Project Management Office

# Community Development Block Grant Program

## 2011 Program Design

VIRGINIA DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT

*Partners for Better Communities*

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# 2011 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 2011 Program Design to include a final statement of Virginia's community development objectives, its projected use of funds, its method of fund distribution to local governments, and to present the core CDBG elements for the Virginia Consolidated Plan.

The 2011 Program Design was further developed following two regional 2011 Program Design Input Sessions on October 19 and October 28, 2010, a Public Hearing held on November __, 2010, and review of all public comments that were received through December 1, 2010.

Copies of the 2011 Program Design are available through each of the twenty-one Planning District Commissions and from DHCD via the U.S. Mail or Internet. A notice of the availability of the 2011 Program Design will be mailed to each eligible locality and to other interested parties. DHCD contact information is as follows:

**Virginia Department of Housing and Community Development**
**Project Management Office**
**600 East Main Street, Suite 300**
**Richmond, Virginia 23219**
**(804) 371-7061**
**Fax (804) 371-7093**
**711 TDD**
**http://www.dhcd.virginia.gov**

DHCD reserves the right to amend any portion of the 2011 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 CDBG *Grant Management Manual*, located online at:

http://www.dhcd.virginia.gov/CommunityDevelopmentRevitalization/Community_Development_Block_Grant_Program.htm

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# PROJECT MANAGEMENT OFFICE CONTACT INFORMATION

## Project Development Staff

| | | | |
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# CHANGES FOR 2011 PROGRAM DESIGN

## PLANNING GRANTS

- Project planning grants will be available for up to $30,000 per project. This is an increase from the previous limit of $25,000. (See page 25)

- Regional planning grants are available up to a maximum of $40,000 per project. There are no longer additional conditions to receive $50,000 and no specific amount of match is required. (See page 26)

- Business District Revitalization planning grants are eligible for up to $35,000. There is no longer a threshold based on the locality size to determine the amount available. (See page 25)

## ADMINISTRATION

- Competitive Community Facility grants are eligible for administration costs of 10% of the CDBG grant amount, up to a maximum of $75,000. This is an increase from the previous cap of $50,000. (See page 18)

- Exceedingly complex projects that involve the significant leveraging of private funds and merit on-going professional project management skills may be eligible for an additional administrative line-item, separate from the CDBG administration limit, to support the cost of these contractors. (See page 18)

## HOUSING REHABILITATION

Houses that require alternative septic systems are eligible for an additional $5,000 in exceptions, up to a maximum of $25,000, for the design and installation of the alternative system. This change was announced and put into effect in a January 21, 2010 memorandum. (See page 41)

## ECONOMIC DEVELOPMENT CATEGORY DETERMINATION

Financial assistance available under the CED Fund varies depending on the economic strength of the applicant localities. Localities' median household income has replaced the previous measure of median adjusted income for married returns in making these determinations. This change was made to better reflect the LMI target of the CDBG program. (See page 58)

## 2011 PROGRAM DESIGN POLICY CLARIFICATIONS

### Efficiency Program Recommendation

All projects requesting CDBG funding are encouraged to consider a community's sustainability in their development. "Green" building techniques are encouraged to be made a part of all appropriate CDBG projects. (See page 20)

### Community Facility

Applicants should target having user agreements in place for at least 80% of the households in the project area for a water project. (See page 45)

### Citizen Participation

The requirement for the draft of the CDBG proposal that must be available at the second public hearing has been clarified. (See page 72)

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# COMMUNITY DEVELOPMENT BLOCK GRANT 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:

1. ***Give maximum feasible priority to activities which will benefit low- and moderate-income families,***
2. ***Aid in the prevention or elimination of slums and blight, and***
3. ***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.***

The Virginia CDBG 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 (HUD). 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 Virginia Department of Housing and Community Development (DHCD) 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.

The three CDBG 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 HUD are determined to be low- and moderate-income. The Section 8 income limits are published annually by HUD. The income limit represents 80 percent of the area median income (AMI) 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 (LMI) 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 LMI;
- At least 51 percent of the benefits are provided to LMI persons;
- Benefits will be provided to a clientele presumed to be principally LMI persons; or,
- If jobs are created or retained in a project, at least 51 percent of the permanent, full time jobs (including permanent, full time equivalent jobs) will be held by or made available to LMI persons.

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- 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, and
    - 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 a declaration of a severe health threat by the State Health Commissioner.

## Project Modification

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.

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# 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 of the Virginia CDBG Program

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

### Objective A

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

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

Assist local governments in conserving and improving housing conditions.

***Strategies and Expected Results***

- Provide financial and technical support for housing rehabilitation to result in

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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

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

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.

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# FUNDING AND DISTRIBUTION METHODOLOGY

## Use of Funding in 2010

The Commonwealth of Virginia's allocation of CDBG funds in 2010 was generally distributed as follows *(Estimated)*:

| | |
|---|---|
| State Administration | $ 431,468 |
| State Technical Assistance | $ 215,734 |
| Local Administration | $ 1,500,000 |
| Local Project Implementation | $ 20,926,222 |
| TOTAL | $ 21,573,424 |

The Virginia CDBG funding attributable to Local Project Implementation by national objective in 2010 was as follows *(Estimated)*:

| Objective | Amount | % |
|---|---|---|
| Benefit to low- and moderate-income | $ 16,391,467 | 84.1% |
| Elimination of slums and blight | $ 2,441,325 | 12.5% |
| Meeting urgent needs | $ 0 | 0% |
| TOTAL | $19,486,222 | 100% |

## Use of Funding in 2011

In 2011, 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 (CIG's) 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 the CIG funding will be targeted for prior commitments. Other portions will be reserved for open submission projects. The balance of funding will be made available to localities on a competitive basis.

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The use of Virginia CDBG funding in 2011 is anticipated to be as follows:

| | | | |
|---|---|---|---|
| *Anticipated HUD Allocation | | $ 21,500,000 | |
| Plus: | Recaptured Funds (estimated) | $ 2,000,000 | |
| Less: | State Administration | | $ 430,000 |
| | State Technical Assistance | | $ 215,000 |
| | 2010 Letters of Intent | | $ 3,080,000 |
| Less: | Planning Grants | $ 500,000 | |
| | Equals: Community Improvement Grants | | $ 19,275,000 |

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 | $ 12,025,000** |
| TOTAL | $ 19,275,000 |

*Based on the 2010 allocation.

**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.

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## 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

### Open Submission Programs

Planning Grants, 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, 2011 and September 30, 2011. Urgent Need Open Submission Projects will receive funding on an open, first-come, first-served basis between January 1, 2011 and October 31, 2011. Projects that meet one or more CDBG national objectives and meet the below stated criteria will be offered an award as long as funds are still available.

***Community Economic Development Fund***

Eligibility under this program is subject to the following minimum criteria:

- The subject business must provide a post-probationary wage of at least 1.5 times the minimum wage for 90% of all employees and offer an employment benefits package including medical insurance to all employees.
- The subject business must employ low- to moderate- income persons in at least 51 percent of the available positions, or, ensure that low- to moderate- income persons will receive first consideration for employment.

Economic strength of the applicant localities determines the nature of assistance available. Localities are ranked as distressed, transitional, or competitive.

- Distressed:
  - The subject business must create at least 10 full-time positions.
  - The subject business must make a private investment of at least $100,000.
  - Local government financial contribution must be at least 25% of CDBG eligible costs.
  - CDBG funding shall not exceed $25,000 per job created for local diversification or $10,000 per job created for other businesses.

- Transitional:
  - The subject business must create at least 20 full-time positions.
  - The subject business must make a private investment of at least $300,000.
  - Local government financial contribution must be at least 25% of CDBG eligible costs.
  - CDBG funding shall not exceed $10,000 per job created, or $25,000 per job in cases of local diversification.

- Competitive:
  - 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.
  - Local government financial contribution must be at least 50% of CDBG eligible costs.
  - Non-local public funding shall not exceed $10,000 per job created.

***Community Development Innovation Program:***

Eligibility is subject to the following minimum criteria:

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***Local Innovation Program:***
The projects are small scale, innovative, meet a CDBG national objective, and have included appropriate citizen participation. Projects are evaluated on the intended outcomes, the nature of the innovation, the need, capacity to carry out the project, and the long-term benefit of the project. Projects must demonstrate a direct relationship between intended project efforts and measurable, tangible improvements to the health of the community being served.

***Self-Help Virginia:***
- Neighborhood or community consensus about the existence of the problem to be addressed.
- Demonstrated community capacity, energy, and vision to manage the self-help project through to completion.
- At least a 40 percent savings compared to conventional construction.

***Construction Ready Water and Sewer Fund***
Eligibility under this Program is subject to the following minimum criteria:
- Funding is reserved for projects providing water or sewer service to communities made up of at least 60% low- to moderate- income households.
- At the time of application all engineering work, up to and including necessary approvals of final design, must be complete.
- No more than $10,000 of CDBG funds per household served will be made available, with no single grant exceeding $500,000.
- The project must be completed within one year.

***Urgent Need Open Submission Program***
Eligibility under this program is subject to the following minimum criteria:
- 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 CDBG 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 Health Commissioner relative to the complete failure of a public water or sewer system or incident of similar significance.

## Planning Grants
Eligibility under this program is subject to the following minimum criteria:
- Demonstration of a clear indication of community development needs and / or opportunities.
- The needs identified must generally be eligible targets for future CDBG investments.
- There must be evidence that local officials and stakeholders alike are committed to fully identifying and addressing local needs.
- There must be evidence that the locality and management team have the time, funding, and expertise to follow through with the planning process.
- There must be a clear demonstration for the need of planning grant funds.

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***Competitive Grants***

Funding available for Competitive Grants will be awarded following careful evaluation of all proposals received or postmarked by the March 30, 2011 deadline.

Competitive grant proposals will be evaluated and scored according to the following criteria:

- Composite Fiscal Stress - 180 points
- Regional Priorities - 50 points
- Project Needs and Outcomes - 145 points
- Costs and Commitment - 145 points
- Readiness and Capacity - 150 points
- Impact (Based on project type) - 130 points
- National Objective Relationship - 200 points

The maximum score any project can receive is 1000 points. The process for evaluation of competitive proposals is explained in more detail on page 49.

Following the announcement of successful CDBG 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 CDBG 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 recaptured through closeout of older Community Improvement Grant projects or which is returned to DHCD as Program Income or that has not been committed as of September 30, 2011 may be committed to Self Help projects, Construction Ready Water and Sewer projects, Urgent Need projects, the next highest ranking 2011 Competitive Grant project (to the established cut-off point), Administrative Bonuses, projects with Letters of Intent, and Community Economic Development Fund projects.

See page 49 for additional detail on the process for evaluation of competitive proposals

In all cases it is strongly advised that applicants look to the appropriate instructions in the applicable program's CDBG Request for Proposals for additional guidance.

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# 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. Projects which do not meet at least one of the three national objectives will not be considered for funding.

## ELIGIBLE APPLICANTS

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.gpo.gov/nara/cfr/waisidx_04/24cfr570_04.html.

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

## PRIORITIZATION

Localities submitting proposals should first develop a methodology to prioritize the highest community development needs within the locality. It is expected that all CDBG competitive grant proposals will include activities that address items that are among the locality's highest identified community development needs.

## 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. Additional citizen participation requirements are detailed in the 2011 Virginia Community Development Block Grant Citizen Participation Plan for Local Government Applicants which is included as **APPENDIX B**.

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## OPEN CDBG CONTRACTS

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

## 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. For 2011 applications for funding, Competitive grant applicants must have received administrative close-out from DHCD on any open grants by March 1, 2011 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 Regional Competitive Economic Development projects are exempted from the $2.5 million limitation.

A locality which finds itself in a position to apply for a critical Urgent Needs 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 58 and 68).

A locality is expected to be the applicant when the majority of benefits will occur within the jurisdictions boundaries. Towns should serve as the applicant when the project will primarily benefit residents within the Town limits. At least 65% of all CDBG project funds must be spent in the locality that is applying for assistance. Projects that cannot meet this threshold may designate a lead locality and apply jointly for a regional project. In cases where project activities do encompass two or more localities, 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

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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. Regional projects are limited to the grant maximum listed for that project type, unless specified otherwise.

***Regional infrastructure projects*** are limited to $2,000,000 of CDBG 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.

***Competitive Economic Development*** projects that are non-industrial and will have a significant regional impact are eligible for up to $1,200,000 in CDBG assistance. These projects must result in job creation and must directly relate to a strategic economic restructuring effort. Benefit projections must be deemed reliable and credible for the number of jobs to be created, and the jobs must clearly be documented. CDBG participation will be limited to $50,000 per job created.

***Local Innovation Program*** projects that will have a regional impact and involve clear participation from two or more applicant localities are eligible for up to $300,000 in CDBG assistance. These projects must meet all other qualifications of the Local Innovation Program, and additionally must have at least a 25% cash match from the applicant localities.

## 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 CDBG 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

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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 CDBG 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 CDBG funding invested in the facility must be returned to the local government to utilize for other CDBG-eligible activities authorized by DHCD.

For Community Service Facility or Housing Production projects, the locality must have control of the property during the time of CDBG funded improvements. Generally this control will be either ownership or lease of the property. Alternative methods of legal control can be negotiated on a case-by-case basis.

## 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 CIG funding must certify that displacement will be minimized at the local level and that a Residential Anti-displacement and Relocation Assistance Plan, which includes a one-for-one replacement provision, will be followed. 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 CDBG 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 MODIFICATIONS

DHCD reserves the right to adjust requests for CDBG assistance and the terms of this assistance to optimize the provision of benefits, ensure that activities and improvements are eligible for CDBG

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assistance, and otherwise promote efficient utilization of available funding. DHCD further reserves the right to reclassify both activities and projects in terms of national objective as is appropriate.

## PAYMENT FOR PERFORMANCE

All CDBG Grant Agreements are performance-based contracts. The administrative section of the Project Budget must be based on activities completed or milestones achieved rather than for time and materials. These payment thresholds are negotiated between DHCD and the Grantee and will outline the respective tasks and how much DHCD will pay upon the completion of each task.

## PROJECT ADMINISTRATION

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

| Project Type | Up to |
|---|---|
| Community Facility—Competitive Grant | $ 75,000 |
| Business District Revitalization—Competitive Grant | $ 80,000 |
| Community Service Facility—Competitive Grant | $ 60,000 |
| Community Development Innovation 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 |
| Construction-Ready Water and Sewer Fund | $ 20,000 |

Administrative cost targets may be modified during contract negotiations. CDBG 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 CDBG assistance.

Exceedingly complex projects that involve the significant leveraging of private funds and merit on-going professional project management skills may be eligible for an additional administrative line-item, separate from the CDBG administration limit, to support the cost of these contractors.

## 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:

Funds leftover in the grant at closeout of the grant; or, should no such funds be available, 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

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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.

## 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 CDBG funding, DHCD reserves the option of offering such a project a Letter of Intent for future CDBG 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. Letters of Intent issued during 2011 will expire on May 1, 2011 or a prior date determined by DHCD. DHCD reserves the right to establish an alternative Letter of Intent expiration date between May 1 and September 30, 2011 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 CDBG 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 CDBG 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.

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## Environmental Consideration for Construction Projects

Applicants will be advised to contact the Department of Historic Resources (DHR) early in the project planning process. DHCD staff will advise applicants on how to incorporate DHR's comments 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 CDBG assistance. Notification may be more standardized for those CDBG 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 CDBG Competitive Grant Request for Proposals and should be utilized to the extent possible.

## Conflict of Interest

In accordance with Virginia and federal conflict of interest requirements (including Title 24 CFR Part 570.611) no work can be done on the property of any person, or his/her immediate family, who has or had decision-making power in the CDBG program from the time the application was planned, developed and submitted to DHCD to the grant's execution and implemented without DHCD's prior written approval regardless of any prior approval of a Program Design. This includes any elected and appointed officials, employees of the grantee, and Housing or Façade Board Members.

## Design-Build Projects

Design-build projects do not readily lend themselves to compliance with federal and state procurement requirements, particularly open bidding requirements; therefore, DHCD reserves the right to deny funding based on this type of project structuring. If design-build is currently the only option a locality is considering, DHCD should be contacted early in the project development stage to provide advice on alternatives.

## Project Selection and Criteria

Request for Proposal (RFP) packages are available for each CDBG 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.

## Efficiency Program Recommendation

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All projects requesting CDBG funding are encouraged to consider a community's sustainability in their development. "Green" building techniques are encouraged to be made a part of all appropriate CDBG projects.

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# PLANNING GRANTS

## BACKGROUND

Virginia's CDBG Planning Grant program is designed to aid in developing clearly articulated strategies for addressing communities' greatest community development needs following meaningful citizen participation. Planning Grant funding totaling $500,000 is available on an open basis from January 1, 2011 until September 30, 2011 or until all of the funding is committed, whichever comes first. It is expected that localities will seek Planning Grant assistance to address their highest community development needs unless alternative arrangements are already in place to address these needs.

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. Planning Grant funding is awarded following DHCD review of Planning Grant proposals.

Although there is no requirement for local match, Planning Grants may or may not cover the full cost of all planning activities for future projects. Localities should expect to contribute resources to the planning process in order to develop a successful project.

### Categories

There are six categories of Planning Grants. The first two categories are considered Pre-Project type Planning Grants:

- Community Organizing Planning Grants;
- Community Needs Assessment / Economic Assessment Planning Grants.

These projects are intended to be earlier planning stages and typically would not be tied to preparation of a CDBG proposal.

The remaining four categories are Project Planning Grants which, generally, are geared toward the development of a future application for CDBG funds:

- CDBG Project Planning Grants;
- Business District Revitalization Planning Grants;
- Regional Project Planning Grants; and
- Telecommunications Planning Grants.

## PRE-PROJECT PLANNING GRANTS

### Community Organizing Planning Grants

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, and

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- 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. A specific area to be addressed is the prioritization of the locality's highest community development needs which should be determined after gathering input from citizens and other stakeholders. In addition to ranking these needs, the options available to address these needs should be evaluated.

In addition to the needs, the capacity of the locality to undertake project planning efforts should be evaluated in a community organizing planning grant. This evaluation should consider the following areas:

- Leadership,
- Technical skills,
- Available staff time,
- Management and fiscal systems,
- Consultants needed,
- Partnerships needed, and
- Additional funds and other resources needed for project planning and future implementation.

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 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.

### Community Needs Assessment / Economic Assessment Planning Grants

Community or Economic Assessment Planning Grants of up to $15,000 are available for a locality to conduct a single objective needs analysis or to prioritize community or economic conditions for future direction. The expected products of these Planning Grants will prioritize areas for future, eligible CDBG project proposals.

As this category is directed at a single objective needs analysis, it is not intended to provide general overall needs analysis and should address one of the applicants previously identified highest community development needs. One example of this category is a locality-wide assessment of housing conditions used to prioritize the selection of future project areas.

A Community Improvement Grant proposal is not required following all Needs / Economic Assessment Planning Grant; however, it is expected that the assessment will lead to at least one Project Planning Grant.

## Project Planning Grants

Eligible activities of project planning grants 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,

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- Obtaining easements and user agreements,
- Development of cost estimates and Preliminary Engineering Reports (PERs), and
- Completion of market studies.

## CDBG Project Planning Grants

CDBG Project Planning Grants of up to $30,000 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.

All Project Planning Grant activities must be conducted with maximum participation of residents, potential beneficiaries, stakeholders, and local leaders. At a minimum, this participation must 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

Business district revitalization (BDR) Planning Grants are intended to assist appropriate localities in undertaking activities that are designed to identify opportunities to improve the economic and physical conditions within the community. BDR planning requires greater local capacity and resources than other project planning grants, so localities will be required to identify how the various responsibilities will be handled and additional resources that can be contributed to the effort. Localities that are very small or have limited capacity may be inappropriate to pursue BDR planning assistance until significant steps have been taken to address capacity limitations within the community. Up to a maximum of $35,000 will be available for each Business District Revitalization Planning Grant.

A key outcome of the BDR planning 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 explain why this is their highest need and provide detail on other community development efforts that have been completed. Applicants must also provide an analysis of housing and other community needs, and identify how these needs have been addressed and how any remaining unmet needs will be handled.

DHCD has developed some very specific guidance to help direct the planning process

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for BDR planning grants. Because thorough preparation for BDR construction projects is necessary to ensure the desired community outcome of improved overall economic vitality, DHCD utilizes 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 process is designed to recognize and accommodate this. A locality is required to become a Main Street affiliate if not already one.

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, and
- Procuring necessary Economic Restructuring / Marketing services.

Specific guidance on completing a downtown market analysis is available in the Center for Community and Economic Development's Downtown Market Analysis page online at:

http://www.uwex.edu/ces/cced/downtowns/dma/8.cfm

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.

## 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), and
- Completion of market studies.

## 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,

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- 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, and
- 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. Please note that CDBG funds can only be used for open-access networks that allow for competition among different service providers.

Up to $25,000 per project is available for Telecommunications Planning Grants. DHCD's experience is that the maximum available amount for telecommunications planning grants is not sufficient to complete the activities required to create a community telecommunications study. Applicants are expected to show additional funding is available and committed prior to receiving a planning grant offer.

## 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 funding will be properly applied in a particular 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.

***Are there potential benefits?***

The needs identified must generally be eligible targets for future CDBG 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 LMI persons. Another test is whether the need can be addressed through a CDBG funding option, including Competitive Grants, the Community Development Innovation Fund, and the Community Economic Development Fund. There must also be evidence of participation by potential beneficiaries 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. 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

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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 CDBG 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 CDBG 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.

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## Planning Grants At-A-Glance

| Pre-Project: | | |
|---|---|---|
| Community Organizing | • Up to $10,000 available<br>• For activation and organization of community residents to develop general strategies for future improvements<br>• Determines highest priority needs and capacity to address | Construction Proposal Not Required – Project Planning Grant expected |
| Community / Economic Needs Assessment | • Up to $15,000 available<br>• For single-objective assessment, analysis and prioritization | Construction Proposal Not Required – Future proposal(s) expected |
| Project: | | |
| CDBG Proposal Planning Grants | • Up to $30,000 available<br>• Activities range from needs assessments, to surveys and user agreements to development of cost estimates and PERs | Construction Grant Proposal Expected |
| Business District Revitalization | • Phased planning process<br>• Activities include creating inventory of properties in the BDR area, intercept and business surveys, and determining availability of business assistance providers, community visioning, learning about the Virginia Main Street approach, and identifying opportunities for economic restructuring.<br>• Applicants must develop an accepted Economic Restructuring Plan<br>• Final phase may include design assistance activities.<br>• Awards range from $3,000 up to $35,000; smaller grants for applicants not meeting defined thresholds | Construction Grant Proposal Expected in Future / Not Required as Part of Planning Grant |
| Regional Planning Grants | • Up to $40,000 available for multi-locality project planning<br>• Activity range same as single-locality project planning but must involve all localities participating. | Construction Grant Proposal Not Required – Generally Expected in Future |
| Telecommunications Project Planning Grants | • Up to $25,000 available<br>• Activities that may lead to future CDBG eligible system development and support and / or implementation activities | Construction Proposal Not Required |

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# 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 (DHCD) competitive review of the applicable proposals. The deadline for submission of Competitive Grant proposals to the DHCD is March 30, 2011. No proposals will be accepted under this option prior to March 15, 2011. Proposal review will occur in April and May of 2011. Announcement of Competitive Grant offers is anticipated in June of 2011.

Of the estimated $18,974,184 available in 2011 for Community Improvement Grants, approximately $11,724,184 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 are 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, 2011 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.

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## 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. The emphasis of Comprehensive Community Development projects is addressing the housing conditions of the community. Other activities may be undertaken as appropriate and as identified through a neighborhood needs assessment. These projects are not intended to primarily focus on deferred maintenance of infrastructure.

For eligibility as a Comprehensive project, applicants must target the completion of improvements to an appropriate level of benefit 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 based on the number of significant activities, as outlined below. For the purpose of eligibility, a significant activity is defined by the percentage of the total CDBG project cost.

***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 CDBG project cost; and
- 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 CDBG project cost; and
- 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 CDBG 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 CDBG or other funding; and,
- The applicant locality can provide documentation that no other funding is available to address these improvements.

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The CDBG investment for the installation or improvement of water / wastewater services for Comprehensive Community Development projects may not exceed an average of $25,000 per household for combined water and sewer costs. If the project contains water only or sewer only, CDBG participation will be limited to an average of $12,500 per household.

All activities targeted for CDBG 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 17, additional CDBG funding may be available for additional project activities.

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## ECONOMIC DEVELOPMENT

The primary purposes for providing CDBG 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, CDBG-eligible areas of the Commonwealth; and,
Eliminate blighting conditions in deteriorated areas as a means of creating better environments for future economic activities.

CDBG 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 CDBG 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.

For all Economic Development projects involving job creation (except micro loan pools), an irrevocable Letter of Credit, bond, or other guaranteed form of security will be required in the amount of the grant. This security must remain in place until all program requirements are satisfactorily met.

Projects must additionally, as applicable, abide by the Industry Commitment, Appropriate Determination, CDBG Investment, LMI Benefit, Intrastate Piracy, and Ineligible Activities policies outlined on page 58 of the Community Economic Development Fund section.

DHCD reserves the right to adjust requests for CDBG 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. CDBG 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 19, 2011.** This package will be available from DHCD after January 1, 2011.

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Competitive Economic Development projects that are non-industrial and will have a regional impact are eligible for up to $1,200,000 in CDBG assistance. These projects must result in job creation and must directly relate to a strategic economic restructuring effort. Benefit projections must be deemed reliable and credible for the number of jobs to be created, and the jobs must clearly be documented. CDBG participation will be limited to $50,000 per job created. These regional projects are exempt from the $2.5 million limit.

DHCD must be contacted in advance for any project that will be submitted under this category.

***The Community Economic Development Fund is a reservation of $2,500,000 as detailed on page 58. 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.***

There are two primary economic environment enhancement options under the CDBG program: ***Business District Revitalization*** and ***Site Redevelopment***.

These 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.

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 ***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 unmet needs will be handled.

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In order to be eligible for construction funding, applicants must demonstrate that at least 25% 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 25 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).

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

CDBG 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.

## Phased BDR Approach

DHCD reserves the right to offer funding for BDR projects based upon a phased implementation approach. Appropriate projects will have successfully completed the BDR planning process and developed an appropriate economic restructuring plan, but have legitimate barriers to securing all resources necessary to complete the entire BDR project within the timeframe of a CDBG contract. Under this option, available funding will be based on the prioritized and phased implementation of activities with CDBG funds initially only available for activities identified as the highest priority. Funding for subsequent activities will be released following the prompt and successful completion of the highest priority CDBG funded activities and all agreed upon leverage activities.

It is anticipated that under this option funding may be offered under multiple years of CDBG funding. The specific prioritization of activities will be negotiated between DHCD and the locality prior to execution of a grant award. Funding for activities addressing major concentrations of blighted properties (beautification efforts, decorative sidewalks, installation of benches, gateways, signage, overhead relocation, etc…) will only be released on a performance basis once the physical and economic blighting elimination activities have been completed. This option is intended to address the challenges very small localities face in leveraging significant resources and is not intended to provide for implementation of BDR projects that have not adequately completed the planning and preparation process. It is expected that applicants pursue other sources of funding to fully implement their economic restructuring and physical improvement plans.

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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 CDBG funding may be utilized for this purpose.

Applicants must address all blighting conditions using CDBG funding and other resources. CDBG 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 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.

CDBG 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

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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.

Applicants intending to use CDBG funding under Business District Revitalization projects to add additional units of housing must demonstrate a clear local need for the additional housing, 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. If housing units are to be added applicants should contact DHCD early in the process and will need to provide detailed information on the market, how affordability was determined, and, if units are developed using other funding, the revenues and expenses to be included in the project.

## 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. CDBG 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 and surrounding the site. Applicants must show the difference in the property value, before and after the project, with pre and post appraisals, unless an alternative method is negotiated with and approved by DHCD. In the event the post appraisal does not support the increase in value of the property, DHCD reserves the right to request other measures of the values, including, but not limited to, the sales price, additional appraisals, etc., in order to determine if undue or inappropriate benefit of public funds is likely to accrue to a private, for-profit entity.

All CDBG 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.

Activities may include:
Modification to or demolition of structures existing on these sites;
Targeting 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

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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 CDBG 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 16.

The availability and amount of CDBG 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 CDBG 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 CDBG participation will be limited to $10,000 per job. In Distressed localities, at least 10 full-time jobs must be created and CDBG participation will be limited to $10,000 per job, except where the local economy is diversified wherein CDBG 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 CDBG-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 CDBG 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 CDBG assisted site or building should have a prominent position in the strategy. The

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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 CDBG 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. All Development Readiness projects must have an irrevocable Letter of Credit, bond, or other guaranteed form of security will be required in the amount of the CDBG grant. This security must remain in place until all program requirements are satisfactorily met. Physical improvements under all other economic development categories must be consistent in scope and scale with the underlying needs identified.

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# CDBG Economic Development 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<br>Commercial Enterprise<br>Sheltered Workshop<br>Other Non-Basic Industries<br>Job Retention<br>Basic and Non-Basic Industries<br><br>*LMI National Objective<br><br>*Competitive Round – due March 30<br><br>*Combine with other ED category? Possibly.<br><br>* Generally up to $700,000 per project.<br><br>* Possibly up to $1,200,000 for qualified projects with a significant regional impact.<br><br>* Requires letter of credit, bond or other security. | 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).<br><br>* LMI National Objective<br><br>* All CDBG monies must be recovered upon sale or long-term lease. Requires letter of credit, bond or other security.<br><br>* Competitive Round – due March 30<br><br>* Combine with other ED project category. Possibly with Site Redevelopment<br><br>*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.<br><br>* Slum and Blight National Objective<br><br>* Competitive Round due March 30<br><br>*Combine with other ED project category? Possibly with Development Readiness.<br><br>* 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<br>Must identify and work to improve:<br>Physical Blight<br>Economic Blight<br><br>* Slum and Blight National Objective<br><br>* Must Have an Economic Restructuring Plan<br><br>* Competitive Round due March 30<br><br>* Combine with other ED project category, Possibly; also possible to combine with a housing activity (e.g., upper-story apartments in downtown district).<br><br>* Up to $700,000; additional activities may allow for up to $1,000,000 per project | Job Creation – Basic Industry<br>Business expansion<br>New business location<br>Job Retention<br>Only in specially documented cases<br><br>* Projects involving employment creation by private, for-profit basic industries.<br><br>* LMI National Objective<br><br>* Threshold-based eligibility.<br><br>* Open Window – January – September; 2-part RFP process<br><br>* Combine with other ED project category? No.<br><br>* Up to $700,000 per project. | Entrepreneurship Development<br>Providing access to capital (e.g. micro loans)<br>• Loan funds for business assistance to support Economic Restructuring<br>• Technical and managerial assistance (e.g. assistance to small business incubator<br>• Technology transfer (e.g. research and development)<br>• Entrepreneurial education and training<br>• Entrepreneurial networks<br><br>* LMI National Objective<br>* Open Window – January – September<br><br>* Combine with other ED project category? (possibly with Business District Revitalization)<br><br>* Up to $200,000 per project; regional projects may be eligible for up to $300,000. |

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# HOUSING

Housing activities are eligible for CDBG assistance to improve the living conditions of low- and moderate-income (LMI) persons. CDBG 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

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 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**

## Housing Rehabilitation

CDBG 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 CDBG 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.

**Up to 10 percent** of the total housing rehabilitation activity budget may be used for Rehabilitation Specialist services such as inspections, specifications, and bidding. Additionally, 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 with prior DHCD approval. CDBG participation in these activities **shall not exceed 15 percent** of the total amount requested.

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

***Owner-occupants***

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

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consideration income, expenses, and other household considerations.

***Ability-to-Pay***

The Ability-to-Pay (ATP) calculation will determine the amount the household could afford monthly towards repayment of the CDBG 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.
- ATP calculations will be based on 25 percent of household income.
- ATP 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-Owners***

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 ten years at affordable rents. 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 the term of the loan. 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.

Investor owned units should not make up more than 50% of the units targeted for assistance. In the event investor owned units are planned for demolition and permanent relocation for the tenants, in addition to meeting the minimum requirements of the Uniform Relocation Act, applicants are encouraged to evaluate the needs of the renter and evaluate the options that best addresses their needs.

***Vacant Units***

No vacant unit shall be rehabilitated with CDBG 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 year preceding the proposal submission, 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.

***Allowable Costs***

Applicants may utilize up to $25,000 or $35,000 of CDBG 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.

In addition to the base rehabilitation cost, Housing Rehab applicants may utilize up to up to $1,000 per household for temporary relocation costs and $20,000 for the following exceptions:

- Installation of a well and/or septic systems or water and/or sewer connections CDBG funds may not be used to install "pump and haul" systems;

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- 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;
- Construction of a bathroom; and,
- Rehab Floodproofing Solutions

Rehab Floodproofing Solutions are defined to include:

- House elevations;
- Elevation / Relocation of Utilities;
- Basement Sump Pumps with Backup Generators;
- Reinforcement of Basement Doors; and
- Dry Floodproofing Methods as appropriate with the building code.

Applicants with situations where extensive and critical floodproofing measures are appropriate may be allowed additional amounts for this exception on a case by case basis.

Houses that require alternative septic systems are eligible for an additional $5,000 in exceptions, up to a maximum of $25,000, for the design and installation of the alternative system.

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

***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.

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/CommunityDevelopmentRevitalization/PDFs/CDBG_CDBGManual.pdf

## Housing Production Assistance

CDBG assistance is available in support of the development of new single- and multi-family housing units targeted for low- and moderate-income persons. CDBG 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 CDBG assistance.

In new construction projects, CDBG assistance is limited to the design and construction of site improvements. Funding for new construction must generally be obtained from local or other resources. Generally, CDBG funding cannot be used for the construction of new housing. If a locality is seeking to use CDBG funds for construction of new units it must contact DHCD in advance to discuss the limited exceptions available for this. CDBG funds can be used for construction related soft costs of a housing production project, but participation will be limited.

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Although infrastructure and support for rental housing production are eligible activities, DHCD reserves the right to work only with select projects that demonstrate true need and demand and which clearly show CDBG as an appropriate and necessary source of funds. There are other funding sources that more appropriately align with the production of rental housing units, and CDBG funding is only appropriate when it is a clear community development priority and benefit, and long term LMI benefit, to the applicant locality.

For Housing Production projects, the locality must have control of the property during the time of CDBG funded improvements. Generally this control will be either ownership or lease of the property. Alternative methods of legal control can be negotiated on a case-by-case basis.

Where CDBG funds will be used for the creation of new affordable housing units and will be utilized for onsite improvements, CDBG funds will only be available as a loan. For tax credit or other equity investment projects, the loan will generally be at the *Applicable Federal Rate* for at least nine years. The loan terms for projects using other funding mechanisms will be negotiated between the applicant and DHCD. Payback on the loan will generally commence upon the opening of the facility, with any Program Income due to DHCD.

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. Housing Production applicants should contact DHCD early in the process and will need to provide detailed information on the market, how affordability was determined, and the revenues and expenses to be included in the project. 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 17.

CDBG 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 CDBG 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.

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## COMMUNITY FACILITIES

Community facilities include water services, wastewater services, drainage improvements, and street improvements. CDBG 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 CDBG 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. CDBG funding may be used to improve these units to standard condition. CDBG 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:
Service must be made available to any house within the project area that is occupied by an LMI household located within 200' of the distribution (water) or collector (sewer) line provided the cost of installing said connection line does not exceed $3,500. This service must be made available to said LMI household without cost to the household. This requirement does not apply to the monthly user fees based on the rates applicable to all customers.
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 CDBG 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 one-and-a-half (1½) times 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.

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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.

A locality should obtain signed user agreements that state the commitment to use the new system prior to the submission of a proposal. These must be **ACTUAL** users and not just the availability of the new service. Of the **ACTUAL** users, at least 51% must be low- to moderate- income.

Applicants should target having user agreements in place for at least 80% of the households in the project area for a water project. Wastewater projects should target obtaining user agreements from 75% of all households at the time of proposal. It is expected that 75% of households will have signed user agreements prior to contract execution for a wastewater project. Wastewater projects are expected to be ready at the time of submission with user agreements in place, easement locations identified, and a plan for obtaining easements. Outstanding user agreements and easements should be addressed after proposal submission to ensure the project is ready to begin at the conclusion of the pre-contract period.

Project activities are established through completion of preliminary engineering work. If a PER was completed, at least three copies of it must accompany the community facility proposal. If Virginia Department of Health (VDH) and/or Department of Environmental Quality (DEQ) approval is required for a project's plans and specifications, the project PER must be submitted prior to submission of the project proposal to DHCD.

CDBG assistance can not be used to exclusively fund the cost of service lines (i.e., lines that run from the house to the water distribution or wastewater collection lines). Service lines are an eligible CDBG expenditure provided it is appropriately proportional to the expenditures on other features of the project.

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, CDBG 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:

- CDBG 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 CDBG 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.

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## COMMUNITY SERVICE FACILITIES

CDBG 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, 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. Localities submitting proposals should first develop a methodology to prioritize the localities' highest community development needs. It is expected that all competitive CDBG proposals submitted will include activities that address items that are among the locality's highest identified community development needs. 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 CDBG participation in the development of the facility. For facilities which will provide of a variety of services to LMI and non-LMI persons, CDBG 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.

Proposals for medical clinics should provide rural areas with new services or services that otherwise meet a specific identified need. CDBG funds are not intended to fund general practice clinics or extensions of hospitals. Appropriate projects will provide care to specific pathologies or specialized services, such as dental, neonatal, psychiatric, etc., which are identified as areas of need.

In addition to the factors outlined above, the evaluation of Community Service Facility projects will include an assessment of the

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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?

For Community Service Facility projects, the locality must have control of the property during the time of CDBG funded improvements. Generally this control will be either ownership or lease of the property. Alternative methods of legal control can be negotiated on a case-by-case basis.

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# COMPETITIVE GRANT PROPOSAL EVALUATION

Competitive grant proposals received by DHCD are evaluated qualitatively and quantitatively scored according to a 1000 point scale based on the items identified below. This method is used for all categories of grants under the competitive round of funding; however, the scoring of some items differs depending on the project category and the national objective being addressed. The section below provides a breakdown of the different scoring items and, where relevant, identifies differences among the categories of projects.

Proposals are ranked based upon the score that is assigned. The highest ranking proposals are recommended for funding. Proposals are funded, in order of the ranking, to the greatest extent allowed by available funding. Following the closing date of the non-competitive programs, any funds remaining in the non-competitive programs and any program income received during the year are recaptured and made available to fund the next highest ranking competitive proposals. The next highest ranking additional proposals are funded to the greatest extent allowable by available funding.

All competitive proposals are scored on a scale of 1000 points with the following point values:

**Composite Fiscal Stress (Maximum of 180 points)**
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. Composite Fiscal Stress scoring is calculated by developing a listing of localities submitting proposals and extracting scores for each locality with County scores used for Towns submitting proposals. The highest score among applicant localities is multiplied by some factor to reach a sum of 180 (highest number of allowable points). Each locality that submitted a proposal has their score multiplied by the SAME factor to determine the points awarded for this item.

**Regional Priorities (Maximum of 50 points)**
All Planning District Commissions (PDC's) are requested to complete a *List of Project Types / Activity Categories and Ranking Worksheet* that is submitted to them after they have received the final Program Design. PDC's rank the nine categories into one of three priority groups of highest, middle, or lowest priority.

Proposals submitted that fall in the highest priority group receive 50 points. Those in the middle priority group receive 30 points. Those in the lowest priority group will receive 15 points.

**Project Needs and Outcomes (Maximum of 145 points)**
This item considers the needs the proposed project will address, evaluates the relationship of the project activities to underlying needs, and assesses the likelihood these activities will be carried out in a timely fashion to both meet these needs and have measurable long-term impact on the community. Applicants must address issues such as: How does this fit within the locality's overall community development needs? What is the NEED? How was it QUANTIFIED and what is the SEVERITY? Who are the stakeholders and

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how were they involved? Are the PRODUCTS and OUTCOMES clearly presented and measurable?

Points are awarded based on the following considerations up to the maximum available 145 points:

- Clearly defined and distinct project or service area, up to10 points;
- Well defined and documented project needs and demands, up to 60 points;
- Clearly presented project products, up to 35 points;
- Clear, concise, quantifiable outcomes, up to 40 points.

**Costs and Commitment (Maximum of 145 points)**

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. Are cost estimates recent and account for recent increases in construction costs? What are the per benefit costs and are these within the acceptable guidelines? For housing projects, will rents be affordable or for new homeownership opportunities, are there qualified clients identified and are mechanisms—such as downpayment assistance—in place to help assure affordability. For economic development projects, is job creation targeted to for low- to moderate- income persons? For blight removal, have business owners committed to participate in a façade program?

Points are awarded based on the following considerations up to the maximum available 145 points:

- Non-CDBG Funds (including Local) versus Total Project Cost: Proposals are placed in one of six priority groups based on percentage as compared to those of other proposals, maximum of 40 points;
- Local Funds versus Total Project Cost: Proposals are placed in one of six priority groups based on percentage as compared to those of other proposals, maximum of 40 points;
- Complete cost information, up to 3 points;
- Reasonable methods, up to 3 points;
- Current data, up to 10 points;
- Costs highly appropriate, up to 14 points;
- Total amount of CDBG funding requested/number of benefits, compared with other proposals, up to 10 points;
- Appropriate affordability, up to 25 points.

**Readiness and Capacity (Maximum of 150 points)**

This item considers whether the applicant demonstrates that adequate resources and personnel will be committed to a project and demonstrates that it has the political will and sense of urgency to implement the project in the near future. This item looks beyond whether a project is needed to determine if it is, in fact, a high priority for the applicant. This item will also examine whether an applicant has taken appropriate measures to get ready to implement a project's products and / or has demonstrated an understanding of what needs to be done to ready for implementation.

Points are awarded based on the following considerations up to the maximum available 150 points:

- Project can begin as soon as funded, up to 85 points;
- Environmental Review status, up to 15 points;
- Capacity: Roles are filled by available/ experienced persons and high levels of enthusiasm, up to 50 points.

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**Impact (Maximum of 130 points)**
This item considers the proportion of needs that will be met and whether viable activities are targeted. For example, in housing projects, the number of homes that need rehab is compared to the number identified as receiving rehabilitation assistance. For downtown projects, has a realistic restructuring plan been developed that describes the strategies for revitalization? Has a comprehensive needs analysis been conducted and are all needs that were identified addressed? Are user agreements in place to assure that new services will be utilized?

Points are awarded based on the following project type based considerations up to the maximum available 130 points:

**Comprehensive Project Type**
- Thorough, comprehensive needs assessment, up to 30 points;
- Project area is a distinct neighborhood or community. Appropriate details provided about physical and demographic features. Reasonable selection process used. Area has disproportionate severity of needs, up to 20 points;
- Significant resident and potential beneficiary involvement, up to 30 points;
- Total Alleviation of Need, up to 50 points.

**Housing Project Type**
- Proportion of Housing Rehabilitation Needs Met, up to 80 points;
- Efforts to Provide Non-Rehabilitation Neighborhood Services, up to 50 points;
- Housing Production: Type, Location, Affordability, and Demand, up to 80 points;
- Housing Production: Housing Project Management appropriate, up to 50 points;

**Economic Development Project Type**
- Thorough, comprehensive assessment of needs, up to 30 points;
- Clear, focused, and relevant project target, up to 20 points;
- Proposed Beneficiary Involvement, up to 30 points;
- Total Alleviation of Need, up to 50 points.

**Community Facility Project Type**
- Impact on community facilities, up to 40 points;
- Independent Confirmation of Need, up to 15 points;
- Facility User Demand and Agreements, up to 25 points;
- Total Alleviation of Need, up to 50 points.

**Community Service Facility Project Type**
- Essential need for facility services, up to 50 points;
- Strong demand for facility, up to 30 points;
- Facility Management and Operation, up to 30 points;
- Facility Design, up to 20 points.

**Meeting a National Objective (Maximum of 200 points)**
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. For slum and blight projects, is the target area well-defined and will all blighting influences be removed. For LMI projects, how direct is the proposed benefit?

Points are awarded based on the following considerations for each national objective up to the maximum available 200 points:
- Benefit to LMI Persons Overall based on percentage of LMI persons served, up to 60 points;

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- Benefit to LMI Persons Through Benefit Units, up to 60 points;
- Level of Benefit, up to 40 points;
- Directness of LMI Benefit, up to 40 points.
- Addressing Physical Blight, up to 80 points;
- Addressing Economic Blight, up to 80 points;
- Level of Benefit, up to 40 points.

In all cases it is strongly advised that applicants look to the appropriate instructions in the CDBG Competitive Grant Request for Proposals for additional guidance.

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# OPEN SUBMISSION PROGRAMS

## 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

CDBG 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
- Sustainable community development efforts.
- Specific guidance on some of these project categories follows.

***Entrepreneurship Development***

CDBG 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

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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,

CDBG 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 CDBG resources will be applied to those assistance efforts which currently do not exist or which are inadequate towards meeting the demand for such assistance

CDBG 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 CDBG 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, 2011 through September 30, 2011.

## 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. Please note that CDBG funds can only be used for open-access networks that allow for competition among different service providers.

- 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:

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

Applicants for telecommunications implementation projects under the Local Innovation Fund must provide match with local funds in an amount equal to 50% of the CDBG request up to a maximum of $100,000.

### Regional Local Innovation Projects

Local Innovation projects that will have a regional impact and involve clear participation from two or more applicant localities are eligible for up to $300,000 in CDBG assistance. These projects must meet all other qualifications of the Local Innovation Program, and additionally must have at least a 25% cash match from at least one of the applicant localities.

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. CDBG funding totaling $1,000,000 will be reserved for Self-Help projects in 2011. Funding will be available on an open basis between January 1, 2011 and September 30, 2011. CDBG participation is limited to $12,500 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 reveals the 40 percent savings required, 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

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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 (IPR) and Community Development Block Grant (CDBG) Programs.

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

Due to public funding constraints, IPR Subrecipients and CDBG Grantees are limited in the amount of IPR 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 IPR 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 IPR and CDBG project schedules.

These supplemental programs are designed to allow IPR 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 IPR and CDBG programs. Program Administrators may devise how to integrate necessary elements into their existing IPR 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.

CDBG 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 30, 2011 may be committed to Self Help projects, Construction Ready Water and Sewer projects, Urgent Need projects, the next highest ranking 2011 Competitive Grant project (to the established cut-off point), Administrative Bonuses, projects with Letters of Intent, and Community Economic Development Fund projects.

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## CONSTRUCTION-READY WATER AND SEWER FUND

CDBG 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 60% 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 $10,000 of CDBG funds per household served will be made available with no single grant exceeding $500,000.
- These funds are available for construction and allowable administrative expenses only. CDBG funds cannot account for more than 75% of the construction cost of the project.
- 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, 2011 to September 30, 2011. 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 30, 2011 may be committed to Self Help projects, Construction Ready Water and Sewer projects, Urgent Need projects, the next highest ranking 2011 Competitive Grant project (to the established cut-off point), Administrative Bonuses, projects with Letters of Intent, and Community Economic Development Fund projects.

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## 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 CDBG-eligible localities. In 2011, $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 CDBG funding limited to 50 percent of project costs up to $350,000.

**For all CED's an irrevocable Letter of Credit, bond, or other guaranteed form of security will be required in the amount of the CED grant. This security must remain in place until all program requirements are satisfactorily met.**

Proposals will be received on an open basis from January 1, 2011 through September 30, 2011. 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 CDBG 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. CDBG-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:

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***Persons in Poverty***
(2008 Estimates, 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% but less than 14.4% |
| Competitive: | Equal to or less than statewide figure of 9.6% |

***Median Income per Household***
(2008; U.S. Census data)

| | |
|---|---|
| Distressed: | 70% or less of statewide figure (or $42,847 or less) |
| Transitional: | Less than the statewide figure of $61,210 but greater than $42,847 |
| Competitive: | Equal to or greater than statewide figure of $61,210 |

***Average Unemployment Rates***
(Average of Monthly Unemployment Rates [September 2009-August 2010] for Virginia Localities, Virginia Employment Commission)

| | |
|---|---|
| Distressed: | 150% or greater than statewide figure (or 10.5% or higher) |
| Transitional: | Greater than the statewide figure of 7.0% but less than 10.5% |
| Competitive: | Less than or equal to statewide figure of 7.0% |

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.

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## DISTRESSED

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

**Localities:**

***Accomack County***
***Bedford City***
***Brunswick County***
***Buchanan County***
***Buckingham County***
***Carroll County***
***Charlotte County***
***Covington City***
***Cumberland County***
***Dickenson County***
***Emporia City***
***Franklin City***
***Galax City***
***Grayson County***
***Greensville County***
***Halifax County***
***Henry County***
***Lee County***
***Lexington City***
***Lunenburg County***
***Martinsville City***
***Mecklenburg County***
***Northampton County***
***Norton City***
***Nottoway County***
***Page County***
***Patrick County***
***Pittsylvania County***
***Prince Edward County***
***Pulaski County***
***Russell County***
***Scott County***
***Smyth County***
***Sussex County***
***Tazewell County***
***Williamsburg City***
***Wise County***

## Thresholds

The thresholds for CDBG 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, and
- 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 Businesses*

Unless the assisted business will be diversifying the local economy (see below), the following conditions apply:

- CDBG 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 CDBG eligible costs. Administrative costs may not be included as part of the local financial participation,
- CDBG loans for on-site improvements are available through a relaxed underwriting process, and
- CDBG assistance is available at up to $10,000 per job created.

### *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:

- CDBG 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 CDBG funds,
- Local financial participation must total at least 25 percent of the CDBG eligible

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costs. Administrative costs may not be included as part of the local financial participation,

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

- CDBG 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.

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

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## TRANSITIONAL

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

**Localities**

***Alleghany County***
***Amelia County***
***Amherst County***
***Appomattox County***
***Bath County***
***Bland County***
***Campbell County***
***Caroline County***
***Charles City County***
***City of Buena Vista***
***City of Staunton***
***City of Waynesboro***
***Craig County***
***Dinwiddie County***
***Essex County***
***Floyd County***
***Franklin County***
***Giles County***
***Highland County***
***King and Queen County***
***Lancaster County***
***Louisa County***
***Middlesex County***
***Montgomery County***
***Nelson County***
***Northumberland Co.***
***Orange County***
***Prince George Co.***
***Richmond County***
***Rockbridge County***
***Shenandoah County***
***Southampton Co.***
***Surry County***
***Warren County***
***Washington County***
***Westmoreland Co.***
***Wythe County***
***Wythe County***

## Thresholds

The thresholds for CDBG 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, and
- 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:

- CDBG 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 CDBG eligible costs. Administrative costs may not be included as part of the local financial participation.
- CDBG 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, CDBG 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. CDBG assistance is available at up to $25,000 per job to be created if the project is determined to meet the Local Diversification standard.

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

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## COMPETITIVE

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

**Localities**

| | |
|---|---|
| ***Albemarle County*** | ***King George Co.*** |
| ***Augusta County*** | ***King William Co.*** |
| ***Bedford County*** | ***Madison County*** |
| ***Botetourt County*** | ***Matthews County*** |
| ***Clarke County*** | ***New Kent County*** |
| ***Culpeper County*** | ***Poquoson City*** |
| ***Fauquier County*** | ***Powhatan County*** |
| ***Fluvanna County*** | ***Rappahannock Co.*** |
| ***Frederick County*** | ***Roanoke County*** |
| ***Gloucester County*** | ***Rockingham Co.*** |
| ***Goochland County*** | ***Salem City*** |
| ***Greene County*** | ***Spotsylvania Co.*** |
| ***Hanover County*** | ***Stafford County*** |
| ***Isle of Wight Co.*** | ***York County*** |
| ***James City County*** | |

## Thresholds

The thresholds for CDBG 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, and
- 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:

- CDBG 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 CDBG 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 CDBG assistance is available for on-site improvements.

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## 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 CDBG 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.

## CDBG Investment

CDBG 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 CDBG funding.

For all CED's, an irrevocable Letter of Credit, bond, or other guaranteed form of security will be required in the amount of the CED grant. This security must remain in place 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 CDBG funding being recaptured by DHCD from the locality. Failure to achieve wage/benefit commitments may result in CDBG participation being limited to 50 percent of project costs up to $350,000.

## LMI Benefit

CDBG 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.

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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 CDBG funds to install or improve water / wastewater services must make these services available to adjacent residential structures. **Low- to moderate-income households must be connected to the new service.**

## Piracy

CDBG 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. CDBG 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 CDBG 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

CDBG 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 CDBG 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

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DHCD to independent underwriters for review.

CDBG 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 CDBG 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 CDBG assistance available as a loan to the assisted business and to make arrangements with the assisted business to make regular payments.

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

## Appropriate Determination

On-site improvements are subject to underwriting because CDBG 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 CDBG 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.

## CDBG 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 30, 2011 may be committed to Self Help projects, Construction Ready Water and Sewer projects, Urgent Need projects, the next highest ranking 2011 Competitive Grant project (to the established cut-off point), Administrative Bonuses, projects with Letters of Intent, and Community Economic Development Fund projects.

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## URGENT NEED OPEN SUBMISSION GRANTS

CDBG 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 CDBG funding is available per project. Urgent Need Open Submission (UNOS) proposals will be accepted between January 1, 2011 and October 30, 2011. In 2011, $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 CDBG 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.**

CDBG assistance will generally be made available to projects which consist of activities in support of long-term recovery. CDBG 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.

Urgent Needs Open Submission Funds which have not been committed as of October 30, 2011 may be committed to Self Help projects, Construction Ready Water and Sewer projects, Community Development Innovation, the next highest ranking 2011 Competitive Grant project (to the established cut-off point), Administrative Bonuses, projects with Letters of Intent, and Community Economic Development Fund projects.

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# 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

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**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 H.
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
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

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# APPENDIX B – CDBG 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 (CDBG) funds involve extensive citizen participation during the proposal development process. 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. 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 proposals, including both competitive round projects and projects being submitted under the open submission funds.**

## PUBLIC HEARING REQUIREMENT

At a minimum, at least **two public hearings** must be held during the CIG proposal development period.

- 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.
- Both public hearings must be held **within twelve months** of the application deadline (defined by DHCD in 2011 as after March 31, 2010). 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 (first public hearing).
- Files must be maintained containing documentary evidence that the hearings were held, to include at a minimum a list of attendees, minutes of the hearings, and notices (2 types) of the public hearings.
- For **regional proposals**, each participating locality must hold two public hearings as described above.
- Applicants must provide timely written answers to written comments and grievances, within 15 working days where practicable.

Each hearing must be held after adequate notice as described below:

## NOTICE OF PUBLIC HEARINGS

**Advertisement must be made in a non-legal, locally-circulated newspaper with the largest general circulation at least seven days prior to each hearing.** The public hearing notices must provide the address, phone number, TDD, and times for submitting comments and grievances to the applicant locality. If publishing in a weekly paper, be sure the ads are published in such a manner as to comply with the requirements outlined here.

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**At least one other type of announcement must be done for each public hearing** (examples below), at times and locations convenient to potential or actual beneficiaries, and with accommodation for the handicapped.

- Advertisement through locally-received radio and/or television stations;
- Distribution of flyers in LMI areas and in the proposed service area(s);
- Announcements at local community organization meetings; or,
- Announcements through local churches and community centers located in LMI and proposed project areas.

## First Public Hearing

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 CDBG 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. 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.

Between the two hearings applicants must make available to the public a fact sheet or proposal summary that identifies the proposed activities and objectives for the project and identifies who will be affected by these activities. Citizens must have an opportunity to comment on this document.

## Second Public Hearing

A second hearing must be held for public review of and comment on the final draft of the CIG proposal. A final draft or detailed fact sheet presenting the key activities and eligible benefits of the project must be available at the second public hearing, if not before.

## Additional Citizen Participation Requirements

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 CDBG 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.

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 CDBG funds. The level and type of assistance is determined by the applicant locality but must include at least consultation and written communication 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.

Where 5 percent or more of public hearing participants can be reasonably expected to be non-English speaking residents,

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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.

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.

Applicants must keep documentation of how they met the above requirement in their CDBG files for verification. This documentation should include:

- Documentation of the Public Hearing advertisements,
- Documentation of the second method used to notify citizens of the public hearings,
- List of attendees,
- Minutes from the first hearing showing:
- Available funds,
- Available activities,
- Past use of CDBG funds,
- Minutes from the second hearing showing:
- Description of proposed activities,
- Plans to minimize displacement and assist displaced persons (if applicable), and
- Any requested special accommodations.

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.

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## Public Hearing Advertisements

These advertisements should be made in accordance with 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).

Comments and grievances can be submitted in writing to (locality) at (address) or by phone at (phone number and TDD) 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). Residents of the project area are encouraged to attend. The (project name) proposal will include the following activities (list activities).

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).

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

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

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# APPENDIX C – COMMUNITY ECONOMIC DEVELOPMENT MATRIX

| | Unemp VEC 12 mo | Unemp Points | Poverty 2008 | Poverty Points | Med Inc 2008 | Income Points | TOTAL | |
|---|---|---|---|---|---|---|---|---|
| Virginia | 7.0 | | 10.2 | | 61,210 | | | |
| Brunswick County | 12.2 | 2 | 22.2 | 2 | 35,876 | 2 | 6 | Distressed |
| Carroll County | 11.7 | 2 | 15.7 | 2 | 35,651 | 2 | 6 | Distressed |
| Emporia City | 13.6 | 2 | 20.7 | 2 | 33,717 | 2 | 6 | Distressed |
| Franklin City | 11.6 | 2 | 19.4 | 2 | 37,839 | 2 | 6 | Distressed |
| Galax City | 10.6 | 2 | 20.7 | 2 | 31,007 | 2 | 6 | Distressed |
| Lexington City | 11.6 | 2 | 22.4 | 2 | 39,582 | 2 | 6 | Distressed |
| Martinsville City | 20.6 | 2 | 23.1 | 2 | 30,802 | 2 | 6 | Distressed |
| Grayson County | 11.7 | 2 | 17.7 | 2 | 32,399 | 2 | 6 | Distressed |
| Halifax County | 12.2 | 2 | 19.5 | 2 | 34,580 | 2 | 6 | Distressed |
| Henry County | 14.2 | 2 | 16.2 | 2 | 33,479 | 2 | 6 | Distressed |
| Mecklenburg County | 11.9 | 2 | 17.4 | 2 | 36,941 | 2 | 6 | Distressed |
| Patrick County | 11.5 | 2 | 17.1 | 2 | 34,592 | 2 | 6 | Distressed |
| Russell County | 10.5 | 2 | 19.4 | 2 | 32,100 | 2 | 6 | Distressed |
| Smyth County | 11.2 | 2 | 18.1 | 2 | 33,451 | 2 | 6 | Distressed |
| Sussex County | 10.6 | 2 | 20.7 | 2 | 38,102 | 2 | 6 | Distressed |
| Accomack County | 7.2 | 1 | 20.6 | 2 | 37,564 | 2 | 5 | Distressed |
| Buchanan County | 9.3 | 1 | 23 | 2 | 26,571 | 2 | 5 | Distressed |
| Buckingham County | 9.4 | 1 | 19.4 | 2 | 38,576 | 2 | 5 | Distressed |
| Charlotte County | 9.6 | 1 | 17.2 | 2 | 34,145 | 2 | 5 | Distressed |
| Bedford City | 9.6 | 1 | 18 | 2 | 36,559 | 2 | 5 | Distressed |
| Covington City | 10.8 | 2 | 15.2 | 1 | 35,762 | 2 | 5 | Distressed |
| Norton City | 7.2 | 1 | 20.8 | 2 | 28,398 | 2 | 5 | Distressed |
| Williamsburg City | 15.2 | 2 | 18.7 | 2 | 50,209 | 1 | 5 | Distressed |
| Cumberland County | 7.6 | 1 | 15.8 | 2 | 40,157 | 2 | 5 | Distressed |
| Dickenson County | 9.0 | 1 | 21.8 | 2 | 27,680 | 2 | 5 | Distressed |
| Greensville County | 9.8 | 1 | 24.1 | 2 | 36,926 | 2 | 5 | Distressed |
| Lee County | 7.9 | 1 | 23.3 | 2 | 28,682 | 2 | 5 | Distressed |
| Lunenburg County | 10.4 | 1 | 21.5 | 2 | 34,379 | 2 | 5 | Distressed |
| Northampton County | 8.2 | 1 | 19.5 | 2 | 34,424 | 2 | 5 | Distressed |
| Nottoway County | 8.6 | 1 | 20.6 | 2 | 37,900 | 2 | 5 | Distressed |
| Page County | 11.8 | 2 | 14.2 | 1 | 41,120 | 2 | 5 | Distressed |
| Pittsylvania County | 10.7 | 2 | 14.4 | 1 | 38,590 | 2 | 5 | Distressed |
| Prince Edward County | 9.8 | 1 | 23.7 | 2 | 37,999 | 2 | 5 | Distressed |
| Pulaski County | 10.0 | 1 | 15.4 | 2 | 40,426 | 2 | 5 | Distressed |
| Scott County | 10.2 | 1 | 17.3 | 2 | 33,668 | 2 | 5 | Distressed |
| Tazewell County | 7.2 | 1 | 17.6 | 2 | 34,800 | 2 | 5 | Distressed |
| Wise County | 7.6 | 1 | 21.5 | 2 | 32,758 | 2 | 5 | Distressed |

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# Appendix C – Community Economic Development Matrix

| | Unemp VEC 12 mo | Unemp Points | Poverty 2008 | Poverty Points | Med Inc 2008 | Income Points | TOTAL | |
|---|---|---|---|---|---|---|---|---|
| Alleghany County | 9.6 | 1 | 12.6 | 1 | 42,341 | 2 | 4 | Transitional |
| Bland County | 7.4 | 1 | 14.6 | 1 | 39,841 | 2 | 4 | Transitional |
| City of Buena Vista | 9.7 | 1 | 13.3 | 1 | 39,390 | 2 | 4 | Transitional |
| City of Staunton | 7.8 | 1 | 13.2 | 1 | 42,794 | 2 | 4 | Transitional |
| City of Waynesboro | 8.7 | 1 | 13.3 | 1 | 41,025 | 2 | 4 | Transitional |
| Floyd County | 7.8 | 1 | 11.9 | 1 | 41,514 | 2 | 4 | Transitional |
| Highland County | 7.9 | 1 | 12.8 | 1 | 38,088 | 2 | 4 | Transitional |
| Montgomery County | 7.3 | 1 | 20.6 | 2 | 43,176 | 1 | 4 | Transitional |
| Richmond County | 8.3 | 1 | 18.4 | 2 | 52,405 | 1 | 4 | Transitional |
| Southampton County | 9.5 | 1 | 17.5 | 2 | 43,149 | 1 | 4 | Transitional |
| Washington County | 8.8 | 1 | 14.2 | 1 | 41,954 | 2 | 4 | Transitional |
| Wythe County | 10.3 | 1 | 14 | 1 | 38,793 | 2 | 4 | Transitional |
| Amherst County | 8.4 | 1 | 12.5 | 1 | 44,966 | 1 | 3 | Transitional |
| Appomattox County | 9.0 | 1 | 13 | 1 | 43,529 | 1 | 3 | Transitional |
| Campbell County | 7.4 | 1 | 12.1 | 1 | 43,055 | 1 | 3 | Transitional |
| Charles City County | 9.5 | 1 | 11.2 | 1 | 50,958 | 1 | 3 | Transitional |
| Craig County | 8.0 | 1 | 11.2 | 1 | 45,703 | 1 | 3 | Transitional |
| Dinwiddie County | 8.2 | 1 | 11.3 | 1 | 50,186 | 1 | 3 | Transitional |
| Essex County | 9.0 | 1 | 13 | 1 | 43,511 | 1 | 3 | Transitional |
| Franklin County | 8.2 | 1 | 13.2 | 1 | 45,758 | 1 | 3 | Transitional |
| Giles County | 9.5 | 1 | 12.5 | 1 | 43,322 | 1 | 3 | Transitional |
| King and Queen Co. | 8.7 | 1 | 12.3 | 1 | 46,715 | 1 | 3 | Transitional |
| Lancaster County | 9.5 | 1 | 13.2 | 1 | 45,715 | 1 | 3 | Transitional |
| Middlesex County | 7.4 | 1 | 12.4 | 1 | 56,599 | 1 | 3 | Transitional |
| Northumberland Co. | 8.9 | 1 | 13 | 1 | 47,152 | 1 | 3 | Transitional |
| Rockbridge County | 7.1 | 1 | 11.6 | 1 | 45,236 | 1 | 3 | Transitional |
| Surry County | 8.0 | 1 | 11.6 | 1 | 52,004 | 1 | 3 | Transitional |
| Westmoreland County | 8.2 | 1 | 14.7 | 1 | 44,383 | 1 | 3 | Transitional |
| Amelia County | 7.6 | 1 | 9.6 | 0 | 49,180 | 1 | 2 | Transitional |
| Bath County | 6.6 | 0 | 9.6 | 0 | 42,446 | 2 | 2 | Transitional |
| Caroline County | 9.0 | 1 | 9.3 | 0 | 53,796 | 1 | 2 | Transitional |
| Louisa County | 8.3 | 1 | 9.6 | 0 | 54,777 | 1 | 2 | Transitional |
| Nelson County | 6.5 | 0 | 13.2 | 1 | 45,551 | 1 | 2 | Transitional |
| Orange County | 8.0 | 1 | 8.2 | 0 | 52,158 | 1 | 2 | Transitional |
| Prince George County | 7.5 | 1 | 10.5 | 1 | 62,570 | 0 | 2 | Transitional |
| Shenandoah County | 8.6 | 1 | 9.8 | 0 | 48,671 | 1 | 2 | Transitional |
| Warren County | 7.2 | 1 | 10.1 | 0 | 53,495 | 1 | 2 | Transitional |

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# Appendix C – Community Economic Development Matrix

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Augusta County | 7.0 | 0 | 8.2 | 0 | 52,341 | 1 | 1 | Competitive |
| Bedford County | 6.7 | 0 | 7.7 | 0 | 54,715 | 1 | 1 | Competitive |
| Salem City | 6.9 | 0 | 9.3 | 0 | 45,690 | 1 | 1 | Competitive |
| Culpeper County | 8.3 | 1 | 8.1 | 0 | 63,248 | 0 | 1 | Competitive |
| Frederick County | 7.4 | 1 | 7.3 | 0 | 61,295 | 0 | 1 | Competitive |
| Gloucester County | 6.3 | 0 | 9.1 | 0 | 56,922 | 1 | 1 | Competitive |
| Greene County | 6.2 | 0 | 7.3 | 0 | 59,321 | 1 | 1 | Competitive |
| Isle of Wight County | 6.9 | 0 | 7.8 | 0 | 60,042 | 1 | 1 | Competitive |
| King George County | 8.3 | 1 | 6.2 | 0 | 78,636 | 0 | 1 | Competitive |
| King William County | 7.4 | 1 | 6.5 | 0 | 63,605 | 0 | 1 | Competitive |
| Madison County | 6.5 | 0 | 10.7 | 1 | 52,472 | 1 | 1 | Competitive |
| Matthews County | 5.9 | 0 | 8.7 | 0 | 53,143 | 1 | 1 | Competitive |
| New Kent County | 7.5 | 1 | 5.6 | 0 | 71,549 | 0 | 1 | Competitive |
| Rappahannock County | 6.0 | 0 | 8.2 | 0 | 60,614 | 1 | 1 | Competitive |
| Roanoke County | 6.3 | 0 | 6.5 | 0 | 60,032 | 1 | 1 | Competitive |
| Rockingham County | 6.0 | 0 | 9.2 | 0 | 53,036 | 1 | 1 | Competitive |
| Albemarle County | 5.4 | 0 | 6.8 | 0 | 66,606 | 0 | 0 | Competitive |
| Botetourt County | 6.5 | 0 | 6.4 | 0 | 61,778 | 0 | 0 | Competitive |
| Poquoson City | 6.1 | 0 | 4.4 | 0 | 79,123 | 0 | 0 | Competitive |
| Clarke County | 6.0 | 0 | 7.6 | 0 | 66,296 | 0 | 0 | Competitive |
| Fauquier County | 5.7 | 0 | 6.1 | 0 | 81,359 | 0 | 0 | Competitive |
| Fluvanna County | 6.0 | 0 | 6.7 | 0 | 64,758 | 0 | 0 | Competitive |
| Goochland County | 6.6 | 0 | 6.4 | 0 | 76,688 | 0 | 0 | Competitive |
| Hanover County | 6.7 | 0 | 4.6 | 0 | 77,935 | 0 | 0 | Competitive |
| James City County | 5.6 | 0 | 6 | 0 | 76,705 | 0 | 0 | Competitive |
| Powhatan County | 6.8 | 0 | 5.8 | 0 | 74,825 | 0 | 0 | Competitive |
| Spotsylvania County | 5.8 | 0 | 6.4 | 0 | 77,461 | 0 | 0 | Competitive |
| Stafford County | 5.7 | 0 | 4.8 | 0 | 87,145 | 0 | 0 | Competitive |
| York County | 5.7 | 0 | 4.4 | 0 | 78,920 | 0 | 0 | Competitive |

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# APPENDIX D – CED THRESHOLD TABLE

| COMMUNITY ECONOMIC DEVELOPMENT (CED) FUND GRANTS | | | |
|---|---|---|---|
| CATEGORY | THRESHOLDS TO BE MET | ASSISTANCE AVAILABLE | |
| **Distressed Locality**<br><br>* See page 61 of Program Design | ►The subject business must:<br>• Create at least 10 full-time positions<br>• Make a private investment of at least $100,000<br>• 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)<br>• CDBG assistance for off-site improvements is eligible for up to 100% of total project costs<br>• Local financial participation must total at least 25% of the CDBG eligible costs<br>• CDBG loans for on-site improvements are available through relaxed underwriting process / flexible terms<br>• CDBG assistance is available at up to $25,000 per job to be created | ►Business will not diversify Local Economy:<br>• CDBG assistance for off-site improvements is eligible for no more than 80 percent of the total project costs<br>• Local financial participation must total at least 25 percent of the CDBG eligible costs<br>• CDBG loans for on-site improvements are available through a relaxed underwriting process<br>• CDBG assistance is available at up to $10,000 per job to be created |
| **Transitional Locality**<br><br>*See page 63 of Program Design | ►The subject business must:<br>• Create at least 20 full-time positions<br>• Make a private investment of at least $300,000<br>• 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<br>• CDBG assistance is available at up to $25,000 per job to be created | ►Business will not diversify Local Economy:<br>• CDBG assistance is available at up to $10,000 per job to be created |
| | | ►For All Businesses<br>• CDBG assistance for off-site improvements is eligible for no more than 80% of the total project costs<br>• Local government financial participation must total at least 25% of the CDBG eligible costs<br>• If the assisted business meets the criteria cited under the Distressed section regarding diversification of the local economy, CDBG loans for on-site improvements are available through a relaxed underwriting process.<br>• If the assisted business does not meet these criteria, CDBG loans for on-site improvements are available through a market underwriting process | |
| **Competitive Locality**<br><br>*See page 64 of Program Design | ►The subject business must:<br>• Create at least 50 full-time positions<br>• Make a private investment of at least $3,000,000<br>• 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:<br>• CDBG assistance for off-site improvements is eligible for no more than 50% of the total project costs<br>• Local government financial participation must total at least 50% of the CDBG eligible costs<br>• 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.<br>• No CDBG assistance is available for on-site improvements | |

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# APPENDIX E – 2011 VIRGINIA CDBG 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<br><br>To help perform community organizing, preliminary design and engineering, and other planning activities<br><br>Pre-Project:<br>• Community Organizing<br>• Community / Economic Assessment<br><br>Project:<br>• CDBG Project Planning<br>• Business District Revitalization<br>• Regional Project Planning<br>• Telecomm. Planning<br><br>See page 23<br><br>Open submission basis, from January 1 - September 30, 2011 | $1,000,000 reserved<br><br>Available to provide new water/sewer service<br><br>Project area must be comprised of at least 60% low- moderate – income households<br><br>For projects that are ready and just need additional construction funds.<br><br>See page 57<br><br>Open submission basis, from January 1 - September 30, 2011 | $2,500,000 reserved<br><br>Job creation by private, for-profit basic industries<br><br>Assistance may include off-site improvements such as water & sewer lines, roads, and drainage<br><br>Must secure industry letter of commitment<br><br>Job creation<br>Business expansion<br>New business location<br><br>Job retention<br>Only in documented cases<br><br>See page 58<br><br>Open submission basis, from January 1 - September 30, 2011 | $2,750,000 reserved<br><br>New, innovative, and/or timely projects. Includes:<br><br>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<br><br>Self-Help Virginia – Support infrastructure projects (water and sewer) where community residents and stakeholders participate in the construction<br><br>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 CDBG programs.<br><br>See page 53<br><br>Open submission basis, from January 1 - September 30, 2011 | $1,000,000 reserved<br><br>Prompt response to existing serious or immediate threats to local health and safety<br><br>The conditions must have developed or became urgent within 18 months of the date the proposal is submitted<br><br>Applicant is unable to finance the project on its own, no other funding is available to address the problem, and the CDBG funding will be directly targeted towards alleviation of the threatening conditions<br><br>See page 68<br><br>Open submission basis, from January 1 - October 31, 2011 | $ 11,156,222 (approximately)<br>5 primary types:<br><br>Comprehensive Community Development – target at least two major activities, such as water, sewer, housing rehabilitation<br><br>Economic Development – create jobs or business opportunities for low- moderate- income persons or create better economic environment<br><br>Housing – bring homes to HQS or support development for new housing units<br><br>Community Facility – water/wastewater services, drainage improvements<br><br>Community Service Facility – Workforce training, daycare facilities, health clinics<br><br>See page 33<br><br>Proposals due by March 30, 2011 |

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