DHCD at any time to discuss a particular project or find out more about the Planning Grant offering.

Contract Limit

Applicants must be under contract by December 1. If the applicant is not under contract by December 1, they may still work on completing the project, but staff will not be obligated to conduct the Facilitated Planning Strategy and work towards having the locality under contract prior to the Competitive Grant application deadline.

At-A-Glance – Planning Grants

Project Planning	Community Organizing	Community/ Economic Assessment
♦ **Project Planning Grants (non-Business District)** - Up to $25,000 available - Activities range from needs assessments, to surveys and user agreements to development of cost estimates and PERs - CIG Implementation project expected next round? Yes. ♦ **Business District Revitalization Project Planning Grant** - Phased planning process - Activities include creating inventory of properties in the BDR area, intercept and business surveys, determining availability of business assistance providers, community visioning, learning about the Virginia Main Street approach, and identifying opportunities for economic restructuring. - Applicants must develop an accepted Economic Restructuring Plan - Final phase may include design assistance activities. - Awards range from $3,000 up to $35,000; smaller grants for applicants not meeting defined thresholds - CIG Implementation project expected next round? Not necessarily. ♦ **Regional Project Planning Grants** - Up to $40,000 available for multi-locality project planning - Up to $50,000 for mutli-locality projects that will have a significant economic impact; local match required - Activity range same as single-locality project planning but must involve all localities participating - CIG Implementation project expected next round? Not necessarily. ♦ **Telecommunications Project Planning Grants** - Up to $25,000 available - Activities that may lead to future CDBG eligible system development and support and / or implementation activities - CIG projected expected next round? Not necessarily.	- Up to $10,000 available - For activation and organization of community residents to develop general strategies for future improvements - CIG Implementation project expected next round? Not necessarily.	- Up to $10,000 available - For single-objective assessment, analysis and prioritization - CIG Implementation project expected next round? Not necessarily.

NOTE: All types of Planning Grants are available on an open submission basis, from January 1, 2007 to September 28, 2007.

COMMUNITY IMPROVEMENT GRANTS

Virginia's CDBG Community Improvement Grant (CIG) option is designed to aid those communities with the greatest community development needs in implementing projects which will most directly address these needs.

There are five options for Community Improvement Grant assistance: Competitive Grants, Community Development Innovation Fund Grants, Community Economic Development Fund Grants, Construction-Ready Water and Sewer Fund Grants, and Urgent Need Open Submission Grants.

Competitive Grants

Competitive Grants are awarded following the Virginia Department of Housing and Community Development's (VDHCD) competitive review of the applicable proposals. The deadline for submission of Competitive Grant proposals to the VDHCD is March 21, 2007. No proposals will be accepted under this option prior to March 9, 2007. Proposal review will occur in April and May of 2007. Announcement of Competitive Grant offers is anticipated by June of 2007.

Of the estimated $20,140,953 available in 2007 for Community Improvement Grants, approximately $12,890,953 will be available for Competitive Grant projects. *This amount will be reduced at the time funding decisions are made for the Competitive Round to provide funds for previously awarded multi-year projects that will be positioned to move into their second phase of implementation.*

There are five primary project types under the Competitive CIG option:

- Comprehensive Community Development
- Economic Development
- Housing
- Community Facility
- Community Service Facility

Localities with potential projects with features applicable to more than one of these project types should contact DHCD for technical assistance.

The policies applicable to these project types are detailed on subsequent pages of this section.

Applicants must have received administrative close-out from DHCD on any open grants by March 1 of the year for which a locality is applying for funding in order for the open grant to NOT count against the $2.5 million limit. This means that all CDBG-funded activities must be complete and all CDBG funds must be drawn down and spent.

Comprehensive Community Development

These projects target the completion of a range of improvements to a neighborhood in direct response to identified needs therein. These needs should be derived from a recent client-based needs assessment of the neighborhood or target area. This assessment should include analysis of a full range of need areas including housing, water, sewer, streets, drainage, sidewalks, solid waste/garbage, debris removal, street lighting, recreation, police protection, fire protection, and other neighborhood-specific items.

For eligibility as a Comprehensive project, applicants must target the completion of improvements to an appropriate level of significance in relation to needs identified through the assessment. All Comprehensive projects must target at least two significant activities. Furthermore, this significance must be demonstrated by category, such as housing, sewer, or water, rather than by component, such as owner-occupied housing rehabilitation or substantial reconstruction. Comprehensive eligibility provisions are as follows:

For projects with exactly two significant activities:

- Eligible for up to $1,000,000 in CDBG assistance
- Significant activities will be those which have a representation in the project budget no lower than 20% and no higher than 70% of the total project cost
- Activities with a budgetary representation of less than 20% can be included in the project and may be eligible for CDBG funding pursuant to typical eligibility factors and provided funding remains under the $1,000,000 limit.

For projects with at least three significant activities:

- Eligible for up to $1,400,000 in CDBG assistance
- Significant activities will be those which have a representation in the project budget no lower than 10% and no higher than 60% of the total project cost
- Activities with a budgetary representation of less than 10% can be included in the project and may be eligible for CDBG funding pursuant to typical eligibility factors and provided funding remains under the $1,400,000 limit.

Street improvements will be eligible for VCDBG assistance where:

- Specific street sections are targeted for improvement through a client-based needs assessment;
- The targeted sections are not built to VDOT or community standards and are not part of a current public maintenance system;
- All higher priority community needs will be addressed using VCDBG or other funding; and,
- The applicant locality can provide documentation that no other funding is available to address these improvements.

The VCDBG investment for the installation or improvement of water / wastewater services for Comprehensive Community Development projects may not exceed an average of $15,000 per household.

All activities targeted for VCDBG assistance in Comprehensive Community Development projects must be designed in accordance with the policies established in this Program Design for such activities. Where justified and feasible, Comprehensive projects may include Economic Development and Community Services Facility activities. As described under **PROJECT ENHANCEMENTS** on page 20, additional VCDBG funding may be available for additional project activities.

Economic Development

The primary purposes for providing VCDBG assistance to economic development activities are as follows:

- Create job and business opportunities for low- and moderate-income persons, particularly in the most economically-disadvantaged, VCDBG-eligible areas of the Commonwealth; and,
- Eliminate blighting conditions in deteriorated areas as a means of creating better environments for future economic activities.

VCDBG assistance is available for economic development activities under the following categories: **Job Creation and Retention, Business District Revitalization, Site Redevelopment, and Development Readiness.**

Most economic development projects will focus on one activity category. Some projects may focus on two or more. Projects targeting one category are eligible for up to $700,000 in VCDBG assistance. Projects targeting two or more categories are eligible for up to $1,000,000. However, no single activity within a multi-activity economic development project may represent more than $700,000. Projects must, as applicable, abide by **the Industry Commitment, Appropriate Determination, VCDBG Investment, LMI Benefit, Intrastate Piracy**, and **Ineligible Activities** policies outlined on page 65 of the Community Economic Development Fund section.

DHCD reserves the right to adjust requests for VCDBG economic development assistance and the terms of this assistance to accommodate only appropriate improvements. These adjustments, if applicable, would be made following competitive evaluation of all Community Improvement Grant proposals.

Projects assisting a basic industry should be submitted through the open submission, Community Economic Development Fund. Projects that will benefit a commercial enterprise, sheltered-workshop, or other non-basic industry must be submitted as a Competitive Economic Development project.

Job Creation and Retention

The ***Job Creation and Retention*** category under the Competitive Grants option targets projects with job creation resulting from commercial enterprises, sheltered workshops, or other non-basic industries, or projects with job retention by basic and non-basic industries. VCDBG assistance under ***Job Creation and Retention*** is available for on-site or off-site assistance to these enterprises. Applicants must prove a clear need for the off-site improvements and show justification for their scope and scale through Preliminary Engineering Reports and other analyses.

Competitive Grant proposals with on-site improvements are subject to underwriting (as assistance would be in the form of a loan to the applicant locality). The locality must complete an Appropriate Determination package and submit it to DHCD by February 16, 2007. This package will be available from DHCD after January 1, 2007.

The Community Economic Development Fund is a reservation of $2,500,000 for projects involving assistance to basic industries which commit to private sector investment and job creation. The provisions of this Fund are detailed on page 59 of the 2007 Program Design.

Projects targeting job creation by basic industries will only be eligible for funding under the Community Economic Development Fund. Regulations allow one of two methods to be used to document that the Grantee and Industry have met the requirements. They are: made available to LMI persons or held by LMI persons.

Job counting may not start without prior approval from DHCD.

The following two categories are designed to improve the economic environment of a locality by enabling the removal of slums and blighting conditions which threaten the health, safety, and welfare of the community as a whole and have an adverse impact on the value of real property which, in turn, adversely impacts community wealth. By addressing these blighting conditions, localities can eliminate hazardous conditions and halt disinvestment.

There are two primary economic environment enhancement options under the VCDBG program: business district revitalization and site redevelopment.

Business District Revitalization

Under this option, an applicant may target the revitalization of a downtown or other commercial district. An applicant must clearly delineate the boundaries of its district and provide its rationale for this delineation. Boundaries are commonly delineated using both physical considerations, such as where land uses transition from commercial to residential and where a river or railroad run adjacent to an area, and social considerations, such as public perceptions of boundaries.

DHCD has introduced revised guidance to help direct the planning process for business district revitalization planning grants.

Through this process, applicants will undertake activities which are designed to identify opportunities to improve the economic and physical conditions within the community. A key outcome of this process will be the development of an E*conomic Restructuring Plan* that will identify the means by which the locality can implement economic improvement strategies that will help ensure the long-term sustainability of the community, particularly the downtown business district.

Applicants must demonstrate that business district revitalization is the highest community development need. Applicants must provide an analysis of housing and other community needs, how these needs have been addressed, and how any remaining unment needs will be handled.

In order to be eligible for construction funding, applicants must demonstrate

that at least 25 percent of the properties in the potential project area are physically blighted or have at least a 50% vacancy rate

Because thorough preparation for BDR construction projects is necessary to ensure the desired community outcome of improved overall economic vitality, DHCD is continuing a phased approach for this project type. It often takes a number of years of appropriate planning and development efforts for these projects to be successful and the following process is designed to recognize and accommodate this.

See pages 26 - 27 for discussion of Planning for Business District Revitalization projects.

Once the planning process has been satisfactorily completed, the locality may apply for up to $700,000 to carryout the final design and construction / implementation activities. If a Business District Revitalization project will also include activities such as downtown housing, job creation, establishing a loan pool, or other economic revitalization efforts, and / or business district amenities, the locality may request up to $1,000,000 in total funding (with the **PRIOR** concurrence of DHCD).

Funding for the activities where there are major concentrations of blighted properties (beautification efforts, decorative sidewalks, installation of benches, gateways, signage, overhead relocation, etc…) would be released on a performance basis once the physical and economic blighting elimination activities have been underway and moving toward completion. DHCD reserves the right to offer a construction contract as a multi-year contract. Offer of funding in the out years would be based on satisfactory performance. Multi-year funded projects will be phased and implemented based on the prioritization of scheduled activities.

An active downtown organization, that generally follows the Main Street principles, must be in place in order to continue with VCDBG funding.

VCDBG funds cannot be utilized for the maintenance of revitalization efforts through business development assistance, marketing, infrastructure maintenance and improvements, or continuance of general Main Street approach will not be funded.

Applicants must identify all elements of physical and economic blight within the defined business district:

Physical Blight
The deteriorated conditions or states of disrepair of district infrastructure, buildings, and other physical elements which detracts from the overall appearance and identity of the district and, in turn, depress property values and the ability to market and attract investment.

Economic blight
The existence of vacant, disinvested, or underutilized buildings and parcels which represent unrealized commercial potential and project a negative image that harms efforts to attract new investment.

Applicants must have in place an *Economic Restructuring Plan* to help ensure the long-term success

and viability of the project. This plan must include clear-cut steps for implementing recommended strategies. Activities necessary to implement the Plan, such as the completion of design elements and / or branding / marketing efforts are eligible costs under this project type. Not more than five percent of the VCDBG funding may be utilized for this purpose.

Applicants must address all blighting conditions using VCDBG funding and other resources pursuant to the track the locality has chosen. VCDBG funding targeted for real property acquisition and demolition or transformation must be linked to the designation of a Redevelopment or Conservation area under Virginia law (see page 6 under **Community Development Block Grant (CDBG) National Objectives**).

Demolition of buildings should be programmed only as a last resort. Efforts should be made to minimize the displacement of residents and businesses.

All revitalization activities must include significant participation by district stakeholders, including property owners, business owners, local government officials, and concerned citizens. This participation should follow a modified Main Street approach to business district revitalization. Potential applicants should contact the Department for additional information on this approach. This participation should, in part, lead to the development of a Revitalization Plan. Specific requirements to ensure continued participation include:

- Requirement that grantee enact and enforce an ordinance that requires all buildings improvements from the time of the grant forward to be done in a manner consistent with established design guidelines. The ordinance must be in effect for a minimum of ten (10) years. Once this ordinance is in effect, DHCD will fund development of design guidelines. DHCD will allow up to $15,000 or 5% of the CDBG-funded construction budget for façade improvements, whichever is less, to be used to develop design guidelines for the downtown district.
- Grantee must adopt minimum design and maintenance standards (building or property code standards may be acceptable) for those not willing to participate. These standards must be approved by DHCD and must be enforced for a minimum of ten years.
- Commitment to a redevelopment plan which gives the locality the authority to take and condemn blighted properties if the property owners do not commit to participate.

VCDBG funding may be targeted for implementation of other elements of a Revitalization Plan, including providing support for a business district organization, for marketing efforts to secure private investments, and for minimal cosmetic improvements to non-blighted elements. Entrepreneurship development activities are eligible as an addition to Business District Revitalization projects. See Entrepreneurship Development on page 53.

Site Redevelopment

This project category option targets sites which have been rendered unmarketable or unusable by previous uses and which have conditions having an impact beyond the boundaries of the site. VCDBG assistance may be utilized to correct identified conditions, provided they are justified as blight in accordance with earlier guidance.

Applicants must detail the conditions and demonstrate local consensus that the conditions, real or perceived, exist and that addressing these conditions is a local priority. Treatment of these conditions must result in increased potential for investment on this site and surrounding this site.

Activities may include:

- modification to or demolition of structures existing on these sites;
- be targeted to more than one site under a single project if it can be demonstrated that the accumulation of these sites has a single identity and/or each individual site has conditions which impact beyond its boundaries.

As with business district revitalization, site conditions and corrections for these conditions should be determined through stakeholder participation. Eligible activities beyond elimination of blighting conditions may include:

- real property acquisition ;
- future use planning

Development Readiness

This category allows for the completion of improvements which will result in the future creation of businesses and job opportunities providing primary benefit to low- and moderate-income persons. The focus of this category is on removing barriers to economic investment, particularly in areas of distress. Two such barriers are as follows:

- The existence of previously used sites and structures for which reuse for economically beneficial activities is not cost effective in comparison to development or construction on a new site.
- The lack of building space to accommodate business location or expansion and the prohibitive cost of constructing or adaptively reusing space, especially for small businesses.

This category seeks to address these barriers directly by making resources available for site redevelopment and for commercial building development. In instances where the proposed site or building is publicly owned, eligible activities include:

- Acquisition,
- Site preparation,

- On-site and incidental off-site infrastructure,
- Architectural and engineering costs,
- Building rehabilitation or construction, and
- Administration.

All VCDBG funding spent on these projects, save for administrative costs, must be recovered upon sale or long-term lease of the site or building to a private sector entity which will create the required jobs. Full recovery of the funds must occur within two years of the completion of construction activities.

Failure to secure a private sector entity to purchase or lease the improvements within the required time period will result in the administrative **and** construction costs being repaid by the locality. Recovered funds will be regarded as disallowed costs and will be subject to the Program Income policy outlined on page 19.

The availability and amount of VCDBG funding will depend upon the number of jobs projected to be created. In Competitive localities, at least 50 full-time jobs must be created and VCDBG participation will, in combination with other public funds, be limited to $10,000 per job. In Transitional localities, at least 20 full-time jobs must be created and VCDBG participation will be limited to $10,000 per job. In Distressed localities, at least 10 full-time jobs must be created and VCDBG participation will be limited to $10,000 per job, except where the local economy is diversified wherein VCDBG participation will be limited to $25,000 per job.

Applicants seeking to apply for funding under the Local Diversification criteria must contact DHCD prior to the submission of a request for funding.

Only VCDBG-eligible localities may secure funding for development readiness activities. These localities may implement these activities directly using available funding or may lend these funds to a local or regional non-profit economic development entity which will implement the activities. Such an entity must have the capacity to borrow and administer Federal funds for economic development purposes.

In all such efforts, there must be direct links to an entity with the capability and willingness to administer a formal marketing program. Requests for VCDBG funding should be accompanied by a comprehensive marketing strategy for growing and/or attracting businesses and creating employment, primarily through basic industries. The strategy must identify one or more sectors or industries at which marketing efforts will be aimed. The VCDBG assisted site or building should have a prominent position in the strategy. The strategy must be supported by a marketing program and an organization that is financially and technically capable of conducting the marketing.

Applicants for development readiness assistance must demonstrate that public benefit will result from the VCDBG investment and that there is a clear relationship between the proposed site or building improvements and existing economic development strategies.

Only under the Development Readiness category are somewhat speculative

physical improvements permitted since these improvements are treated as loans to the locality and must be secured by a Letter of Credit issued by the locality. Physical improvements under all other economic development categories must be consistent in scope and scale with the underlying needs.

At –A-Glance

Virginia CDBG Economic Development Project Options

Community Improvement Grants (CIGs)				Community Economic Development Fund	Local Innovation Fund
Job Creation/Retention	**Development Readiness**	**Site Development**	**Business District Revitalization**		
• Job Creation ✓ Commercial Enterprise ✓ Sheltered Workshop ✓ Other Non-Basic Industries • Job Retention ✓ Basic and Non-Basic Industries * LMI National Objective * Competitive Round – due March 21 * Combine with other ED category? Possibly. * Generally up to $700,000 per project.	• Improvements resulting in future creation of businesses for LMI persons; removing barriers to economic investment, e.g. ✓ Development or construction on a new site to accommodate business location or expansion in the future (shell building perhaps). * LMI National Objective * All CDBG monies must be recovered upon sale or long-term lease. * Competitive Round – due March 21 * Combine with other ED project category. Possibly with Site Redevelopment * Generally up to $700,000 per project; possibly up to $1,000,000 if combined with other compatible project category.	• Targets existing sites rendered unmarketable or unusable by previous uses beyond boundaries of site, e.g. Brownfields ✓ Would include demolition, possible clean up and different re-use in the future. * Slum and Blight National Objective * Competitive Round due March 21 * Combine with other ED project category? Possibly with Development Readiness. * Generally up to $700,000 per project; possibly up to $1 million if combined with other compatible project category.	• Targets revitalization of a downtown or other commercial district • Must identify and work to improve: ✓ Physical Blight ✓ Economic Blight * Slum and Blight National Objective * Competitive Round due March 21 * **Combine with other ED project category, Possibly; also possible to combine with a housing activity (e.g., upper-story apartments in downtown district).** * Up to $700,000; additional activities may allow for up to $1,000,000 per project	• Job Creation – Basic Industry ✓ Business expansion ✓ New business location • Job Retention ✓ Only in specially documented cases * Projects involving employment creation by private, for-profit basic industries. * LMI National Objective * Threshold-based eligibility. * Open Window – January – September; 2-part RFP process * Combine with other ED project category? No. * Up to $700,000 per project.	• Entrepreneurship Development ✓ Providing access to capital (e.g. micro loans) ✓ Loan funds for business assistance to support Economic Restructuring ✓ Technical and managerial assistance (e.g. assistance to small business incubator ✓ Technology transfer (e.g. research and development) ✓ Entrepreneurial education and training ✓ Entrepreneurial networks * Open Window – January – September * Combine with other ED project category? (possibly with Business District Revitalization * Up to $200,000 per project.

Housing

Housing activities are eligible for VCDBG assistance to improve the living conditions of low- and moderate-income (LMI) persons. VCDBG funding may be used to rehabilitate LMI-occupied housing units or in support of the development of new housing units which will be occupied by LMI persons.

There are two categories of assistance under the housing project type:

- Housing Rehabilitation
- Housing Production Assistance

CDBG funds cannot be used to rehabilitate Section 8 or tax credit properties. An underwriting process will be necessary for tax credit projects. All tax credit projects must have rents at or below the established Fair Market Rent.

CDBG funds cannot be used to rehabilitate housing that has undergone DHCD-funded Section 8 / Housing Quality Standard repairs within the past 10 years.

*Applicants that are participating in a housing rehabilitation project **MUST** agree to send all responsible parties to the annual Housing Rehab Workshop. Applicants must either agree to pay for these costs or include this item as an administrative activity in the project budget.*

Housing Rehabilitation

VCDBG assistance is provided to improve LMI-occupied housing units to DHCD Housing Quality Standards. Assistance is made available under Comprehensive Community Development projects, to units lacking indoor plumbing in Community Facilities projects, and as a single activity Housing project.

Housing projects targeting housing rehabilitation activities:

- are eligible for up to $1,000,000 in VCDBG assistance.
- must target housing rehabilitation needs within a single, well-defined project area.

As rehabilitation activities will not begin simultaneously on all eligible housing units, DHCD reserves the right to fund such projects under more than one performance-based contract and from more than one year's CDBG allocation. DHCD reserves the right to cancel additional contracts due to non-performance on initial contracts.

Crucial non-housing activities or non-construction housing support activities that will clearly complement the housing improvements taking place in the project area and will meet a national objective **may be included** in a housing rehabilitation project. VCDBG participation in these activities **shall not exceed 15 percent** of the total amount requested. **Up to 10 percent** of the total housing rehabilitation activity budget may be used for Rehabilitation Specialist services such as inspections, specifications, and bidding.

Rehabilitation assistance is available for both owner-occupied and investor-owned properties.

- **Owner-occupants** must incur a monthly financial obligation following receipt of VCDBG

rehabilitation assistance which is based on the monthly amortization of rehabilitation costs over a 10 year period at 0 percent interest. Owner-occupant monthly payments must be determined by ability-to-pay calculations which take into consideration income, expenses, and other household considerations.

- **The ability-to-pay calculation** will determine the amount the household could afford monthly towards repayment of the VCDBG rehabilitation assistance received. The difference between the total monthly amortization amount and the amount paid by the homeowner must be forgiven. This forgiveness must occur on a monthly basis, not in one lump sum write-off.

  HUD's Utility Allowance guidance must be used when calculating a household's ability-to-pay.

- **Ability-to-pay calculations** will be based on 25 percent of household income.

- Ability-to-pay calculations must also be made for the tenant households of investor-owned properties. These calculations permit evaluation of rent affordability. Affordable rent is defined as:

  a cost of occupancy that, including tenant-paid utilities, does not exceed 35 percent of total household income. If a project includes assistance from other programs which require a more stringent definition of rent affordability, this more stringent standard must be applied.

- **Investor-owner** participation in rehabilitation must include execution of a legally-recorded commitment to provide the improved housing units to LMI households for no less than 10 years at affordable rents. Investor-owner financial participation to offset the cost of improvements can reduce the number of years of required LMI benefit at a rate of one year per 10 percent of owner funding provided, up to a maximum of five years and 50 percent. Rent levels shall not be increased between the Community Improvement Grant submission date and the date of announcement of CIG awards. Investor-owners may not increase rents beyond actual direct cost increases, such as taxes and insurance, for at least five years, or for the term of the loan, if longer. The rent amount must be clearly established in the rehabilitation contract and shall remain at the same level for all subsequent tenants for the balance of loan term.

No **vacant unit** shall be rehabilitated with VCDBG funding unless the house has a history of being consistently occupied over the last five years and was rented for at least six months of the preceding year, the unit was purchased by an LMI household, or the unit is owned by a locality, housing authority, or non-profit and will be sold to or lease-purchased by an LMI household.

Applicants may utilize up to $25,000 or $35,000 of VCDBG funding to rehabilitate eligible housing units, not

including mobile homes, to DHCD Housing Quality Standards and up to $40,000 to substantially reconstruct housing units determined to be unsuitable for rehabilitation.

Manufactured home rehabilitation is limited to $10,000, plus $10,000 for well and septic. No other exceptions apply.

In addition to these base costs, applicants may utilize up to $1,000 per household for temporary relocation costs AND, with DHCD approval, further exceed these base limits by up to $20,000 for the following exceptions:

- Installation of a well and/or septic systems or water and/or sewer connections. VCDBG funds may not be used to install "pump and haul" systems;
- Provision of ramps and other accessibility features;
- Provision of one or more additional bedrooms to relieve an overcrowded situation in which more than two bedrooms are necessary or other changes to a unit's footprint;
- Actual laboratory costs for evaluation of lead dust tests; and,
- Construction of a bathroom

For specific guidance on eligible costs, owner and landlord requirements, costs limits, and other policies for housing rehabilitation projects, please see the CDBG Grant Management Manual, located online at:

http://www.dhcd.virginia.gov/CD/CDBG default.htm.

VCDBG funds cannot account for more than 50% of downpayment assistance for a qualified client.

Program Recommendations

Adherence to green building practices, where appropriate, is encouraged. DHCD encourages the use of EnergyStar rated appliances whenever economically feasible. Additional information may also be found at www.BuildingGreen.com and www.EnergyStar.gov .

DHCD also encourages the use of Universal Design elements when possible. This is particularly applicable where substantial reconstruction will take place.

Housing Production Assistance

VCDBG assistance is available in support of the development of new single- and multi-family housing units targeted for low- and moderate-income persons. VCDBG funding is applicable to most project costs, including final design and construction costs, in projects which will adaptively reuse existing structures for housing. These projects are eligible for up to $700,000 in VCDBG assistance.

In new construction projects, VCDBG assistance is limited to the design and construction of site improvements. Funding for new construction must generally be obtained from local or other resources. CDBG funding cannot be used for the construction of new housing, except as provided under the last resort housing provisions of 24 CFR

Part 42 or as authorized under Section 17 of the United States Housing Act of 1974. CDBG funding may be used for new housing construction costs where a neighborhood-based non-profit has primary responsibility for the development of the new housing.

Where VCDBG funds represent a primary source of funding for the creation of new affordable housing units and will be utilized for onsite improvements, VCDBG funds will only be available as a loan, where the loan must be at the *Applicable Federal Rate* for at least nine years. Payback on the loan will commence upon the opening of the facility, with any Program Income due to DHCD. This provision primarily applies to projects assisted with tax credit or other equity investment type projects.

All housing production projects must demonstrate a clear local need for additional housing units, provide evidence of significant local demand for the additional units, and target the development of housing units of a quality and quantity which will meet local needs and demands. Project evaluation will reward those projects which result in the greatest number of quality units at the lowest cost per unit.

Projects involving housing rehabilitation and/or housing production assistance may secure additional funding for additional needed project activities as described in **Project Enhancements** on page 20.

VCDBG funds cannot account for more than 50% of downpayment assistance for a qualified client.

If an applicant plans to utilize tax credits as a source of funding, DHCD should be contacted early in the planning process.

DHCD must review all underwriting prior to the submission of an application for VCDBG funds.

Program Recommendations

Applicants pursuing projects that will create new owner-occupied affordable housing are encouraged to develop strategies that will result in mixed-income homeownership opportunities, not housing that only targets low- to moderate- income persons.

Adherence to green building practices, where appropriate, is encouraged. DHCD encourages the use of EnergyStar rated appliances whenever economically feasible. Additional information may also be found at www.BuildingGreen.com and www.EnergyStar.gov .

DHCD also encourages the use of Universal Design elements when possible. This is particularly applicable where substantial reconstruction of a unit will take place.

Community Facilities

Community facilities include water services, wastewater services, drainage improvements, and street improvements. VCDBG assistance under this option is generally targeted to projects involving water and wastewater improvements, particularly those involving new services to low- and moderate-income persons. Community Facility projects are eligible for up to $1,000,000 of VCDBG funding.

An applicant undertaking a water and sewer project is required to address the indoor plumbing needs of project area residents. Benefit to a particular household will not be accepted unless the unit currently has or will be provided with indoor plumbing facilities. Housing units receiving indoor plumbing facilities must also meet DHCD Housing Quality Standards. VCDBG funding may be used to improve these units to standard condition. VCDBG participation in indoor plumbing or related housing activities shall not exceed 15 percent of the total amount requested.

Applicants which include water and/or sewer service activities in the design of a project, regardless of the project type, must meet the following requirements:

- Services must be accessible to any LMI household which resides on property adjacent to or near project activities, provided that the estimated cost of completing the physical connection to the housing unit is less than or equal to $2,500.
- Water meters are required for each customer that connects to the CDBG supported utility line (mobile home park owners are considered a single customer);
- The CDBG investment per utility connection may not exceed an average of $12,500.

Low- and moderate-income persons cannot be charged an access fee for facilities developed using CDBG funding and neither are these fees CDBG-eligible expenses. The actual physical costs of connections will be eligible for VCDBG funding. To the extent feasible, public water service proposals must include a project design which accommodates appropriate fire protection measures in the project area.

The reasonableness of user charges will be considered in evaluating any revenue-producing project, particularly water and sewer projects. DHCD reserves the right to reduce in a proportional manner grant requests from applicants where utility rates charged by an entity are below the state average.

For projects which extend utility lines from one jurisdiction to another, utility rates must be the same throughout the CDBG project area unless it can be documented that the locality which owns or is served by the CDBG-supported utility line is subsidizing water rates with its general fund. In such cases a disparity in rates may exist between the involved localities. However, in no case can “out-of-town” rates exceed 50 percent of the “in-town” rates.

CDBG funds will not be invested in systems that can or will provide redundancy to a customer base that would be more efficiently served by another entity. Instead, it is expected

that jurisdictions will cooperate to identify the best possible system and entity for providing service to a specified customer base.

Project needs in community facility projects will best be determined through surveys of project area residents and through gathering of documentation from regulatory and other agencies. The demand for services must be established through obtaining signed user agreements from the proposed beneficiaries or documenting a local mandatory hook-up policy and its history of enforcement.

At least 80 percent of the total households to be served must have signed user agreements stating their commitment to use the new system. The locality must obtain these user agreements prior to the submission of a proposal. Of the total households in the project area, at least 80 percent must be **ACTUAL** users (not just have availability of new service). Of the **ACTUAL** users, at least 51 percent must be low- to moderate- income.

Project activities are established through completion of a full Preliminary Engineering Report (PER). At least two copies of the PER must accompany each community facility proposal. If Virginia Department of Health (VDH) approval is required for a project's plans and specifications, the project PER must be submitted to VDH prior to submission of the project proposal to DHCD.

In projects involving the provision of water, sewer, or other community facility services to privately-owned, multi-tenant properties as a contributing factor towards meeting the required LMI benefit, VCDBG assistance will be eligible for expenditure on those features of the project which provide substantial benefit to current LMI tenants. DHCD will safeguard the provision of benefits to current LMI tenants as follows:

VCDBG funding will be provided to match current LMI needs.
Property owners will be prohibited from creating additional tenant spaces which would dilute a project's LMI benefit. Assistance may be prorated to oversized service or distribution lines. Participation in pump stations, storage tanks, or other features will also be dependent upon the level of LMI benefit in the project.

Savings produced by the VCDBG investment must translate to direct LMI benefit.
Generally, each LMI unit receiving services must be individually metered with billing being a responsibility of a local public agency. No private property owners may charge LMI tenants a connection fee or a surcharge on service usage.

Community Service Facilities

VCDBG assistance is available up to $700,000 for Community Service Facilities which are physical facilities targeting the provision of important services to low- and moderate-income persons and the greater community. Such facilities include day care facilities, facilities for protected populations such as the elderly and disabled, community centers, health clinics, libraries, schools, hospitals, and skill-building facilities for youth and the unemployed.

All Community Service Facility proposals must demonstrate that facility development is a clear local community development priority. In doing so, applicants must describe other community development priorities and their positions relative to facility development.

Applicants for Community Service Facility projects must clearly demonstrate the local need for the services to be provided. The most reliable information on these needs will result from surveys of potential users and existing service providers. Census information and other statistical information, although useful, provide less reliable justification for the need for a facility. The user surveys should, at a minimum, confirm potential user LMI status, and the need for and interest in the services proposed for the facility. To confirm the need for many types of services, surveys of individual potential users are a better indicator of need than surveys of households. Surveys of existing service providers will permit, at a minimum, identification of gaps between service need and service availability.

Applicants must also provide documentation of the demand for services. For some types of services, strong preferences obtained through surveying may suffice. For other services, demand may best be represented by the actions of individuals, beyond survey participation, to receive a service, such as the completion of an application or other intake documentation.

Following determination of need and demand, applicants must target the development of a facility to accommodate the new or expanded services. For facilities which will clearly provide needed services to low- and moderate-income persons, applicants may seek to maximize VCDBG participation in the development of the facility. For facilities which will provide of a variety of services to LMI and non-LMI persons, VCDBG participation should be sought in proportion to the level of services being targeted primarily towards LMI persons.

Community Service Facility projects that include a construction element are encouraged to adhere to green building practices, where appropriate.

In addition to the factors outlined above, the evaluation of Community Service Facility projects will include an assessment of the directness of the benefits to be provided to LMI persons. This assessment will be guided by the following questions:

- ***Will the services be available exclusively to LMI persons or predominantly to LMI persons?***
- ***Will the services provide palpable, measurable changes in the lives of the participants?***
- ***Will the services have any impact on LMI persons becoming non-LMI persons?***

Criteria

Given that requests for VCDBG Community Improvement Grant assistance greatly exceed the amount of funding available, funding distribution is determined through competitive evaluation of all proposals received. Proposals will be evaluated based on these criteria:

Composite Fiscal Stress

The relative fiscal stress of the local governments submitting proposals is derived from the most recent Composite Fiscal Stress Index Scores table generated by the Virginia Commission on Local Government.

Regional Priorities

A proposal's relationship to the project priorities annually established by each Planning District Commission will be evaluated for this item.

Project Needs and Outcomes

This item considers the needs the proposed project will address, evaluates the relationship of project activities to underlying needs, and assesses the likelihood these activities will both meet these needs and have a measurable long-term impact on the community.

Costs and Commitment

This item considers whether project costs are reasonable and supportable and the level of financial participation in project activities offered by local and other non-CDBG resources.

Meeting a National Objective

This item considers the extent to which a project will benefit low- and moderate-income persons or result in the elimination of slums and blighting conditions.

These criteria are further outlined in the Competitive Grants Request for Proposal package. DHCD reserves the right to modify the evaluation criteria.

Community Development Innovation Fund Grants

The Community Development Innovation Fund provides resources totaling $2,750,000 for implementation of new, innovative, and/or timely community development projects. This Fund has three components: the Local Innovation Program, the Self-Help Virginia Program, and Supplemental Housing Rehabilitation Loan Programs Loan/Loss Reserve.

Local Innovation Program

VCDBG funding totaling $1,500,000 will be reserved for innovative, small-scale pilot projects which will include only CDBG-eligible activities, meet a CDBG national objective, and be designed in accordance with the CDBG Citizen Participation Plan. Examples of types of Innovation Program funding are:

- Individual Development Account programs;
- Loan funds to support Economic Restructuring activities;
- Projects which support local or regional welfare-to-work initiatives;
- Entrepreneurship Development
- Heritage Tourism projects
- Telecommunications projects

Specific guidance on some of these project categories follows.

Entrepreneurship Development
VCDBG assistance will be targeted for those projects which cover gaps in one or more of the following five elements:

Access to Capital and Financial Assistance

Examples:

- Loan funding (such as offered in microenterprise assistance programs), equity funding, or working capital for business start-up or expansion; or,
- Development of peer lending pools, individual development accounts (particularly those targeting business creation), or other innovative business financing mechanisms.

Technical and Managerial Assistance
Examples:

- Physical or operational assistance to a small business incubator which provides a broad array of entrepreneurial assistance services;
- Establishment of business mentoring programs;
- Market feasibility and business planning assistance; or,
- Other forms of business management assistance.

Technology Transfer
Example:

- Product development assistance resulting in the creation of new businesses and/or jobs.

Entrepreneurial Education and Training

Examples:

- Training and workforce development in declining or fledgling industries or businesses; or,
- Other entrepreneurial education and training efforts resulting in the creation of new businesses and/or jobs.

Entrepreneurial Networks

Examples:

- Development of entrepreneurial assistance efforts targeting business creation or expansion in specific business sectors with tangible involvement of affected entrepreneurs;
- Development of peer-to-peer relationships among entrepreneurs in similar or compatible businesses or other business to business linkages; or,

VCDBG assistance will be targeted to those entrepreneurship development efforts which have a comprehensive focus. Applicants must:

- Show consideration of all facets of assistance to entrepreneurs;
- Demonstrate that VCDBG resources will be applied to those assistance efforts which currently do not exist or which are inadequate towards meeting the demand for such assistance

VCDBG assistance will not be provided to establish duplicate efforts to serve entrepreneurs or to create economies of scale among existing efforts which will not result in drastic increases in entrepreneur service levels. Applicants must provide evidence that other options for funding specific entrepreneurship development efforts either do not exist or have been exhausted by the applicant prior to requesting VCDBG assistance.

All Entrepreneurship projects must demonstrate that they will meet a National Objective and produce a documentable outcome in terms of specific numbers of business created, specific numbers of jobs created, and specific numbers persons employed.

Up to $200,000 is available per project. Proposals that meet these minimum thresholds will be accepted on an open basis from January 1, 2007 through September 28, 2007.

Telecommunications Projects

Up to $200,000 per project is available for telecommunications efforts which may include implementation (e.g., installation of a fiber network) or system development and support (e.g., community business training and education). All projects must demonstrate that they meet a National Objective and demonstrate a direct relationship between intended project efforts and measurable, tangible improvements to the health of the community being served.

- All projects funded must first submit a community telecommunications plan for approval to DHCD. This plan must:
    - Assess current broadband availability and usage
    - Address demand aggregation and future use

- Address the relationship to regional planning and telecommunications networks
- Address community development applications and CDBG National Objective

- Only implementation projects which target "last mile" installation of broadband applications will be considered for funding, i.e., no long-haul backbone systems will be installed with CDBG funds.

Applications for telecommunications projects may combine planning and system development / technical support or planning and implementation.

Local Innovation Program projects will be evaluated on eligibility (meeting National Objective) and threshold criteria of the program. Projects must clearly address the following factors:

- Performance targets and project outcomes
- Nature of the innovation
- Need for CDBG investment
- Capacity to carry out the project
- Sustainability / replicability of the project

Evaluation criteria are described more fully in the Local Innovation Program Request for Proposals.

Localities considering applying for Local Innovation Funds should contact DHCD for further project development guidance.

Self-Help Virginia

Self-Help Virginia provides funding in support of infrastructure projects, specifically water and sewer projects, wherein community residents and stakeholders substantially participate in the construction activities. VCDBG funding totaling $1,000,000 will be reserved for Self-Help projects in 2007. Funding will be available on an open basis between January 1, 2007 and September 28, 2007. VCDBG participation is limited to $10,000 per household served.

To be eligible for participation in Self-Help Virginia, projects must possess the following characteristics:

- There must be a neighborhood or community consensus about the existence of the problem to be addressed;
- There must be a demonstration of community capacity to manage the self-help project with sufficient energy and vision to see the project through to completion; and,
- There must be at least a 40 percent savings from the proposed Self-Help construction compared to conventional construction.

The goal of these projects is to tap neighborhood talent, manpower, and creativity to provide water and sewer services in areas where conventional construction costs make such provisions prohibitive. The most common examples of specific self-help activities are neighborhood residents acting as project managers, installing water and

sewer lines, and operating leased or donated equipment. Resident contributions depend on resident abilities. Construction must meet all applicable codes and regulations.

These projects are exempt from the Preliminary Engineering Report standards of other projects. These projects do require a cost estimate which reveal the 40 percent savings required, a clear description of the proposed improvements, and a map of the service area with the proposed layout of lines and other improvements.

All proposals must include evidence that at least one well-attended community meeting has occurred and that the project is supported by the community, that at least 51 percent of the proposed beneficiaries are low- and moderate-income per survey results, and that residents are willing to work on the project and have some sense of the skills available in the community. Also required are signed user agreements which show residents' willingness to connect to water and/or sewer lines as part of the project.

Supplemental Housing Rehabilitation Program Loan/Loss Reserve

A loan / loss reserve will be established for supplemental housing rehabilitation loan programs that are being established by DHCD and its partners.

These programs are being developed to help addresses the need for additional housing rehabilitation funding under DHCD's Indoor Plumbing/Rehabilitation (IP/R) and Community Development Block Grant (CDBG) Programs.

DHCD will identify a limited number of experienced IP/R Subrecipients and CDBG Grantees who operate programs serving multiple jurisdictions. Participation is voluntary.

Due to public funding constraints, IP/R Subrecipients and CDBG Grantees are limited in the amount of IP/R and CDBG single-family housing rehabilitation work they can afford to perform on any one house. Although eligibility for these programs generally is limited to households with incomes not exceeding HUD's "Low-Income" limit (i.e. 80% AMI), there exists for some households the willingness and financial ability to borrow additional funds in order to pay for basic home improvements over and above what IP/R and CDBG can provide. However, low-income households often do not meet typical loan underwriting standards, and parallel loan processes are difficult to coordinate with IP/R and CDBG project schedules.

Theses supplemental programs are designed to allow IP/R Subrecipients and CDBG Grantees (Program Administrators) to originate, process, underwrite, close and service (including pre-and post- loan closing counseling) mortgage loans for additional home improvements as part of their on-going IP/R and CDBG programs. Program Administrators may devise how to integrate necessary elements into their existing IP/R and CDBG program policies and procedures. In exchange for this flexibility, the Program Administrators not only must

demonstrate a capability and capacity to administer Supp Loans, but also share in the risk by co-insuring ten percent (10%) of any loan default losses. Mortgage loan and counseling training and technical assistance will be available.

VCDBG funding up to $250,000 will be utilized to "underwrite" these supplemental programs. While operating funds are already in place to implement this effort, these funds will serve as a fail-safe for loan default losses.

Community Development Innovation Funds which have not been committed as of September 28, 2007 may be committed to Self Help projects, Planning Grant projects, Urgent Need projects, the next highest ranking 2007 Competitive Grant project (to the established cut-off point), Administrative Bonuses, projects with Letters of Intent, and Community Economic Development Fund projects.

Construction-Ready Water and Sewer Fund

VCDBG funding totaling $1,000,000 will be reserved for construction of community facility projects providing public water or sewer service to communities made up of at least 65% LMI households. Additional criteria are:

- At the time of application
  - Income surveys and user agreements one year old or less must document eligibility and community demand;
  - All engineering work, up to and including necessary approvals of final design, must be complete;
  - All necessary acquisitions must be complete;
  - Public hearings and the Environmental Review Record must be complete, including all the publications and comment periods.
- No more than $7,500 of CDBG funds per household served will be made available with no single grant exceeding $500,000.
- These funds are available for construction only.
- The pre-contract phase is limited to 60 days and will include required actions by the locality's governing body, bidding construction and selecting (but not executing a contract with) a contractor.
- The project must be able to be completed within one year, and
- The grantee is not eligible for the 10% administrative bonus for timely completion.

The intent of these projects is to assist localities that find themselves in an "except for" position, i.e., fully ready to provide service to an LMI community except for all or a portion of the construction funds. It is anticipated that these funds will be used in conjunction with other resources. Proposals that meet these thresholds will be accepted on an open basis from January 1, 2007 to September 28, 2007. The total amount made available is included in the locality total of active CDBG funds. These funds may not be used to supplement or leverage other CDBG funds.

Projects will be assessed based on the above-described threshold criteria. Further guidance is available in the Construction-Ready Water and Sewer Fund Request for Proposals package.

Funding which has not been committed as of September 28, 2007 may be committed to Self Help projects, Planning Grant projects, Urgent Need projects, the next highest ranking 2007 Competitive Grant project (to the established cut-off point), Administrative Bonuses, projects with Letters of Intent, and Community Economic Development Fund projects.

Community Economic Development Fund Grants

The Community Economic Development Fund (CED) is designed to support economic development activities, particularly those creating employment opportunities for low- and moderate-income persons, in VCDBG-eligible localities. In 2007, $2,500,000 is available under the CED Fund. Up to $700,000 will be available per project.

Projects assisting businesses which cannot commit to providing a post-probationary wage of at least 1.5 times the minimum wage to 90 % of all employees hired as a result of the CDBG investment may be eligible for VCDBG funding limited to 50 percent of project costs up to $350,000.

Proposals will be received on an open basis from January 1, 2007 through September 28, 2007. Assistance is limited to projects involving employment creation by private, for-profit basic industries. Assistance may include off-site improvements such as water lines, sewer lines, roads, and drainage. On-site assistance may be eligible in some projects, but these projects are subject to underwriting and the VCDBG assistance will be made available as a loan to the locality. This loan must be repaid.

Projects assisting a basic industry should be submitted through this project type. Projects that will benefit a commercial enterprise, sheltered-workshop, or other non-basic industry must be submitted as a Competitive Economic Development project.

Categories and Thresholds

The nature of the financial assistance available under the CED Fund varies depending on the economic strength of the applicant localities. VCDBG-eligible localities, excluding Towns, are placed in one of three categories: Distressed, Transitional, and Competitive. Towns which are fully contained within a county are in the same category as the surrounding county. Towns which are divided among two counties are in the same category as the county with the least economic strength. Localities were placed in a category based on the relative position of local statistics to statewide statistics for each of three economic factors. The factor titles, sources of factor data, and delineations within each factor are as follows:

Persons in Poverty
(County Estimates for People of All Ages in Poverty for Virginia: 1999; U.S. Census Bureau)

Distressed: 150% or greater than statewide figure (or 14.4% or higher)
Transitional: Greater than the statewide figure of 9.6%
Competitive: Equal to or less than statewide figure of 9.6%

Median Adjusted Gross Income per Married Return
(Married Returns, 2003; Virginia Department of Taxation)

Distressed: 70% or less of statewide figure (or $41,475 or less)
Transitional: Less than the statewide figure of $59,250
Competitive: Equal to or greater than statewide figure of $59,250

Annualized Average Unemployment Rates
(Annualized Average Unemployment Rates for Virginia Localities, 2005 Virginia Employment Commission)

Distressed: 150% or greater than statewide figure (or 5.3% or higher)
Transitional: Greater than the statewide figure of 3.5%
Competitive: Less than or equal to statewide figure of 3.5%

Localities received two points for each factor in which they met Distressed levels, one point for each factor at Transitional levels, and no points for each factor at Competitive levels. A table of locality statistics and scores is included as **APPENDIX C**. Localities with 5 or more points are Distressed. Localities with 2 to 4 points are Transitional. Localities with 1 point or less are Competitive.

Distressed

Distressed localities are those with scores of 5 or more points from the evaluation of economic factors.

Localities

Accomack County	Patrick County
Brunswick County	Pittsylvania County
Buchanan County	Prince Edward County
Buckingham County	Richmond County
Carroll County	Russell County
Charlotte County	Scott County
Cumberland County	Sussex County
Dickenson County	Tazewell County
Greensville County	Westmoreland County
Halifax County	Wise County
Henry County	City of Bedfird
Lancaster County	City of Covington
Lee County	City of Emporia
Lunenburg County	City of Galax
Mecklenburg County	City of Martinsville
Northampton County	City of Norton
Nottoway County	City of Williamsburg

Thresholds

The thresholds for VCDBG assistance in Distressed localities are as follows:

- The subject business must create at least 10 full-time positions.
- The subject business must make a private investment of at least $100,000.
- The subject business must provide a post-probationary wage of at least 1.5 times the minimum wage for 90% of all new employees and provide an employment benefits package that includes, at a minimum, basic medical coverage and insurance (of which at least 50 percent is employer-paid), to all employees. The post-probationary period must not exceed six months.

Assistance for Local Economic Diversification

If the assisted business is involved in the value-added manufacturing or re-manufacturing and reuse of indigenous raw materials (from the region and/or Virginia), the provision of goods or services not previously available locally, and/or the provision of goods or services that are divergent from the local norm, the following conditions apply:

VCDB assistance for off-site improvements is eligible for up to 100 percent of total project costs. The locality is still required to provide local financial participation in the project equivalent to at least 25 percent of the VCDBG funds.

Local financial participation must total at least 25 percent of the VCDBG eligible costs. Administrative costs may not be included as part of the local financial participation.

VCDBG loans for on-site improvements are available through a relaxed underwriting process and flexible terms.

VCDBG assistance is available at up to $25,000 per job to be created.

Applicants seeking to apply for funding under the Local Diversification criteria must contact DHCD prior to the submission of a request for funding.

Assistance for Other Businesses:
If the assisted business will not be diversifying the local economy (see above), the following conditions apply:

VCDBG assistance for off-site improvements is eligible for no more than 80 percent of the total project costs.

Local financial participation must total at least 25 percent of the VCDBG eligible costs. Administrative costs may not be included as part of the local financial participation.

VCDBG loans for on-site improvements are available through a relaxed underwriting process.

VDCBG assistance is available at up to $10,000 per job created.

NOTE: Distribution centers do not generally meet the definition of diversification.

Transitional

Transitional localities are those with scores of 2 to 4 points from the evaluation of economic factors.

Localities

Alleghany County
Amherst County
Appomattox County
Bath County
Bland County
Botetourt County
Campbell County
Caroline County
Charles City County
Craig County
Dinwiddie County
Essex County
Floyd County
Franklin County
Giles County
Grayson County
Highland County
King and Queen County
Louisa County
Middlesex County
Montgomery County
Nelson County
Northumberland County
Page County
Pulaski County
Smyth County
Southampton County
Surry County
Washington County
Wythe County
City of Buena Vista
City of Franklin
City of Lexington
City of Staunton
City of Waynesboro

Thresholds

The thresholds for VCDBG assistance in Transitional localities are as follows:

- The subject business must create at least 20 full-time positions
- The subject business must make a private investment of at least $300,000
- The subject business must provide a post-probationary wage of at least 1.5 times the minimum wage for 90% of all new employees and provide an employment benefits package that includes, at a minimum, basic medical coverage and insurance (of which at least 50 percent is employer-paid), to all employees. The post-probationary period must not exceed six months.

Assistance Parameters

For all businesses, the following conditions apply:

VCDBG assistance for off-site improvements is eligible for no more than 80 percent of the total project costs.

Local financial participation must total at least 25 percent of the VCDBG eligible costs. Administrative costs may not be included as part of the local financial participation.

VCDBG assistance is available at up to $10,000 per job to be created.

If the assisted business meets the criteria cited under the **Distressed** section regarding diversification of the local economy, VCDBG loans for on-site improvements are available through a relaxed underwriting process.

Applicants seeking to apply for funding under the Local Diversification criteria must contact DHCD prior to the submission of a request for funding.

If the assisted business does not meet these criteria, VCDBG loans for on-site improvements are available through a market underwriting process.

Competitive

Competitive localities are those with scores of 1 or fewer points from the evaluation of economic factors.

Localities

Albemarle County	Madison County
Amelia County	Matthews County
Augusta County	New Kent County
Bedford County	Orange County
Clarke County	Powhatan County
Culpeper County	Prince George County
Fauquier County	Rappahannock County
Fluvanna County	Roankoke County
Frederick County	Rockbridge County
Gloucester County	Rockingham County
Goochland County	Shenandoah County
Greene County	Spotsylvania County
Hanover County	Stafford County
Isle of Wight County	Warren County
James City County	York County
King George County	City of Poquoson
King William County	City of Salem

Thresholds

The thresholds for VCDBG assistance in Competitive localities are as follows:

- The subject business must create at least 50 full-time positions
- The subject business must make a private investment of at least $3,000,000
- The subject business must provide a post-probationary wage of at least 1.5 times the minimum wage for 90% of all new employees and provide an employment benefits package that includes, at a minimum, basic medial coverage and insurance (of which at least 50 percent is employer-paid), to all employees. The post probationary period must not exceed six months.

Assistance Parameters

For all businesses, the following conditions apply:

VCDBG assistance for off-site improvements is eligible for no more than 50 percent of the total project costs.

Local financial participation must total at least 50 percent of the VCDBG eligible costs. Administrative costs may not be included as part of the local financial participation.

Non-local public funding investment must be no more $10,000 per job to be created. Loans to local governments from other public sources with specific repayment requirements are regarded as local funds.

No VCDBG assistance is available for on-site improvements.

Industry Commitment

All CED proposals must include an industry commitment letter. Such a letter serves as documentation of the industrial commitment which provides the basis for project eligibility. A commitment letter must include the following:

- The need for the improvements which the locality will implement using VCDBG funding;
- The commitment of the business to locating or expanding in the locality;
- The type and amount of the private investments;
- The number of jobs (LMI and total) to be created or retained by category;
- The timing of the investments and hiring;
- A summary of the wages and benefits to be provided;
- The plans for job training, if applicable; and,
- The plans for use of a single point of contact for screening applicants, if applicable, such as the Virginia Employment Commission;
- The comprehension and acceptance that a formal industry agreement must be signed to secure the commitments.
- For Community Economic Development Fund projects, these industry commitments must provide details on the accompanying benefits package.

Where appropriate, the industry should attach documentation to its letter supporting the figures detailed in the letter.

VCDBG Investment

VCDBG funding will only pay for improvements of a scope and scale consistent with identified needs. Improvements which will benefit future development are not eligible for VCDBG funding. An irrevocable Letter of Credit, bond, or other guaranteed form of security will be required for the amount of the CED grant until all program requirements are satisfactorily met.

Sanctions

The Industry Agreement which will be executed between an assisted business and a locality will detail sanctions which will be imposed if the assisted business fails to achieve hiring, investment, or wage/benefit commitments. Failure to achieve hiring and investment commitments may result in all VCDBG funding being recaptured by DHCD from the locality. Failure to achieve wage/benefit commitments may result in VCDBG participation being limited to 50 percent of project costs up to $350,000.

LMI Benefit

VCDBG eligibility in economic development projects is established by creating job opportunities for low- and moderate-income persons. There are two options for ensuring LMI benefit results from the job creation process. The first option is to employ LMI persons in at least 51 percent of the available positions. Under this option, the locality or assisted business will retain documentation of the income status of employees. The second option is to establish procedures to ensure that LMI persons will receive first consideration for employment. Under this option, the job qualifications must be limited to possession of a high school diploma or its equivalent. No special training should be required. A third party

single point of contact for application screening, such as the Virginia Employment Commission, is typically utilized. This contact will maintain all LMI documentation. The employer must hire only those persons screened by this third party.

At least 51 percent of the new jobs must be accessible to persons holding no more than a high school degree.

Job creation must occur within two years of the date of completion of the private investment. Additionally, the documentation of job creation, including jobs to LMI persons, may not conclude until the completion of the CDBG-funded construction activity or the achievement of the total job creation and 51% LMI benefit, as agreed to in the executed Industry Agreement, whichever is later. Private Investment must occur within 2 years of the commencement date of the CDBG contact with the locality. The job creation requirement will be incorporated into a formal agreement. A business which fails to meet the job requirements will be subject to a non-performance penalty as outlined in this agreement.

Projects utilizing VCDBG funds to install or improve water / wastewater services must make these services available to adjacent residential structures. L**ow- to moderate- income households must be connected to the new service.**

Piracy

VCDBG assistance will not assist a Virginia firm to relocate from one locality to another locality unless the firm provides substantial evidence that it cannot continue to do business in the existing location due to inadequate facilities, that the firm is significantly expanding beyond the capabilities of the existing location, that the move to another location results in a net gain of permanent jobs for Virginia, and that the impacted local governments are aware of the need for relocation and concur with it. VCDBG assistance will not assist a non-Virginia firm in relocating to Virginia if the relocation is likely to result in a significant loss of employment in the labor market from which the relocation occurs.

Ineligible Activities

The following activities are not eligible for VCDBG assistance:

- General promotion of the community as a whole;
- Assistance to professional sports teams;
- Assistance to privately-owned recreational facilities that serve a predominantly higher income clientele where the benefit to such clientele clearly outweighs employment or other benefits to low- and moderate-income persons;
- Acquisition of land for which no specific purpose has yet been identified;
- Additional assistance to a for-profit business while the business is the subject of unresolved findings of non-compliance from previous CDBG assistance;
- Assistance to facilitate the creation of gambling operations; and,
- Projects in which the cost to provide goods and services to LMI persons exceeds $10,000 per LMI person.
- On-site assistance to prisons, colleges or state institutions.

On-Site Assistance

VCDBG funding is available for certain on-site improvements in support of a business creating jobs and completing private investment in an eligible locality. A locality seeking VCDBG funding for on-site assistance must coordinate completion of an Appropriate Determination package. To complete this package, a locality must obtain detailed information on the background, financial position, and local development plans of the business to be assisted. This package is submitted by DHCD to independent underwriters for review.

VCDBG on-site assistance is offered to localities in the form of a loan. The loan terms are established by the independent underwriters. A locality receiving VCDBG funding for on-site improvements must repay DHCD in accordance with the established terms. There are no circumstances under which DHCD will waive this repayment. The locality is responsible, in turn, to make the VCDBG assistance available as a loan to the assisted business and to make arrangements with the assisted business to make regular payments.

VCDBG funding cannot be used to develop infrastructure in a privately-owned industrial park.

Appropriate Determination

On-site improvements are subject to underwriting because VCDBG funds, which are public funds, must not be used to replace any form of financing that either could be or already has been secured at terms and conditions that make the project feasible. The underwriting is to determine if the use of VCDBG funds in a project is appropriate for the anticipated level of public benefits and includes a financial analysis of the business. An Appropriate Determination package is available from DHCD which outlines the type of information required from the business to complete underwriting. Applicants must prepare a response to this package and submit it to DHCD approximately one month before completion of a CED proposal.

Loan Guarantees

Localities interested in loan guarantees in support of economic development should contact DHCD for additional information.

VCDBG Open Contract Limit

A locality which finds itself in a position to apply for a critical Community Economic Development project and is currently at or near the $2.5 million limit MAY, at DHCD's discretion, be granted a temporary waiver of the cap limit. The locality should contact DHCD to discuss a possible waiver prior to submittal of the proposal. If the waiver is approved, the Urgent Need or Community Economic Development funds will count towards the cap limit once other CDBG projects are closed.

Funding which has not been committed as of September 28, 2007 may be committed to Self Help projects, Planning Grant projects, Urgent Need projects, the next highest ranking 2007 Competitive Grant project (to the established cut-off point), Administrative Bonuses, projects with Letters of Intent, and Community Economic Development Fund projects.

Urgent Need Open Submission Grants

VCDBG funding is available to eligible localities on an open submission basis to enable prompt response to existing serious and immediate threats to local health and safety. Projects are intended to primarily benefit low- and moderate- income persons. Up to $700,000 of VCDBG funding is available per project. Urgent Need Open Submission (UNOS) proposals will be accepted between January 1, 2007 and October 31, 2007. In 2007, $1,000,000 is available for UNOS projects.

All UNOS proposals and activities must meet the following thresholds:

- The proposed project must alleviate existing conditions which pose a serious and immediate threat to the health and welfare of the community; and,

- The conditions developed or became urgent within 18 months of the date the proposal is submitted; and,

- The applicant locality is unable to finance the project on its own, no other funding is available to address the problem, and the VCDBG funding will be directly targeted towards alleviation of the threatening conditions; and,

- The threat must be supported by either:

  A current declaration of an emergency by the Governor of Virginia relative to a flood, a hurricane, a tornado, an earthquake, or other disaster event, not including droughts, snow, or ice conditions.

  OR

  A current declaration of an immediate and severe health threat by the State Commissioner of Health relative to the complete failure of a public water or sewer system or incident of similar significance.

VCDBG assistance will generally be made available to projects which consist of activities in support of long-term recovery. VCDBG assistance will generally not be made available to projects with public facility failures resulting from neglected maintenance by a locality.

Localities interested in UNOS assistance should contact DHCD to discuss project eligibility.

A locality which finds itself in a position to apply for a critical Urgent Need Open Submission project and is currently at or near the $2.5 million limit MAY, at DHCD's discretion, be granted a temporary waiver of the cap limit. The locality should contact DHCD to discuss a possible waiver prior to submittal of the proposal. If the waiver is approved, the Urgent Need or Community Economic Development funds will count towards the cap limit once other CDBG projects are closed.

Unobligated Urgent Need Open Submission funds may, at any point during the Program Year, be utilized to provide additional funds for the Community Economic Development program.

APPENDIX A: VIRGINIA CDBG PROGRAM ELIGIBLE LOCALITIES

Cities

Bedford
Buena Vista
Covington
Emporia
Franklin
Galax
Lexington
Martinsville
Norton
Poquoson
Salem
Staunton
Waynesboro
Williamsburg

Counties

Accomack
Albemarle
Alleghany
Amelia
Amherst
Appomattox
Augusta
Bath
Bedford
Bland
Botetourt
Brunswick
Buchanan
Buckingham
Campbell
Caroline
Carroll
Charles City
Charlotte
Clarke
Craig
Culpeper
Cumberland
Dickenson
Dinwiddie
Essex
Fauquier
Floyd
Fluvanna
Franklin
Frederick
Giles
Gloucester
Goochland
Grayson
Greene
Greensville
Halifax
Hanover
Henry
Highland
Isle of Wight
James City County
King and Queen
King George
King William
Lancaster
Lee
Louisa
Lunenburg
Madison
Mathews
Mecklenburg
Middlesex
Montgomery
Nelson
New Kent
Northampton
Northumberland
Nottoway
Orange
Page
Patrick
Pittsylvania
Powhatan
Prince Edward
Prince George
Pulaski
Rappahannock
Richmond
Roanoke
Rockbridge
Rockingham
Russell
Scott
Shenandoah
Smyth
Southampton
Spotsylvania
Stafford
Surry
Sussex
Tazewell
Warren
Washington
Westmoreland
Wise
Wythe
York

Towns

Abingdon
Accomack
Alberta
Altavista
Amherst
Appalachia
Appomattox
Ashland
Belle Haven
Berryville
Big Stone Gap
Blackstone
Bloxom
Bluefield
Boones Mill
Bowling Green
Boyce
Boydton
Boykins
Branchville
Bridgewater
Broadway
Brodnax
Brookneal
Buchanan
Burkeville
Cape Charles
Capron
Cedar Bluff
Charlotte Court House
Chase City
Chatham
Cheriton
Chilhowie
Chincoteague
Claremont
Clarksville
Cleveland
Clifton Forge
Clinchco
Clinchport
Clintwood
Coeburn
Colonial Beach
Columbia
Courtland
Craigsville
Crewe
Culpeper
Damascus
Dayton
Dendron
Dillwyn
Drakes Branch
Dublin
Duffield
Dungannon
Eastville
Edinburg
Elkton
Exmore
Farmville
Fincastle
Floyd
Fries
Front Royal
Gate City
Glade Spring
Glasgow
Glen Lyn
Gordonsville
Goshen
Gretna
Grottoes
Grundy
Halifax
Hallwood
Hamilton
Haysi
Hillsboro
Hillsville
Honaker
Hurt
Independence
Iron Gate
Irvington
Ivor
Jarratt
Jonesville
Keller
Kenbridge
Keysville
Kilmarnock
La Crosse
Lawrenceville
Lebanon
Leesburg
Louisa
Lovettsville
Luray
Madison
Marion
McKenney
Melfa
Middleburg
Middletown
Mineral
Monterey
Montross
Mount Jackson
Mount Crawford
Narrows
Nassawaddox
New Castle
New Market
Newsoms
Nickelsville
Onancock
Onley
Orange
Painter
Pamplin City
Parksley
Pearisburg
Pembroke
Pennington Gap
Phenix
Pocahontas
Port Royal
Pound
Pulaski
Purcellville
Remington
Rich Creek
Richlands
Ridgeway
Rocky Mount
Round Hill
Rural Retreat
Saltville
Saxis
Scottsburg
Scottsville
Shenandoah
Smithfield
South Boston
South Hill
St. Charles
St. Paul
Stanardsville
Stanley
Stephens City
Stony Creek
Strasburg
Stuart
Surry
Tangier
Tappahannock
Tazewell
The Plains
Timberville
Toms Brook
Troutdale
Troutville
Urbanna
Victoria
Vinton
Virgilina
Wachapreague
Wakefield
Warrenton
Warsaw
Washington
Waverly
Weber City
West Point
White Stone
Windsor
Wise
Woodstock
Wytheville

APPENDIX B – VCDBG CITIZEN PARTICIPATION

For All Potential Local Government Applicants:

It is important that community development projects carried out wholly or in part with Virginia Community Development Block Grant (VCDBG) funds involve extensive citizen participation - especially low- and moderate-income citizen participation – during the proposal development process. Participation is encouraged prior to submitting a Planning Grant proposal, but there are no firm requirements. The following steps, however, are **required** for each local government wishing to submit a Community Improvement Grant proposal., including both competitive round projects and projects being submitted under the separate Funds.

1. Local citizen participation should be encouraged throughout the process of developing a Community Improvement Grant (CIG) proposal. In particular, participation by low- and moderate-income (LMI) residents of the project service area or a slum and blight area should be encouraged. To meet this requirement, applicant communities must inform citizens of public hearings and other meetings and opportunities for participation in CDBG proposal development through at least <u>two</u> of the following methods:

   a. Advertisement in a locally-circulated newspaper with the largest general circulation (the required public hearings must be announced using this method and at least one other method);
   b. Advertisement through locally-received radio and/or television stations;
   c. Distribution of flyers in LMI areas and in the proposed service area(s);
   d. Announcements at local community organization meetings; and,
   e. Announcements through local churches and community centers located in LMI and proposed project areas.

   Applicants must keep documentation of how they met the above requirement in their CDBG files for verification. **This requirement for two types of announcements for each CDBG proposal development event should not be confused with the requirement in #4 below for two public hearings.**

   Advertisements for the two public hearing must be published separately. Applicants may not only publish one advertisement that includes information on both public hearings. If publishing in a weekly paper, be sure the ads will be published in such a manner as to comply with the requirements outlined here.

2. Local citizens should be provided with reasonable and timely access to local meetings, information, and records relating to the applicant locality's proposed and actual use of VCDBG funds. Meetings should be conducted according to the

standards established for the public hearings cited below (#4). CDBG-related information and records must be made available to interested citizens with the availability of such items announced at least in the same manner as the public hearing advertisements. At a minimum citizens should be furnished with information concerning the amount of funds available (including program income) for proposed activities and the range of activities that may be undertaken, including the estimated amount to be used for activities that will benefit low- and moderate-income persons, the proposed CDBG activities likely to result in displacement, and plans for minimizing displacement of persons as a result of the CDBG project and plans to assist persons actually displaced by the project.

3. Technical assistance must be provided to groups representative of persons of low- and moderate-income that request such assistance in developing proposals for use of VCDBG funds, with the level and type of assistance to be determined by the applicant locality but including at least consultations and written communications between a local contact person responsible for the CDBG proposal's development and interested groups. The name, address, and telephone number of the contact person(s) must be made available upon request and announced at all public meetings held on the CDBG proposal.

4. At least **two public hearings** must be held during the CIG proposal development period. The first hearing must be held early in the CIG proposal development process to identify the applicant's community development and housing needs, the range of eligible project types funded through the VCDBG program and the amount of money available to the applicant, as well as the applicant's past performance (if applicable) in the CDBG program during the previous five years. A second hearing must be held for public review of and comment on the final draft of the CIG proposal.

   These hearings must be held after adequate notice (non-legal newspaper advertisement at least **seven days prior** to the hearing and at least one other type of announcement - see # 1 above), at times and locations convenient to potential or actual beneficiaries, and with accommodation for the handicapped. Both public hearings must be held **within twelve months** of the application deadline (defined by DHCD in 2007 as after March 22, 2006); the two hearings must, at a minimum, be held **one week apart**. **Advertisements for the two public hearing must be published separately. Applicants may not only publish one advertisement that includes information on both public hearings.** In the case of the same proposal being resubmitted from the prior competitive year, DHCD may waive the public hearing requirement on community development needs. Files must be maintained containing documentary evidence that the hearings were held, to include at a minimum a list of attendees and minutes of the hearings. For **regional proposals**, each participating locality must hold two public hearings as described above.

   An applicant with a *current* CIG project to which activities are to be added, deleted, or substantially changed (that is, substantial changes made in terms of purpose, scope, location, or beneficiaries) must provide local citizens through a public hearing with

an opportunity for comment on such changes, after the locality has informed citizens of the changes at least seven days prior to the hearing.

5. Applicants must provide, in the public hearing notices, the address, phone number, and times for submitting complaints and grievances to the applicant locality, and provide timely written answers to written complaints and grievances, within 15 working days where practicable.

6. Where 5 percent or more of public hearing participants can be reasonably expected to be non-English speaking residents, applicants must take measures to accommodate their needs. Census data on the proposed project area and on the locality as a whole should be consulted to determine if this provision applies in a particular instance. Meeting this provision requires, at a minimum, having printed material available in the non-English language(s) and retaining the services of an interpreter(s) for all CDBG-related meetings and public hearings.

None of the foregoing may be construed to restrict the responsibility or authority of the local government applicant in the development and execution of its Community Improvement Grant project.

Public Hearing Advertisements

These advertisements should be made in accordance with item #1 in the Plan above.

Model Advertisement – First Public Hearing

(Locality) will hold a public hearing on (date) at (time) at (location) to solicit public input on local community development and housing needs in relation to Community Development Block Grant (CDBG) funding for a project in our community.

Information on the amount of funding available, the requirements on benefit to low- and moderate-income persons, eligible activities, and plans to minimize displacement and provide displacement assistance as necessary will be available. Citizens will also be given the opportunity to comment on (locality's) past use of CDBG funds. All interested citizens are urged to attend. For additional information, contact (local contact name and information).

Complaints and grievances can be submitted in writing to (locality) at (address) or by phone at (phone number) until (cut-off date).

If you plan to attend and have any special needs requirements, please call the number listed above.

Model Advertisement – Second Public Hearing

(Locality) will hold a public hearing on (date) at (time) at (location) to solicit public input on the proposed Community Development Block Grant (CDBG) proposal to be submitted to the Virginia Department of Housing and Community Development for (project name). The (project name) proposal will include the following activities (list activities). Residents of the project area are encouraged to attend.

The draft CDBG proposal will be presented for comment along with information on projected beneficiaries, including the number of low- and moderate-income residents to benefit from the proposed project, and plans to minimize displacement. Citizens will also be given the opportunity to comment on (locality's) past use of CDBG funds. A fact sheet on the proposed project and the draft proposal is available at (location). For additional information, contact (local contact name and information).

Complaints and grievances can be submitted in writing to (locality) at (address) or by phone at (phone number) until (cut-off date).

If you plan to attend and have any special needs requirements, please call the number listed above.

Appendix C
2007 Virginia Community Development Block Grant Program Design
Community Economic Development Matrix

	Unemp 2005 VEC		Poverty 1999		AGI of Married Rents	
Virginia	**5.3**		**14.4**		**59,250**	
Distressed	5.3% plus	2 points	14.4% plus	2 points	$41,475 and less	2 points
Transitional	3.6 to 5.2	1 point	9.7 to 14.3	1 point	$41,476 to $ 57,249	1 point
Competitive	3.5 or less	0 points	9.6 or less	0 points	$59,250 plus	0 points

	Unemp 2005 VEC	Unemp Points	Poverty 1999	Poverty Points	MAGI 2003	MAGI Points	TOTAL	SUMMARY
Virginia	**3.5**	**0**	**9.6**	**0**	**59,250**	**0**	**0**	**Competitive**
Albemarle County	**2.2**	**0**	**6.7**	**0**	**66,456**	**0**	**0**	**Competitive**
Clarke County	**2.4**	**0**	**6.6**	**0**	**64,432**	**0**	**0**	**Competitive**
Fauquier County	**2.4**	**0**	**5.4**	**0**	**74,677**	**0**	**0**	**Competitive**
Goochland County	**2.9**	**0**	**6.9**	**0**	**69,730**	**0**	**0**	**Competitive**
Hanover County	**2.7**	**0**	**3.6**	**0**	**70,662**	**0**	**0**	**Competitive**
Isle of Wight County	**3.5**	**0**	**8.3**	**0**	**60,228**	**0**	**0**	**Competitive**
James City County	**2.9**	**0**	**6.4**	**0**	**63,572**	**0**	**0**	**Competitive**
New Kent County	**2.9**	**0**	**4.9**	**0**	**62,660**	**0**	**0**	**Competitive**
Powhatan County	**2.7**	**0**	**5.7**	**0**	**63,329**	**0**	**0**	**Competitive**
Spotsylvania County	**2.3**	**0**	**4.7**	**0**	**66,403**	**0**	**0**	**Competitive**
Stafford County	**2.4**	**0**	**3.5**	**0**	**76,156**	**0**	**0**	**Competitive**
York County	**2.9**	**0**	**3.5**	**0**	**68,838**	**0**	**0**	**Competitive**
City of Poquoson	**2.8**	**0**	**4.5**	**0**	**69,234**	**0**	**0**	**Competitive**
Amelia County	**3.3**	**0**	**8.4**	**0**	**45,416**	**1**	**1**	**Competitive**
Augusta County	**2.9**	**0**	**5.8**	**0**	**47,985**	**1**	**1**	**Competitive**
Bedford County	**3.1**	**0**	**7.1**	**0**	**50,061**	**1**	**1**	**Competitive**
Culpeper County	**2.9**	**0**	**9.2**	**0**	**57,720**	**1**	**1**	**Competitive**
Fluvanna County	**2.7**	**0**	**5.9**	**0**	**51,554**	**1**	**1**	**Competitive**
Frederick County	**2.5**	**0**	**6.4**	**0**	**56,649**	**1**	**1**	**Competitive**
Gloucester County	**2.9**	**0**	**7.7**	**0**	**50,637**	**1**	**1**	**Competitive**
Greene County	**2.5**	**0**	**6.6**	**0**	**52,441**	**1**	**1**	**Competitive**
King George County	**3.1**	**0**	**5.6**	**0**	**44,753**	**1**	**1**	**Competitive**
King William County	**3.3**	**0**	**5.5**	**0**	**56,309**	**1**	**1**	**Competitive**
Madison County	**2.9**	**0**	**9.6**	**0**	**47,254**	**1**	**1**	**Competitive**
Mathews County	**3.0**	**0**	**6**	**0**	**43,663**	**1**	**1**	**Competitive**
Orange County	**2.8**	**0**	**9.2**	**0**	**48,220**	**1**	**1**	**Competitive**
Prince George County	**4.4**	**1**	**8**	**0**	**59,288**	**0**	**1**	**Competitive**
Rappahannock County	**2.5**	**0**	**7.6**	**0**	**53,427**	**1**	**1**	**Competitive**
Roanoke County	**2.8**	**0**	**4.5**	**0**	**56,566**	**1**	**1**	**Competitive**
Rockbridge County	**2.8**	**0**	**9.6**	**0**	**42,741**	**1**	**1**	**Competitive**
Rockingham County	**2.8**	**0**	**8.2**	**0**	**45,650**	**1**	**1**	**Competitive**
Shenandoah County	**2.8**	**0**	**8.2**	**0**	**44,580**	**1**	**1**	**Competitive**
Warren County	**2.9**	**0**	**8.5**	**0**	**55,076**	**1**	**1**	**Competitive**
City of Salem	**3.2**	**0**	**6.7**	**0**	**50,834**	**1**	**1**	**Competitive**

Appendix C
2007 Virginia Community Development Block Grant Program Design
Community Economic Development Matrix

	Unemp 2005 VEC		Poverty 1999		AGI of Married Rents	
Virginia	**5.3**		**14.4**		**59,250**	
Distressed	5.3% plus	2 points	14.4% plus	2 points	$41,475 and less	2 points
Transitional	3.6 to 5.2	1 point	9.7 to 14.3	1 point	$41,476 to $ 57,249	1 point
Competitive	3.5 or less	0 points	9.6 or less	0 points	$59,250 plus	0 points

	Unemp 2005 VEC	Unemp Points	Poverty 1999	Poverty Points	MAGI 2003	MAGI Points	TOTAL	SUMMARY
Alleghany County	**4.6**	**1**	**7.1**	**0**	**45,271**	**1**	**2**	**Transitional**
Bath County	**3.5**	**0**	**7.8**	**0**	**37,026**	**2**	**2**	**Transitional**
Botetourt County	**2.8**	**0**	**5.2**	**0**	**37,065**	**2**	**2**	**Transitional**
Caroline County	**3.7**	**1**	**9.4**	**0**	**50,554**	**1**	**2**	**Transitional**
Dinwiddie County	**4.0**	**1**	**9.3**	**0**	**51,018**	**1**	**2**	**Transitional**
King and Queen County	**3.8**	**1**	**10.9**	**1**	**67,816**	**0**	**2**	**Transitional**
Louisa County	**3.4**	**0**	**10.2**	**1**	**49,768**	**1**	**2**	**Transitional**
Middlesex County	**3.2**	**0**	**13**	**1**	**42,690**	**1**	**2**	**Transitional**
Nelson County	**3.0**	**0**	**12.1**	**1**	**43,060**	**1**	**2**	**Transitional**
City of Staunton	**3.3**	**0**	**11.7**	**1**	**43,715**	**1**	**2**	**Transitional**
Amherst County	**3.9**	**1**	**10.7**	**1**	**45,182**	**1**	**3**	**Transitional**
Appomattox County	**4.5**	**1**	**11.4**	**1**	**41,797**	**1**	**3**	**Transitional**
Campbell County	**3.8**	**1**	**10.6**	**1**	**44,683**	**1**	**3**	**Transitional**
Charles City County	**4.2**	**1**	**10.6**	**1**	**50,543**	**1**	**3**	**Transitional**
Essex County	**4.5**	**1**	**11.2**	**1**	**43,781**	**1**	**3**	**Transitional**
Floyd County	**3.5**	**0**	**11.7**	**1**	**38,282**	**2**	**3**	**Transitional**
Franklin County	**3.4**	**0**	**9.7**	**1**	**39,966**	**2**	**3**	**Transitional**
Giles County	**4.9**	**1**	**9.5**	**0**	**38,758**	**2**	**3**	**Transitional**
Highland County	**3.3**	**0**	**12.6**	**1**	**32,537**	**2**	**3**	**Transitional**
Montgomery County	**3.1**	**0**	**23.2**	**2**	**48,913**	**1**	**3**	**Transitional**
Pulaski County	**4.4**	**1**	**13.1**	**1**	**42,184**	**1**	**3**	**Transitional**
Surry County	**4.6**	**1**	**10.8**	**1**	**48,004**	**1**	**3**	**Transitional**
City of Buena Vista	**3.4**	**0**	**10.4**	**1**	**38,810**	**2**	**3**	**Transitional**
Bland County	**4.1**	**1**	**12.4**	**1**	**37,065**	**2**	**4**	**Transitional**
Craig County	**3.7**	**1**	**10.3**	**1**	**40,696**	**2**	**4**	**Transitional**
Grayson County	**4.9**	**1**	**13.6**	**1**	**30,979**	**2**	**4**	**Transitional**
Northumberland County	**4.4**	**1**	**12.3**	**1**	**36,743**	**2**	**4**	**Transitional**
Page County	**4.9**	**1**	**12.5**	**1**	**38,878**	**2**	**4**	**Transitional**
Smyth County	**4.5**	**1**	**13.3**	**1**	**33,781**	**2**	**4**	**Transitional**
Southampton County	**4.2**	**1**	**14.6**	**2**	**51,081**	**1**	**4**	**Transitional**
Washington County	**4.4**	**1**	**10.9**	**1**	**38,004**	**2**	**4**	**Transitional**
Wythe County	**4.2**	**1**	**11**	**1**	**37,643**	**2**	**4**	**Transitional**
City of Franklin	**5.2**	**1**	**19.8**	**2**	**48,448**	**1**	**4**	**Transitional**
City of Lexington	**4.2**	**1**	**21.6**	**2**	**50,927**	**1**	**4**	**Transitional**
City of Waynesboro	**3.7**	**1**	**12.8**	**1**	**41,056**	**2**	**4**	**Transitional**

Appendix C
2007 Virginia Community Development Block Grant Program Design
Community Economic Development Matrix

	Unemp 2005 VEC		Poverty 1999		AGI of Married Rents	
Virginia	**5.3**		**14.4**		**59,250**	
Distressed	5.3% plus	2 points	14.4% plus	2 points	$41,475 and less	2 points
Transitional	3.6 to 5.2	1 point	9.7 to 14.3	1 point	$41,476 to $ 57,249	1 point
Competitive	3.5 or less	0 points	9.6 or less	0 points	$59,250 plus	0 points

	Unemp 2005 VEC	Unemp Points	Poverty 1999	Poverty Points	MAGI 2003	MAGI Points	TOTAL	SUMMARY
Accomack County	**4.4**	**1**	**18**	**2**	**35,380**	**2**	**5**	**Distressed**
Buckingham County	**4.5**	**1**	**20**	**2**	**37,387**	**2**	**5**	**Distressed**
Carroll County	**5.5**	**2**	**12.5**	**1**	**33,559**	**2**	**5**	**Distressed**
Cumberland County	**3.8**	**1**	**15.1**	**2**	**38,511**	**2**	**5**	**Distressed**
Greensville County	**6.1**	**2**	**14.7**	**2**	**42,444**	**1**	**5**	**Distressed**
Henry County	**6.6**	**2**	**11.7**	**1**	**32,980**	**2**	**5**	**Distressed**
Lancaster County	**5.3**	**2**	**12.5**	**1**	**39,797**	**2**	**5**	**Distressed**
Lee County	**4.9**	**1**	**23.9**	**2**	**29,420**	**2**	**5**	**Distressed**
Northampton County	**4.9**	**1**	**20.5**	**2**	**35,966**	**2**	**5**	**Distressed**
Nottoway County	**4.7**	**1**	**20.1**	**2**	**40,047**	**2**	**5**	**Distressed**
Patrick County	**6.4**	**2**	**13.4**	**1**	**32,226**	**2**	**5**	**Distressed**
Pittsylvania County	**6.3**	**2**	**11.8**	**1**	**41,427**	**2**	**5**	**Distressed**
Prince Edward County	**5.1**	**1**	**18.9**	**2**	**38,792**	**2**	**5**	**Distressed**
Richmond County	**5.0**	**1**	**15.4**	**2**	**41,385**	**2**	**5**	**Distressed**
Scott County	**5.2**	**1**	**16.8**	**2**	**33,781**	**2**	**5**	**Distressed**
Tazewell County	**4.4**	**1**	**15.3**	**2**	**34,689**	**2**	**5**	**Distressed**
Westmoreland County	**4.4**	**1**	**14.7**	**2**	**39,809**	**2**	**5**	**Distressed**
Wise County	**4.6**	**1**	**20**	**2**	**36,831**	**2**	**5**	**Distressed**
City of Bedford	**4.4**	**1**	**19.7**	**2**	**41,446**	**2**	**5**	**Distressed**
City of Covington	**5.5**	**2**	**12.9**	**1**	**37,556**	**2**	**5**	**Distressed**
City of Galax	**5.2**	**1**	**18.6**	**2**	**34,817**	**2**	**5**	**Distressed**
City of Williamsburg	**7.6**	**2**	**18.3**	**2**	**53,094**	**1**	**5**	**Distressed**
Brunswick County	**5.4**	**2**	**16.5**	**2**	**37,510**	**2**	**6**	**Distressed**
Buchanan County	**5.8**	**2**	**23.2**	**2**	**31,153**	**2**	**6**	**Distressed**
Charlotte County	**7.9**	**2**	**18.1**	**2**	**33,685**	**2**	**6**	**Distressed**
Dickenson County	**6.3**	**2**	**21.3**	**2**	**31,578**	**2**	**6**	**Distressed**
Halifax County	**5.9**	**2**	**15.7**	**2**	**36,545**	**2**	**6**	**Distressed**
Lunenburg County	**5.3**	**2**	**20**	**2**	**35,151**	**2**	**6**	**Distressed**
Mecklenburg County	**6.0**	**2**	**15.5**	**2**	**34,965**	**2**	**6**	**Distressed**
Russell County	**5.9**	**2**	**16.3**	**2**	**32,235**	**2**	**6**	**Distressed**
Sussex County	**6.5**	**2**	**16.1**	**2**	**40,960**	**2**	**6**	**Distressed**
City of Emporia	**5.9**	**2**	**16**	**2**	**40,115**	**2**	**6**	**Distressed**
City of Martinsville	**10.1**	**2**	**19.2**	**2**	**36,588**	**2**	**6**	**Distressed**
City of Norton	**5.5**	**2**	**22.8**	**2**	**40,028**	**2**	**6**	**Distressed**

APPENDIX D—CED Threshold Table

VIRGINIA COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM

COMMUNITY ECONOMIC DEVELOPMENT (CED) FUND GRANTS			
CATEGORY	**THRESHOLDS TO BE MET**	**ASSISTANCE AVAILABLE**	
Distressed Locality ** See page 61 of Program Design*	► The subject business must: • Create at least **10 full-time positions** • Make a private investment of at least **$100,000** • Provide a post-probationary wage of at **least 1.5 times the minimum wage** for 90 percent of all new employees and provide an employment **benefits package** that includes, at a minimum, basic medical coverage and insurance (of which at least 50 percent is employer-paid), to all employees. The post-probationary period must not exceed a six months	► If Assisted Business will diversify Local Economy (i.e., involved in the value-added manufacturing or re-manufacturing and reuse of indigenous raw materials, the provision of goods or services not previously available locally and/or the provision of goods or services that are divergent from the local norm) • VCDBG assistance for off-site improvements is eligible for up to 100 percent of total project costs • Local financial participation must total at least 25 percent of the VCDBG eligible costs • VCDBG loans for on-site improvements are available through a relaxed underwriting process and flexible terms • VCDBG assistance is available at up to $25,000 per job to be created	► Business will not diversify Local Economy: • VCDBG assistance for off-site improvements is eligible for no more than 80 percent of the total project costs • Local financial participation must total at least 25 percent of the VCDBG eligible costs • VCDBG loans for on-site improvements are available through a relaxed underwriting process • VCDBG assistance is available at up to $10,000 per job to be created
Transitional Locality ** See page 63 of Program Design*	► The subject business must: • Create at least **20 full-time positions** • Make a private investment of at least **$300,000** • Provide a post-probationary wage of at **least 1.5 times the minimum wage** for 90 percent of all new employees and provide an employment **benefits package** that includes, at a minimum, basic medical coverage and insurance (of which at least 50 percent is employer-paid), to all employees. The post-probationary period must not exceed a six months	► For All Businesses: • VCDBG assistance for off-site improvements is eligible for no more than 80 percent of the total project costs • Local government financial participation must total at least 25 percent of the VCDBG eligible costs • VCDBG assistance is available at up to $10,000 per job to be created • If the assisted business meets the criteria cited under the *Distressed* section regarding diversification of the local economy, VDCBG loans for on-site improvements are available through a relaxed underwriting process. • If the assisted business does not meet these criteria, VCDBG loans for on-site improvements are available through a market underwriting process	
Competitive Locality ** See page 64 of Program Design*	► The subject business must: • Create at least **50 full-time positions** • Make a private investment of at least **$3,000,000** • Provide a post-probationary wage of at **least 1.5 times the minimum wage** for 90 percent of all new employees and provide an employment **benefits package** that includes, at a minimum, basic medical coverage and insurance (of which at least 50 percent is employer-paid), to all employees. The post-probationary period must not exceed six months	► For All Businesses: • VCDBG assistance for off-site improvements is eligible for no more than 50 percent of the total project costs • Local government financial participation must total at least 50 percent of the VCDBG eligible costs • Non-local public funding investment must be no more than $10,000 per job to be created. Loans to local governments from other public sources with specific repayment requirements are regarded as local funds. • No VCDBG assistance is available for on-site improvements	

Appendix E – 2007 Virginia Community Development Block Grant Funding Matrix

Planning Grants	Community Improvement Grants				
	Construction-Ready Water & Sewer	Community Economic Development	Community Development Innovation	Urgent Need Open Submission	Competitive Grants
$500,000 reserved To help perform community organizing, preliminary design and engineering, and other planning activities 5 categories: - Community Organizing - Community / Economic Assessment - Project Planning - Business District Revitalization - Regional Project Planning - Telecomm. Planning See page 25 Open submission basis, from January 1 - September 28, 2007	$1,000,000 reserved Available to provide new water/sewer service Project area must be comprised of at least 65% low-moderate – income households For projects that are ready and just need additional construction funds See page 58 Open submission basis, from January 1 - September 28, 2007	$2,500,000 reserved Job creation by private, for-profit basic industries Assistance may include off-site improvements such as water & sewer lines, roads, and drainage Must secure industry letter of commitment Job creation - Business expansion - New business location Job retention - Only in documented cases See page 59 Open submission basis, from January 1 - September 29, 2007	$2,750,000 reserved New, innovative, and/or timely projects Includes: Local Innovation – Small scale, innovative pilot projects, such as IDA programs, projects which support local or regional welfare-to-work initiatives, microenterprise, and entrepreneurship development Self-Help Virginia – Support infrastructure projects (water and sewer) where community residents and stakeholders participate in the construction Supplemental Housing Rehabilitation Loan Programs Loan/Loss Reserve –Underwrite mortgage loans for additional home improvements as part of participating organizations' on-going Indoor Plumbing / Rehabilitation and VCDBG programs. See page 53 Open submission basis, from January 1 - September 28, 2007	$1,000,000 reserved Prompt response to existing serious or immediate threats to local health and safety The conditions must have developed or became urgent within 18 months of the date the proposal is submitted Applicant is unable to finance the project on its own, no other funding is available to address the problem, and the VCDBG funding will be directly targeted towards alleviation of the threatening conditions See page 68 Open submission basis, from January 1 - September 28, 2007	$8,9 00,000 reserved (approximately) 5 primary types: Comprehensive Community Development – target at least two major activities, such as water, sewer, housing rehabilitation Economic Development – create jobs or business opportunities for low-moderate- income persons or create better economic environment Housing Rehabilitation – bring homes to HQS or support development for new housing units Community Facility – water/wastewater services, drainage improvements Community Service Facility – Workforce training, daycare facilities, health clinics See page 33 Proposals due by March 21, 2007

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