2023 Community Development Block Grant

PROGRAM DESIGN

VIRGINIA DHCD

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Introduction

The Virginia Community Development Block Grant (CDBG) Program provides funding to local governments 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 2023 Program Design to include a final statement of Virginia's community development objectives, its proposed use of funds, its method of fund distribution to local governments, and to present the core CDBG elements for the Virginia Consolidated Plan and Annual Action Plan.

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DHCD reserves the right to amend any portion of the 2023 Program Design which is impacted by any Federal regulations that become effective subsequent to its publication, or as a response to unforeseen circumstances that inhibit livelihoods or ways of doing business.

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 (referred to hereafter as Urgent Need).

The Virginia CDBG Program makes funding available to local governments for planning and implementation of community development projects in non-entitlement localities, which are those localities not receiving CDBG assistance directly from the U.S. Department of Housing and Urban Development (HUD). Each project and activity utilizing CDBG funding must meet a national objective. Projects may contain activities which meet different national objectives.

Projects that do not meet at least one of the three national objectives <u>will not</u> be considered for funding. Any activity 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:

1) Activities benefiting low- and moderate-income persons

Individuals or households whose household income is equal to or less than 80 percent of the area median income (AMI) for like-sized households are determined to be low- and moderate-income. 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 equivalent jobs will be held by or made available to LMI persons.

· In the case of a project providing relevant, direct outcome-based services, the following classes of people are presumed 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.

2) 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.

Prevention or Elimination of Slums or Blight National Objective for CDBG projects that include Property Acquisition or Clearance:

If CDBG funds are used for acquisition or clearance to remove conditions of blight (assuming the property meets that definition through documentation), then this is considered to be the initial use of the property. Any subsequent or redevelopment use of the property/vacant land is considered to be a "change of use" under 24 CFR 570.505. The U.S. Department of Housing and Urban Development (HUD) regulations pursuant to 24 CFR 570.505 require that the "end use" of the property should also meet a national objective, "the new use of such property qualifies as meeting of the national objectives in §570.208 (formerly §570.901) and not a building for the general conduct of business". The "end use" of the property or vacant land must meet one of the remaining two Broad National Objectives: (1) Activities benefiting low- and moderate-income persons or (2) Urgent Need. Most often the "end use" will need to meet the Broad National Objective activities benefiting low- and moderate-income persons. The redevelopment/reuse plan for the building/vacant lot must be a CDBG eligible activity designed to benefit low- to moderate-income persons (i.e. a community service facility, economic development, etc.).

3) 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.

Virginia CDBG Program Goals and Objectives

The Commonwealth of Virginia has adopted the following Goals, 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, social, and physical environments 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, streets, and stormwater 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 business districts or downtown core areas 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; and
- 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- and moderate-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 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; and
- Provide financial and technical support for development 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 infrastructure serving low- and moderate-income housing, and providing or improving basic public infrastructure serving low- and moderate-income housing.

Objective D

Assist local governments in improving the availability and adequacy of public infrastructure.

Strategies and Expected Results

- Provide financial and technical support for development of sites or rights-of-way for community facilities such as water, sewer, stormwater, and streets to result in providing basic facilities in areas where they are lacking; and
- Provide financial and technical support for the installation, rehabilitation, or improvement of community facilities such as water, sewer, stormwater, 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 development of sites and/or structures for community services facilities to result in providing new or expanded community services; and
- 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 service facilities.

Method of Funding Distribution

Use of Funding in 2023

In 2023, 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 and will follow the review process described on page 12.

Community Improvement Grants

Community Improvement Grants (CIG's) enable localities to implement solutions to identified local community development problems. These grants may include acquisition, construction, reconstruction, installation, and development of comprehensive, economic development, housing, public infrastructure, public service, 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 may be targeted for prior commitments. Other portions will be reserved for open submission and urgent need projects. The balance of funding will be made available to localities on a competitive basis.

The use of Virginia CDBG funding in 2023 is anticipated to be as follows:

Revenue

HUD Allocation	$ **18,806,749**

Program Administration and Planning

State Administration	$ 376,135
State Technical Assistance	$ 188,068
Total	**$ 564,203**

2023 CDBG Allocation	$18,242,546
Prior Year Funding	$11,246,773
	$29,519,319

CDBG Community Improvement Grant Programs	
Competitive	$ 13,989,319
Planning Grants	$ 1,000,000
Open Submission Funds	$ 6,000,000
Public Services	
Scattered Site	
Community Economic Development	
Local Innovation	
Construction-Ready Water and Sewer Fund	
Regional Water/Wastewater Fund	
Urgent Need Open Submission Projects	$ 1,000,000

CDBG Program Details

If Virginia's allocation should increase or decrease from the amount shown above, figures for State Administration, State Technical Assistance, Open Submission, and Competitive Grants would be changed. Emphasis would still be retained for Competitive Grants. Open Submission funding may be allocated to projects in any of the identified Open Submission categories, but the total open submission allocation will be limited to the amount listed in the Method of Distribution.

Please note, only non-entitlement units of local government are eligible applicants to the state CDBG program. Please see **APPENDIX A** for a list of all CDBG eligible localities.

Planning Grants

Eligibility for Planning Grants 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; and
- There must be a clear demonstration for the need of planning grant funds (i.e. future plans to apply for a Community Improvement Grant (CIG), partnership between local leadership and PDCs or other community organizations, specific plans outlined in a community plan or study).

Planning Grants Overview

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 $1,000,000 is available on an open basis from July 1, 2023, until December 30, 2023, or until all of the funding is committed.

A locality interested in obtaining Planning Grant assistance must submit a completed application through DHCD's Centralized Application and Management System (CAMS). Applications are due the 15th of each month. Applications submitted after the 15th will be held until the 15th of the following month.

Starting in 2023, DHCD will require the submittal of initial activities with the Planning Grant application in CAMS. The initial activities are as follows:

- Completion of initial public meeting: Citizens must be informed of the locality's intentions for planning grant activities, in addition to potential future activities the locality is considering. The public must also be informed of project public meetings and project management team meetings. The public meeting will additionally address that future Planning Grant and Community Improvement Grant funding is dependent on the completion of the initial activities. Documentation of meeting minutes, attendance, and information submitted (including methods of informing citizens of the meeting) will be required to be uploaded as an attachment to the Planning Grant application in CAMS.
- Identification of Project Management Team (PMT) and PMT Meetings: The locality will identify the members of the Project Management Team, which will include at a minimum – depending on project type - locality official (Town Manager, County Administrator, Mayor, etc.), representative from PDC, grant managers and consultants, housing rehab specialist, engineers/architects, and project sparkplugs. The PMT will need to conduct an initial meeting to determine the capacity for carrying out a Planning Grant if awarded and determination if any members will need to be added. Documentation of meeting minutes, attendance, and rough draft of a project time will need to be uploaded as an attachment to the Planning Grant application in CAMS.
- Initial Assessment/Neighborhood Windshield Surveys/Infrastructure Assessment (if applicable: Housing, CCD, Public Infrastructure, BDR)
- Develop scope of work and draft RFP (CCD, BDR, Housing, Public Infrastructure)
- Memorandum of Understanding (MOU)s (for regional projects)

DHCD will review applications and provide the applicant locality with a written response within sixty (60) days of the application submittal date. After a Planning Grant is approved, DHCD will contact the locality regarding award approval and next steps, including setting up a Facilitated Planning Session (FPS) with the PMT and execution of the DHCD PG contract.

For all subsequent planning grants, only costs for Preliminary Engineering Reports and Rehabilitation Specialists will be eligible for funding. However, two planning grant applications for the same project area could be supported in order to prepare the applicant for a competitive application, especially for CCD, BDR, and multi-phased projects. The two planning grant applications must be stand-alone grants, must include different planning components and/or scope of project, and successful completion of project close-out will be required prior to the submission of a second application.

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.

*Only one extension of not more than 45 days will be allowed per planning grant prior to contract execution.

Planning Grant Activities

Eligible activities of 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;
- Obtaining easements and user agreements, including façade improvement participation agreements;
- Lead Hazard reduction, testing, and alleviation efforts
- Development of cost estimates and Preliminary Engineering Reports (PERs); and
- Completion of market studies
- Recruitment and training of contractors

Community Organizing Activities

Community Organizing activities include 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
- Developing work plans and implementation strategies.

Citizen participation is the central purpose of these Planning Grants and should result in an organized, informed community which has reached consensus on a practical vision of the future and has the capacity and options available for future community improvement. The locality's highest community development needs should be prioritized after gathering input from citizens and other stakeholders. In addition to ranking these needs, the options available to address these needs should be evaluated.

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

Community Needs Assessment/Economic Assessment Activities

Community or Economic Assessment activities make grant funds available for a locality to conduct a single objective needs analysis or to prioritize community or economic conditions for future direction. One example of this category is a locality-wide assessment of housing conditions used to prioritize the selection of future project areas. Completion of an Opportunity Zone prospectus is also an eligible activity.

Planning Grant Categories

Planning Grants are available for needs analysis and prioritization, preliminary design, and strategy development activities in preparation for a future Community Improvement Grant application. 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 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**.

Comprehensive Community Development – ($60,000 available) is born out of a community needs assessment. This multi-step, comprehensive plan includes several improvements designed to address community needs or solve community issues with the primary focus to address housing rehabilitation activities in combination with public infrastructure improvements. Community needs assessments are designed to improve living conditions and quality of life for low- to moderate- income (LMI) persons.

Housing Rehabilitation – ($50,000 available) Housing activities designed to improve living conditions and quality of life for low- to moderate- income (LMI) persons are eligible for CDBG funds. CDBG funding may be used to rehabilitate LMI housing units or as part of comprehensive neighborhood improvement projects including the construction of new LMI housing units, infrastructure improvements, reconstruction, and demolition. Planning grants for housing rehabilitation programs will include an assessment of contractor availability and qualifications, and may include assisting contractors with certification and licensure attainment.

Community Service Facilities – ($50,000 available) activities associated with physical facilities designed to improve services to low- and moderate- income (LMI) community members or targeted class individuals.

Public Services – ($50,000 available) A new service, or a quantifiable increase in the level of an existing service which has been provided by the state or another entity on its behalf through state or local government funds in the 12 months preceding the submission of the state's Consolidated Plan Annual Action Plan to HUD.

Public Infrastructure – ($50,000 available) include water, sewer services, stormwater improvements, and street improvements to improve living conditions and quality of life for low- to moderate- income (LMI) persons.

Business District Revitalization Planning Grants – Business District Revitalization (BDR) Planning Grants ($50,000 available) 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.

A requirement 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. The planning grant is intended to determine if there is a sufficient level of physical and/or economic blight present to be eligible for CDBG assistance. At a minimum, target project areas must exhibit at least a 25 percent level of physical blight or at least a 50 percent vacancy rate. Additionally, an outcome of the planning grant is to collect façade improvement participation agreements from all property owners in the project area. Communities not meeting this criterion may not be allowed to complete the planning grant process.

DHCD has developed some very specific guidance to help direct the planning process 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 expected to become a Virginia Main Street designated community if not already one. There are several tiers to VMS community participation: Exploring Main Street (EMS), Mobilizing Main Street (MMS), and Advancing Virginia Main Street (AVMS).

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://fyi.uwex.edu/downtown-market-analysis/

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, streetscape, infrastructure, etc.) activities. Funding related to physical design will be the last approved activity, based on satisfactory completion of all other Planning Grant activities.

Regional Planning Grants

Planning Grants of up to $60,000 are available for a ***regional effort*** of more than one locality for needs analysis and strategy development. 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

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 three options for Community Improvement Grants assistance: Open Submission (Local Innovation Fund Grants, Community Economic Development Fund Grants, Construction-Ready Water and Sewer Fund Grants, Regional Water/Wastewater Grants, Public Services Grants), Urgent Need Grants, and Competitive Grants (Housing Rehabilitation, Public Infrastructure, Community Service Facilities, Business District Revitalization, and Comprehensive Community Development).

Program funding distribution is as follows:

Program	Maximum Award
Public Infrastructure (including Housing Production)	$1,500,000
Public Services	$250,000 ($500,000 for regional)
Community Service Facility*	$1,250,000
Comprehensive Community Development (Two activities)	$1,300,000
Comprehensive Community Development (Three activities)	$1,600,000
Business District Revitalization	$1,000,000
Housing	$1,250,000
Urgent Need	$1,250,000
Local Innovation	$500,000 ($1,000,000 for regional)

Community Economic Development	$1,000,000 ($1,250,000 for regional)
Construction-Ready Water & Sewer	$1,500,000
Regional Water/Wastewater	$2,500,000

Open Submission Programs

The Public Services, Scattered Site Housing Rehabilitation, Local Innovation Fund, Community Economic Development Fund, Construction-Ready Water and Sewer Fund, and Regional Water/Wastewater Fund projects will receive funding on an open, first-come, first-served basis between July 1, 2023, through December 30, 2023. Urgent Need Open Submission Projects will receive funding on an open, first-come, first-served basis between July 1, 2023, through December 30, 2023. 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.

Virginia's CDBG program provides additional funding for community improvement projects on an open, first-come first-served basis. The project types available for Open Submission funds include:

- Public Services
- Housing Rehabilitation (Scattered Site)
- Local Innovation
- Community Economic Development (CED)
- Construction-Ready Water & Sewer Fund
- Regional Water and Wastewater Fund
- Urgent Need Fund

For 2023, DHCD will allow existing infrastructure projects with an open contract the option to apply for supplemental funding to account for increased construction costs and supply chain issues. The 2023 Open Submission Supplemental Infrastructure Funds will exist as a first-come, first-served open submission program and will be limited to active CDBG infrastructure projects currently under contract. Projects must be in good standing and within compliance at time of application. See page 36 for more information on this program.

Public Services

Public Service activities cover a wide range of projects designed to respond to a timely or pertinent community need. Public Service activities are eligible for $250,000 in grant funding for single locality-led projects and up to $500,000 for regional projects (in which the project is meeting a regional community need or benefitting multiple localities). CDBG-funded public service activities must meet the benefit to Low-to-Moderate Income individuals or Urgent Need National Objectives. DHCD will limit its Public Service activities to three priority areas based on input from communities:

- **Childcare programs**
- **Health services programs**
- **Food security programs**

CDBG funds may be used to pay for operations, supplies, and materials to operate and/or maintain the portion of the facility in which the public service is located. Public Service projects are available for up to $250,000 for a single project or $500,000 for regional projects in grant funds.

**The total amount of CDBG funds expended statewide for public services activities must not exceed 15 percent of the state's yearly allocation of funds plus 15 percent of program income received distributed by the state under its method of distribution.*

To utilize CDBG funds for a public service, the service must be either:

– A new service; or

– A quantifiable increase in the level of an existing service which has been provided by the state or another entity on its behalf through state or local government funds in the 12 months preceding the submission of the state's Consolidated Plan Annual Action Plan to HUD.

An exception to this requirement may be made if DHCD determines that any decrease in the level of a service was the result of events not within the control of the local government.

Child Care as a Public Service

CDBG funds can be used to support the operations of a childcare program designed primarily to benefit LMI families. Public services funding can cover the costs for staffing and operations for state licensed childcare facilities. CDBG funding can also cover programs offering financial assistance to families. The CDBG Public Services childcare program is designed to support and supplement the State of Virginia's Child Care Subsidy Program as well as provide additional resources to support one of the Commonwealth's highest priorities in order to ensure that young children have improved access to quality, affordable childcare.

Childcare programs supported through CDBG funding must provide affordable and equitable high-quality childcare. Program activities should include educational resources and must meet equitable access requirements.

In order to receive CDBG funding for any childcare program, a facility site plan must be provided at the time of application.

Health Services as a Public Service

CDBG funds can be used to support health programs or health care services (as either a new or expanded service) for LMI persons. The health service may be administered by a local health department in conjunction with a health care non-profit or healthcare organization. Some examples of CDBG funded public services under the presumed benefit include health services at an AIDS clinic, mental health counseling for people experiencing homelessness, or a new pharmacy for LMI individuals.

Some health care activities include, but are not limited to:

- Transportation services for non-health center patients
- Access to mental/behavioral health and dental/oral health services
- Translation services for health care patients
- Pharmacy services
- Assistance with health insurance/ insurance counseling
- Opioid and drug abuse support services

Food Security

In 2020, DHCD used CARES Act funding to help communities respond to the COVID-19 pandemic. Food security and food pantry assistance was provided through Public Services funding. Based on CDBG contract performance and the expressed need for continued funding in this area of need, the annual CDBG Public Services program will provide funding assistance to combat food insecurity. Such activities to address food security include:

- Prepared/boxed meals for elderly/low-income individuals/households
- Meal delivery programs
- Food bank
- Soup kitchen
- Providing fresh produce from local community
- Food cooperative

Housing Rehabilitation (Scattered Site)

Housing Rehabilitation Scattered Site activities are eligible for open submission funds. Scattered site housing projects are aimed at improving LMI-occupied housing units to DHCD Housing Rehabilitation Standards. Scattered site housing projects must meet a 100% LMI benefit. In order to ensure the 100% LMI benefit will be met, interested applicants should begin conversations with DHCD as early as possible (during the planning grant process, if possible).

Scattered site housing projects, compared to targeted area housing projects, identify (through assessments of housing conditions) specific units to rehabilitate.

CDBG assistance for housing rehabilitation activities:

- Are eligible for up to $1,250,000 in CDBG assistance.
- Must target housing rehabilitation needs within a single locality. If targeted housing units are located within a 5-mile radius, the project is considered a Targeted Housing Rehabilitation project (see above for more details on eligibility requirements).

Note: any applicant seeking open submission housing rehabilitation funds should begin conversations with DHCD as early on in the process as possible and be able to demonstrate that all other housing and/or high priority community needs have been met.

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 DHCD will make available 5-year agreements in the form of forgivable loans with project beneficiaries. Selling the property before the five-year compliance period will require prorated repayment of the amount of improvements to the property.

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 five 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 the 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 requirements of the Uniform Relocation Act, applicants are expected 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 applications submission, the unit was purchased by an LMI household, or the unit is owned by a locality or non-profit and will be sold to or lease-purchased by an LMI household. “A locality considering rehab of a vacant unit using CDBG funds must receive written DHCD approval before bidding the project.”

Local Innovation Fund

CDBG funding will be utilized 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. DHCD recommends that localities interested in Innovation Projects utilize the Planning Grant process before requesting funding for a Construction Project. Examples of types of Local Innovation Program funding include:

- Individual Development Account programs;
- Program funds to support Economic Restructuring activities;
- Entrepreneurship Development
- Small Scale Manufacturing
- Telecommunications/broadband projects
- Sustainable community development efforts

Specific guidance on some of these project categories are as follows:

<u>Virginia Individual Development Account (VIDA)</u>

CDBG may be used to support localities in setting up an Individual Development Account (VIDA). DHCD is soliciting up to three planning grant applications from localities wishing to design a VIDA program specifically linking VIDA-supported entrepreneurism with expansion of the local or regional pool of licensed contractors and tradespeople.

<u>Entrepreneurship Development</u>

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

1. *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.
2. *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.
3. *Technology Transfer Example*
    - Product development assistance resulting in the creation of new businesses and/or jobs.
4. *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.

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

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 funding options for 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 of persons employed.

Up to $500,000 is available per project. Applications that meet these thresholds will be accepted on an open basis from July 1, 2023, through December 30, 2023.

Regional 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 $1,000,000 in CDBG assistance. These projects must meet all other qualifications of the Local Innovation Program and 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 Fact Sheet. Localities considering applying for Local Innovation Funds should contact DHCD for further project development guidance.

Community Economic Development Fund

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 up to $1,000,000 will be available per project. Community Economic Development projects that are non-industrial and will have a regional impact are eligible for up to $1,250,000 in CDBG assistance.

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.

Community Economic Development Fund projects typically fall into one of three categories: Job Creation/Retention, Site Redevelopment, or Development Readiness. See Appendix C for community economic development designations.

JOB CREATION AND RETENTION

The Job Creation and Retention category targets projects with LMI job creation resulting from commercial enterprises, sheltered workshops, or other non-basic industries, or projects with LMI job retention by basic and non-basic industries. CDBG assistance under Job Creation and Retention is available for on-site or off-site assistance. 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.

SITE REDEVELOPMENT

This project category 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 and 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 one year 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.

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 creation of businesses and job opportunities providing primary benefit to low- and moderate-income persons. The focus of this category is on removing barriers to economic investment, particularly in areas of distress. Two such barriers are as follows:

The existence of previously used sites and structures for which reuse for economically beneficial activities is not cost effective in comparison to development or construction on a new site.

The lack of building space to accommodate business location or expansion and the prohibitive cost of constructing or adaptively reusing space, especially for small businesses.

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

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

All 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 one year 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 50.

The availability and amount of CDBG funding will depend upon the number of jobs projected to be created and the economic strength of applicant locality(ies).

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.

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 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.

Applications will be received on an open basis from July 1, 2023, through December 30, 2023. 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.

Assistance for Businesses

Below are the conditions for Business Assistance:

- CDBG assistance for 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 $35,000 per job created, and
- Align with all threshold criteria documented in the CDBG Community Economic Development Fund Fact Sheet

Industry Agreement

Prior to the execution of a grant contract with DHCD, grantees MUST execute an agreement with all private firms which will receive grant assistance or which have made benefit or leveraging commitments included in the grant proposal. Such agreements MUST stipulate completion of all committed actions, as well as grant related requirements. **This agreement must be reviewed and approved by DHCD prior to its execution**. The industry agreement must be reviewed by the locality's legal counsel to ensure that it is enforceable.

A sample Industry Agreement can be obtained from DHCD. Please bear in mind that this is only a sample and agreements must be tailored to fit individual circumstances. Any agreement used for the purposes of this grant must be approved by DHCD prior to execution.

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.

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

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;
- Projects in which the cost to provide goods and services to LMI persons exceeds $10,000 per LMI person;
- Development of infrastructure in a privately-owned industrial park; and,
- On-site assistance to prisons, colleges or state institutions.

CDBG Open Contract Limit

A locality is eligible to apply for any CDBG project, granted they meet the eligibility requirements for open contracts: 1) localities are allowed a maximum of two (2) projects at once, and 2) localities are below a $3 million grant award cap. For 2023 funding, Competitive Grant applicants must have received conditional close-out from DHCD on any open grants by June 1, 2023 in order for the open grant to NOT count against the $3 million limit. Open contracts are those in which all contracted funding has not been expended, all contractual obligations have not been met, and/or accurate and acceptable required closeout forms have not been submitted to DHCD. Therefore, DHCD will work with a locality on any open contract to ensure that adequate timeliness and capacity are demonstrated prior to execution of all contracts. This limitation includes Competitive Grant contracts, and Open Submission (Community Economic Development Fund, Construction-Ready Water and Sewer Fund, Public Services, Housing Rehab, and Local Innovation Fund) contracts. Contracts for Planning Grants, Urgent Need and Regional projects are ***exempt*** from the $3 million limitation. However, DHCD will evaluate the capacity of a locality and their ability to undertake a new CDBG grant. Additionally, if a County is serving as the fiduciary for a Town, the project is exempt from the $3 million limitation.

The locality should contact DHCD to discuss a possible waiver prior to submission of applications not meeting these requirements. 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.

Construction-Ready Water & Sewer Fund

The Construction-Ready Water and Sewer Fund is targeted to projects involving water and wastewater improvements, particularly those involving new services to low- and moderate-income persons. Construction-Ready projects must meet an LMI benefit of at least 60 percent and are eligible to receive up to $1,500,000.

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 by the end of the construction period. Housing units receiving indoor plumbing facilities must also meet DHCD Housing Rehabilitation 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.

Water or sewer service funded in part by CDBG must be made available to any house within the project area that is occupied by an LMI household located within 200 feet of the distribution (water) or collector (sewer) line. 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.

The maximum CDBG investment for the installation or improvement of water services under CRWSF may not exceed an average of $30,000 per household. The maximum CDBG investment for the installation or improvement of wastewater services under CRWSF may not exceed an average of $50,000 per household. This maximum will be applied based on the actual number of residential units connected to the service. LMI persons cannot be charged an access and/or connection fee to connect to facilities developed using CDBG funding and neither access nor connection fees are CDBG-eligible expenses.

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.

Project needs in CRWSF projects must have been determined through surveys of project area residents and through the gathering of documentation from regulatory and other agencies. 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 60% must be low- to moderate- income under the CRWSF or at least 55% of the actual users when implementing town-wide facility projects.

Regional Water/Wastewater Fund

The Regional Water/Wastewater Fund is designed to address water and wastewater improvements on a regional scale. For Regional Water/Wastewater Fund 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. Regional Water/Wastewater Fund projects must be contained to a single area which includes portions of adjacent CDBG-eligible localities.

Regional Water/Wastewater Fund projects are limited to $3 million ($3.5 million for "super regional", or three or more localities) of CDBG assistance. These projects 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 Water/Wastewater Fund projects must document the 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 50% of CDBG expenditures devoted to new service or a significant upgrade in service.

An applicant must address the indoor plumbing needs of project area residents by the end of the construction period. 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.

Projects which include water and/or sewer service activities must meet the following requirements:

- At least 51 percent of the residents in the project area are low- and moderate-income persons;
- 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 at no cost to the household beyond monthly user fees;
- 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 water connection may not exceed an average of $30,000.
- The CDBG investment per sewer connection may not exceed an average of $50,000.

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 applications 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. However, in no case can “out-of-town” rates exceed one-and-a-half (1½) times the “in-town” rates.

Project activities are established through completion of preliminary engineering work. If a PER was completed a copy of it must accompany the community facility applications. 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 applications to DHCD.

CDBG assistance cannot 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.

Urgent Need Fund

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 $1,250,000 of CDBG funding is available per project. Urgent Need Open Submission (UNOS) applications will be accepted between July 1, 2023, and December 30, 2023. Urgent Need projects are eligible to receive $1,250,000, though DHCD reserves the right to utilize Open Submission funding for additional UNOS projects if necessary.

All UNOS applications 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,
- Applications for Urgent Need projects must be submitted to DHCD within 18 months of the declaration announcement date; 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.

2023 Open Submission Supplemental Infrastructure Funds

In 2023, DHCD will allow existing CDBG-funded infrastructure projects the opportunity of one-time, open submission, first-come first-served supplemental funding to account for COVID and post-COVID related increased construction costs and supply chain issues. This open submission program will be available only to existing infrastructure projects that need additional gap funding in order to achieve contracted benefits and complete grant closeout. Approximately $7.5 million will be reserved for this one-time program.

A request for additional funding for an existing infrastructure project will result in a review to confirm that no significant adjustments to original precontract activities are required; see below for limited requirements, and note that DHCD reserves the right to ask for additional information. Once a contract amendment is issued with a higher CDBG investment, the grantee's chief elected official or chief administrative official will execute the amendment, and the grantee will formally incorporate the additional funds in its budget.

Supplemental funds for existing projects will be available under the following conditions:

- Existing active CDBG Infrastructure projects currently under contract
- Projects must be incompliance (no overdue reports, timely expenditures insofar as possible, audit compliance, etc.)
- Projects must have been received bids higher than estimated and budgeted project costs
- Eligible funding amount will be determined based on updated bid amount
- Projects will be allowed a one-year contract extension upon DHCD approval of supplemental funds
- Additional CDBG funds may not supplant other funds committed to the project;
- Any additional CDBG funding provided will count toward the funding caps as outlined herein; and if a grantee has already exceeded the outlined funding caps, that will be taken into consideration, and
- Applicants must complete 2 new public hearings prior to application submission in accordance with Appendix B to update citizens on the new funding request of CDBG and at least one project management team meeting to update the budget (based on bid amounts received), timeline, and work plan in order to receive additional funding.

Grantees who do not complete these activities will forfeit their approval and must re-apply for funding.

Funding requests cannot exceed $1.5 million. Applications will open July 1st and remain open on a first-come, first-served basis until September 1st, 2023.

Competitive Community Improvement Grants (CIG)

Competitive Grants are awarded following the Virginia Department of Housing and Community Development's (DHCD) competitive review of the applicable application. The deadline for submission of Competitive Grant applications to DHCD is June 1, 2023.

There are six primary project types under the Competitive CIG rounds:

- Comprehensive Community Development (CCD)
- Business District Revitalization
- Housing Rehabilitation
- Public Infrastructure
- Community Service Facilities

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 June 1, 2023, for the open grant to not count against the $3 million limit. This means that all CDBG-funded activities must be complete and all CDBG funds must be drawn down and spent.

Comprehensive Community Development

These projects target a range of improvements to a neighborhood in direct response to identified needs derived from a recent client-based needs assessment of the 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 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. This significance must be demonstrated by category, such as housing, sewer, water, or broadband 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 $1,300,000 in CDBG assistance;
- Significant activities are 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 $1,300,000 limit.

For projects with at least three significant activities:

- Eligible for up to $1,600,000 in CDBG assistance;
- Significant activities are 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 $1,600,000 limit
- Street improvements will be eligible for CDBG assistance where:
    - Specific street sections are targeted for improvement;
    - 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 CDBG investment for the installation or improvement of water/wastewater services for Comprehensive Community Development projects may not exceed an average of $30,000 per household for water costs and/or $50,000 per household for sewer costs.

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 activities.

Applications requesting CDBG assistance for replacement due to deferred maintenance will be closely scrutinized. It should be noted that additional measures will be taken in the evaluation and review process, such as a review of the applicant's history of DHCD's investments in infrastructure, water/sewer rates, and leverage, particularly local leverage. Proposed activities which are not deemed appropriate for CDBG funding are subject to removal or reduction at DHCD's discretion, however, if removed, the applicant will be responsible for finding additional resources to remedy those items.

Business District Revitalization

The primary purpose for providing CDBG assistance for Business District Revitalization (BDR) activities is to eliminate blighting conditions in deteriorated areas as a means of creating better environments for future economic activities. BDR grants are available for up to $1,000,000.

Business District Revitalization is 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.

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 specific guidance to help direct the planning process for business district revitalization. With the planning process, applicants will undertake activities which are designed to identify opportunities to improve the economic and physical conditions within the community. A requirement 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.

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

Physical Blight

The deteriorated conditions or states of disrepair of business district infrastructure, buildings, and other physical elements which detract 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 may apply for up to $1,000,000 for a Business District Revitalization project. If an applicant chooses to undertake loan pools or other economic revitalization efforts based upon an identified strategy after construction activities have started, they are eligible to apply for other economic development assistance through Open Submission funds upon completion of 70% of the construction. See page 24 for Community Economic Development funds.

For any BDR project meeting a slum and blight national objective, signed participation agreements for any façade improvements are required **at time of application**. This includes any building owners, business owners, commercial property owners, or residential owners included in the project area. Façade participation agreements will be required before the release of any other CDBG funds in a project area.

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. 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 (facade improvements) have been completed.

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 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.

Applicants must have in place an ***Economic Restructuring Plan or Economic Development Strategy (including information on revitalization of downtown or commercial district*** to help ensure the long-term success and viability of the project. The proposed project must be comprised of activities derived from your ERP/EDS. Please note that completion of design elements and/or branding/marketing efforts are eligible costs under this project type but cannot exceed five percent of the total CDBG funding requested.

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 7 under CDBG National Objectives).

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 4-point 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:

- Façade improvements will require signed participation agreements for all interested building owners
- Requirement that grantee enact and enforce an ordinance that requires all building 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 investments, and for minimal cosmetic improvements to non-blighted elements. Entrepreneurship development activities are eligible as an addition to Business District Revitalization projects. See the Community Economic Development program details on page 24.

Applicants intending to use CDBG funding under Business District Revitalization projects to add units of housing must demonstrate a clear local need, provide evidence of significant local demand, and target the development of housing units of a quality and quantity which will meet local needs and demands. Applicants should contact DHCD early in the process 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.

Housing Activities

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:

- Targeted Housing Rehabilitation
- Housing Production (see Public Infrastructure section)

Scattered Site housing rehabilitation activities may be eligible for CDBG assistance but interested applicants must discuss project details with DHCD prior to any application submission.

CDBG funds cannot be used to rehabilitate Section 8 or tax credit properties. CDBG funds cannot be used to rehabilitate housing that has undergone DHCD-funded Housing Quality Standard repairs within the past 10 years, unless there is a significant percentage of improvement, or a different type of improvement from the previous rehab project. For example, if a housing rehab received structural repairs such as new construction or improved plumbing, the same unit may be included in a new project with the primary activity to improve energy efficiency within 10 years.

Note, applicants must provide evidence that all housing needs have been addressed within small clustered areas or neighborhoods and a prioritization of targeted housing rehabilitation activities has been undertaken. Applicants must contact DHCD well in advance of the application submission if the locality plans to submit a large-scale targeted study area housing rehabilitation application.

Targeted Housing Rehabilitation

Targeted Housing Rehabilitation projects include housing-related activities (housing rehabilitation, substantial rehabilitation, relocation, etc.) intended to improve LMI-occupied housing units to DHCD Housing Quality Standards. While it is up to the applicant to determine the project area boundaries of the Targeted Housing Rehabilitation project, a sufficient description and justification of the identified community must be provided. There is no minimum number of houses for a proposed project, but the targeted study area may not be revisited within 10 years of project completion; therefore prioritization of rehabilitation needs is crucial. If the targeted study area does not contain 51% or greater LMI households, overall CDBG activities may be limited to those LMI properties in the targeted study area.

Housing projects targeting housing rehabilitation activities:

- Are eligible for up to $1,250,000 in CDBG assistance

- Activities include: Housing Rehabilitation, Substantial Rehabilitation, Temporary and Permanent Relocation
- Must target housing rehabilitation needs within a single, well-defined project area with a contiguous boundary
- No minimum number of houses to be rehabilitated, but at least 10 years before housing in the study area can be revisited for CDBG housing activity assistance.

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

DHCD will make available 5-year agreements in the form of forgivable loans with project beneficiaries. Selling the property before the five-year compliance period will require prorated repayment of the amount of improvements to the property.

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 five 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 the 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 applications 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. “A locality considering rehab of a vacant unit using CDBG funds must receive written DHCD approval before bidding the project.”

Lead Hazard Reduction (LHR) Program

Lead Hazard Reduction Program (LHR)

The primary goal of the LHR program is to prevent childhood lead poisoning. While lead testing is not a specific requirement for housing rehabilitation projects, DHCD encourages and supports lead testing when it is feasible. CDBG funds can be used alongside LHR funding or as an add-on to any CDBG CIG grant. Lead-based alleviation activities administered as an add-on to housing rehabilitation CIG grants can cover certain costs incurred by homeowners and/or landlords. LHR permits lead reduction activities in vacant units provided the landlord owner/landlord must agree to give priority to families with children under six for not less than three years following the completion of work.

Lead testing of a home includes funding activities as detailed below:

- Additional funding for administrative functions: up to $5,000 per unit
- Lead Inspections/Risk Assessments: up to $1,200 per unit
- Cost sharing between CDBG and LHR
- Clearance testing: up to $610/unit

Eligibility for lead abatement and risk assessments must meet at least one of the following:

- Child under 6 residing at home
- Child under 6 visiting the home frequently (defined as three hours a day on two separate days a week and a total of 60 hours per year)
- Pregnant woman residing at home

Investor-owned or renter-occupied residential properties do not require children under the age of 6 to reside in the unit, but the owner must commit to priority renting to LMI families with a child under 6 for the next 3 years.

*All risk assessments must be completed by June 2024.

Housing Rehabilitation Allowable Costs

	CDBG		
Activity	Rehab	Rehab Specialist Fee	Increase in costs due to COVID
CDBG Rehab - Post 1978	$125,000	10% of const. cost	10%
CDBG Rehab - Pre 1978 **must include lead abatement*	$125,000	10%	10%
CDBG Rehab – Substantial Reconstruction	$150,000	10%	10%
Alternative septic	Additional $10,000	Additional $10,000	NA
Lead Inspection/Risk Assessment	1,200	NA	NA

All pre-1978 units will include LBR testing and abatement/hazard reduction. It is assumed that project costs will exceed $25,000. This is an exception to the allowable limits in the chart above.

Grantees with an open CDBG contract may request in writing to DHCD an increase in assistance for housing-related activities assistance up to the current Housing Rehabilitation Cost Limits.

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.

DHCD requires use of Universal Design elements when applicable. This is particularly applicable where substantial reconstruction of a unit will take place. Universal design elements include:

- Accessible route to a zero-step entrance into the residence
- Zero-step entrance into the residence
- Doors with at least 32 inches of clear width
- Hallways and passages with at least 36 inches of clear width
- Accessible light switches, electrical outlets and environmental controls
- Accessible bathroom
- Accessible and useable kitchen facilities

Public Infrastructure

Public Infrastructure projects 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, and housing production projects particularly serving low- and moderate-income persons. Public infrastructure projects are eligible for up to $1,500,000 of CDBG funding. Projects supporting the production of housing units are eligible for up to $1,500,000 in CDBG funding.

An applicant undertaking a water and sewer project must address the indoor plumbing needs of project area residents by the completion of the construction period. 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 Rehabilitation Standards. CDBG funding may be used to improve these units to standard condition. CDBG participation in indoor plumbing or related housing activities exceeding 15 percent of the total amount requested should apply through the Community Comprehensive Development application.

Projects which include water and/or sewer service activities must meet the following requirements:

- At least 51 percent of the residents in the project area are low- and moderate-income persons.
- Service must be made available to any house within the project area that is occupied by an LMI household located within 200 feet of the distribution (water) or collector (sewer) line at no cost to the household beyond monthly user fees;
- 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 water connection may not exceed an average of $30,000.
- The CDBG investment per sewer connection may not exceed an average of $50,000.

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 applications 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. 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.

Project needs for Public Infrastructure 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 connect to the new system prior to the submission of an application to ensure adequate service will be provided to meet actual community needs.

Applicants should target having user agreements in place for at least 80% of the households in the project area for a water project at the time of application. Wastewater projects should obtain user agreements from 75% of all households at the time of application. 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 application 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 Preliminary Engineering Report (PER) was completed, a copy of it must accompany the community facility application. 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 application to DHCD.

CDBG assistance cannot 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. Please note that mobile home parks (MHPs) and rehab to manufactured homes cannot serve as stand-alone Public Infrastructure projects; in order to receive CDBG assistance, these units must be included in a larger Housing Rehabilitation or Comprehensive Community Development 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.

Housing Production Activities

CDBG assistance is available in support of the infrastructure development for the creation of single- and multi-family housing units targeted for low- and moderate-income persons. CDBG funding is applicable to infrastructure final design and construction, as well as for down payment assistance funding. These projects are eligible for up to $1,500,000 in CDBG assistance.

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. 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.

All housing production projects must have a Market Study demonstrating 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. Additionally, any housing developer must demonstrate the capacity to successfully implement the project in partnership with the applicant. Project evaluation will reward those projects which result in the greatest number of quality units at the lowest cost per unit.

CDBG funds cannot account for more than 50% of down payment 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.

Community Service Facilities

Community Service Facilities are projects that construct physical facilities targeting the provision of important services to low- and moderate-income persons and the greater community. All Community Service Facilities applications must demonstrate that facility development is a clear local community development priority. Localities submitting applications should first develop a methodology to prioritize the localities' highest community development needs. Applicants must describe other community development priorities and their positions relative to facility development.

Examples of Community Service Facilities:

- Daycare facilities
- Health clinics
- Facilities for protected populations such as elderly and disabled
- Hospitals
- Skill-building facilities for youth and unemployed
- Multi-Purpose Community Centers

Applicants 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, the demand/need for and interest in the services proposed for the facility. 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 availability.

For Community Service Facilities 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, contact DHCD for additional guidance.

In efforts to align the CDBG funding opportunities with the Governor of Virginia's priority goals for the Commonwealth, Multi-Purpose Community Centers benefiting LMI or LMA are allowed an exception to the Community Service Facility grant cap of $1,250,000.

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:

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.

Applicants that are participating in any project receiving CDBG funding are required to send or ensure participation of all responsible parties (in most cases, this is the locality grants administrator) to the annual Grant Management Workshop. Applicants may either pay for the full costs of this training or include this item as an administrative activity in the project budget.

Eligible Activities

All activities listed as eligible in the Community Development Block Grant regulations per 24 CFR Part 570, Subpart C are eligible for funding under the Virginia CDBG Program.

Prioritization

Localities submitting planning grants and competitive applications must first develop a methodology to prioritize the highest community development needs within the locality. It is expected that CDBG competitive grant applications 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 applications for CDBG assistance. Notwithstanding important, ongoing, informal organizational efforts, each applicant for 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. These two public hearings must occur prior to submission of a CIG application. Additional citizen participation requirements are detailed in the 2023 Virginia Community Development Block Grant Citizen Participation Plan for Local Government Applicants which is included as **APPENDIX B**.

Awarded Funds

A locality is eligible to apply for any CDBG project, granted they meet the eligibility requirements for open contracts: 1) DHCD will evaluate the capacity of a locality to have more than two active projects open at one time, and 2) localities are below a $3 million grant award cap. For 2023 funding, Competitive Grant applicants must have received conditional close-out from DHCD on any open grants by June 1, 2023 in order for the open grant to NOT count against the $3 million limit. Open contracts are those in which all contracted funding has not been expended, all contractual obligations have not been met, and/or accurate and acceptable required closeout forms have not been submitted to DHCD. Therefore, DHCD will work with a locality on any open contract to ensure that adequate timeliness and capacity are demonstrated prior to execution of all contracts. This limitation includes Competitive Grant contracts, and Open Submission (Community Economic Development Fund, Construction-Ready Water and Sewer Fund, Public Services, Housing Rehab, and Local Innovation Fund) contracts. Contracts for Planning Grants, Urgent Need and Regional projects are ***exempt*** from the $3 million limitation. Additionally, if a County is serving as the fiduciary for a Town, the project is exempt from the $3 million limitation.

The locality should contact DHCD to discuss a possible waiver prior to submission of applications not meeting these requirements. 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.

CDBG Contract Limitations

Prior to the award of any CDBG funds, a review of all open CDBG projects will be conducted. In instances where project performance (capacity and/or financial) issues have been identified, DHCD may withhold new CDBG awards until these deficiencies are corrected or opt to not consider the application for funding in the present cycle.

DHCD reserves the right to cancel additional contracts due to non-performance on initial contracts. DHCD reserves the right to cancel additional contracts due to non-performance on initial contracts.

A locality currently at or near the $3 million limit should contact DHCD to discuss resolution to the matter.

A locality is expected to be the applicant when the majority of benefits will occur within that jurisdiction's boundaries. At least 65% of CDBG awarded funds must be expended 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.

Regional Projects

For regional projects– in which more than one locality benefits from the project activities– 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 benefit residents of the participating localities. Regional projects targeting physical improvements must be contained to a single area which includes portions of adjacent CDBG-eligible localities. Regional projects are limited to the grant maximum listed for that project type, unless specified otherwise.

Regional infrastructure 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 50% of CDBG expenditures devoted to new service or a significant upgrade in service.

Community Economic Development projects that will have a significant regional impact are eligible for up to $1,250,000 in CDBG assistance. These projects must result in job creation, business start-up or significant expansion, 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 up to $35,000 per job created. Note: all economic development projects resulting in job creation will be required to issue a Performance Bond. See **APPENDIX C** for locality economic designations as they relate to unemployment, poverty, and median household income.

Program Income

Revenue generated by a CDBG project in excess of $35,000 in the fiscal year is classified as 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.

Post Award Process

Following the announcement of the award of a grant, DHCD will schedule a Contract Negotiation Meeting to discuss the terms of the grant offer. A locality generally has up to 120

days to complete required actions provided during the Contract Negotiation in order to receive a contract from DHCD. Failure on the part of a locality to complete identified actions may result in revocation of a grant offer by DHCD. Further, prior to the award and release of any CDBG funds, a review of all open CDBG projects submitted by the locality will be conducted. In instances where DHCD has identified performance or project issues, new CDBG funds may be withheld until these deficiencies are corrected. Uncorrected deficiencies may lead to the rescission of the grant offer. Such actions typically include, but are not limited to, completion of Federal requirements, drafting and execution of other contracts and agreements, resolution of issues from previous contracts with DHCD, and completion of certain management planning activities.

Once a CDBG contract is issued, the grantee has a set period for project completion. During that time, project monitoring occurs, and reports related to general progress, annual progress, and special topics are required by set deadlines.

For those localities that were not awarded a grant, DHCD staff is available upon request to facilitate a debriefing session and offer feedback from the review process and provide project development assistance for subsequent applications.

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 Services* 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 to the greatest extent possible. This includes direct displacement resulting from real property acquisition, rehabilitation, demolition or conversion, and any indirect displacement.

Localities 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

All applicable 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 using the following criteria:

- If the proposed property to be acquired (not necessarily the entire property) is valued at less than $10,000 based on current tax assessment, DHCD will not require an appraisal. However, if the property owner disagrees on the value of the property, an appraisal will be required.
- If the proposed property to be acquired is valued between $10,001- $100,000, an appraisal is required.
- If the proposed property to be acquired is valued over $100,000, a review appraisal is required.

CDBG funds cannot be used solely for acquisition of any property or facility.

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

Payment for Performance

All CDBG Grant Agreements are performance-based contracts. The administrative section of the Project Budget must be based on completion of tasks and achievement of milestones and outcomes. 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.

DHCD reserves the right to refuse any application or condition any grant award based upon past performance, outstanding grant violations or continuing capacity to carry out funded activities in a timely manner.

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, or as prescribed below, whichever is lower, in addition to the total CDBG award with limits depending upon project type. Such costs are limited to:

Project Type	Up to
Public Infrastructure—Competitive Grant	$ 80,000
Business District Revitalization—Competitive Grant	$ 80,000
Community Service Facilities—Competitive Grant	$ 80,000
Public Services	$ 25,000
Local Innovation/CED (OS)	$ 70,000
Urgent Need (OS)	$ 70,000
Housing—Competitive Grant	$100,000
Housing—Open Submission	$100,000
Two-Activity Comprehensive—Competitive Grant	$110,000
Three-Activity Comprehensive—Competitive Grant	$120,000
Construction-Ready Water and Sewer Fund (OS)	$70,000

Regional Water/Wastewater	$80,000
Lead Inspections/Risk Assessments	Performance-based

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 to offer such a project a Letter of Intent for CDBG funding. Such 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 application review process. Applicants will receive notice of a Letter of Intent award at the same time other applicants receive notices of grant funding awards.

Letters of Intent will generally be provided only to Competitive Grant applications and will be limited in cumulative value to no more than 30% of any one year's CDBG allocation. Letters of Intent issued during the 2023 grant cycle, will expire on June 1, 2024 or a prior date determined by DHCD. A locality receiving a Letter of Intent can receive a funding offer only after 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 application submission. Localities impacted by a voided Letter of Intent will be eligible, multi-contract rule permitting, to submit an application for the same project in subsequent CDBG funding cycles.

**Multi-contract rule – grantees are allowed to enter into multiple contracts (i.e. have multiple projects open with DHCD), given that the locality stays under the $3 million cap.*

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 with preparation and submission of applications. DHCD staff is available to provide technical assistance to a locality to assist in project development. Technical assistance can include sharing information and expertise, instruction, skills training, transmission of working knowledge, and the transmission of technical data. Note, however, that it is ultimately the responsibility of the Grantee to ensure compliance with all applicable grant requirements.

Environmental Consideration for Construction Projects

Applicants are advised to contact the Virginia 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.

Survey Guidance

HUD has released guidance 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 is available on the HUD website: https://www.hudexchange.info/resource/4103/notice-cpd-14-013-guidelines-income-surveys-lmi-persons-cdbg-activity/.*

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.

Leverage

Local match (actual or in-kind), which generally originates from an applicant locality, for design and construction activities and some supporting activities may be counted if expended on or after July 1, 2021. **Non-local match** for design and construction activities may be counted if expended on or after July 1, 2022.

Force Account

DHCD encourages the use of competitive procurement methods for all phases of project activities. However, some work may be performed more efficiently and economically by using existing governmental employees and equipment. Performing work via this procedure is referred to as “force account”. The grantee must request approval from DHCD in writing prior to the performance of any work. Contact DHCD for further guidance if you are interested in the possibility of utilizing force accounts for your project.

Build America, Buy America

All CDBG projects will adhere to the Build America, Buy America (BABA) program. Additional guidance and details for BABA will be added to this document once HUD finalizes the CDBG requirements. General requirements for the BABA program can be found here: https://www.hud.gov/sites/dfiles/GC/documents/Build%20America,%20Buy%20America%20Act%20Provisions.pdf.

Appendix A – Virginia CDBG Eligible Localities

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

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

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 application development process. Local citizen participation should be encouraged throughout the process of developing a Community Improvement Grant (CIG) application. 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 application, but there are no firm requirements.

The following steps, however, are required for each local government wishing to submit a Community Improvement Grant application, 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 applications development period.

- The two hearings must, at a minimum, be held one week apart.
- Advertisements for the two public hearings 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 2023 as June 1, 2023). In the case of the same applications being resubmitted within 12 months of prior application, applicants must hold at least one public hearing to include information on updated scope, budget, and project beneficiaries.
- 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 applications, 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.

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 local radio broadcast 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 applications 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 application 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 applications. 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. 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 applications for use of CDBG funds. The level and type of assistance is determined by the applicant's locality but must include at least consultation and written communication between a local contact person responsible for the CDBG applications' 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 applications.

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

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.

Appendix C – Community Economic Development Matrix

Area Name	2022 Unemployment*		2021 Median HH Income**		2021 Poverty Rates**		Overall Score	Status
Accomack County	3.3	1	$ 50,949	2	16.2	2	5	Distressed
Albemarle County	2.7	0	$ 91,849	0	7.0	0	0	Competitive
Alleghany County	3	0	$ 49,197	2	13.3	1	3	Transitional
Amelia County	2.9	0	$ 62,884	1	9.9	0	1	Competitive
Amherst County	3.2	0	$ 57,294	1	12.4	1	2	Transitional
Appomattox County	3.2	0	$ 58,860	1	11.5	1	2	Transitional
Arlington County	2.1	0	$ 124,474	0	7.9	0	0	Competitive
Augusta County	2.5	0	$ 69,243	1	8.5	0	1	Competitive
Bath County	2.7	0	$ 56,200	2	11.1	1	3	Transitional
Bedford County	2.9	0	$ 66,026	1	8.8	0	1	Competitive
Bland County	2.6	0	$ 50,492	2	14.4	1	3	Transitional
Botetourt County	2.6	0	$ 74,081	1	7.0	0	1	Competitive
Brunswick County	5	2	$ 47,401	2	21.3	2	6	Distressed
Buchanan County	4.9	2	$ 38,087	2	23.9	2	6	Distressed
Buckingham County	4.5	1	$ 54,263	2	16.8	2	5	Distressed
Campbell County	3.1	0	$ 53,059	2	10.9	1	3	Transitional
Caroline County	3.5	1	$ 73,390	1	10.9	1	3	Transitional
Carroll County	3.1	0	$ 45,956	2	14.6	1	3	Transitional

Charles City County	3.3	1	$ 63,299	1	11.4	1	3	Transitional
Charlotte County	3	0	$ 48,382	2	16.9	2	4	Transitional
Chesterfield County	3	0	$ 86,101	0	7.4	0	0	Competitive
Clarke County	2.4	0	$ 91,603	0	7.2	0	0	Competitive
Craig County	3	0	$ 57,299	1	11.5	1	2	Transitional
Culpeper County	2.7	0	$ 82,220	0	8.9	0	0	Competitive
Cumberland County	3.4	1	$ 52,200	2	14.8	1	4	Transitional
Dickenson County	3.9	1	$ 39,722	2	22.0	2	5	Distressed
Dinwiddie County	3.3	1	$ 66,397	1	11.9	1	3	Transitional
Essex County	3.6	1	$ 59,012	1	11.5	1	3	Transitional
Fairfax County	2.5	0	$ 133,845	0	7.1	0	0	Competitive
Fauquier County	2.6	0	$ 106,714	0	6.5	0	0	Competitive
Floyd County	2.4	0	$ 54,765	2	12.1	1	3	Transitional
Fluvanna County	2.6	0	$ 77,226	1	7.7	0	1	Competitive
Franklin County	3	0	$ 60,062	1	11.2	1	2	Transitional
Frederick County	2.5	0	$ 85,262	0	7.5	0	0	Competitive
Giles County	3.3	1	$ 55,018	2	11.8	1	4	Transitional
Gloucester County	2.9	0	$ 75,630	1	8.4	0	1	Competitive
Goochland County	2.8	0	$ 104,379	0	6.3	0	0	Competitive
Grayson County	2.2	0	$ 42,553	2	17.6	2	4	Transitional
Greene County	2.5	0	$ 76,941	1	7.8	0	1	Competitive
Greensville County	3.5	1	$ 49,323	2	24.4	2	5	Distressed

Halifax County	4	1	$ 46,244	2	16.0	2	5	Distressed
Hanover County	2.6	0	$ 95,195	0	6.7	0	0	Competitive
Henrico County	3	0	$ 78,888	1	7.0	0	1	Competitive
Henry County	3.3	1	$ 45,784	2	17.0	2	5	Distressed
Highland County	2.6	0	$ 48,972	2	13.1	1	3	Transitional
Isle of Wight County	2.9	0	$ 86,286	0	8.2	0	0	Competitive
James City County	2.9	0	$ 92,270	0	7.0	0	0	Competitive
King and Queen County	2.5	0	$ 59,730	1	14.1	1	2	Transitional
King George County	2.5	0	$ 98,668	0	6.5	0	0	Competitive
King William County	2.7	0	$ 79,378	1	7.1	0	1	Competitive
Lancaster County	3.1	0	$ 58,578	1	12.0	1	2	Transitional
Lee County	3.6	1	$ 38,529	2	25.1	2	5	Distressed
Loudoun County	2.5	0	$ 153,716	0	3.6	0	0	Competitive
Louisa County	2.5	0	$ 68,838	1	10.0	0	1	Competitive
Lunenburg County	3.5	1	$ 44,852	2	18.7	2	5	Distressed
Madison County	2.1	0	$ 67,527	1	9.4	0	1	Competitive
Mathews County	2.8	0	$ 69,978	1	9.1	0	1	Competitive
Mecklenburg County	3.5	1	$ 48,013	2	15.7	2	5	Distressed
Middlesex County	2.7	0	$ 62,710	1	13.0	1	2	Transitional
Montgomery County	2.7	0	$ 57,752	1	23.3	2	3	Transitional
Nelson County	2.8	0	$ 61,224	1	12.4	1	2	Transitional
New Kent County	2.6	0	$ 102,920	0	4.9	0	0	Competitive

Northampton County	4.1	1	$ 51,059	2	17.6	2	5	Distressed
Northumberland County	3.5	1	$ 63,255	1	13.1	1	3	Transitional
Nottoway County	2.8	0	$ 46,442	2	21.0	2	4	Transitional
Orange County	3	0	$ 94,547	0	8.9	0	0	Competitive
Page County	3.2	0	$ 53,449	2	13.4	1	3	Transitional
Patrick County	3.3	1	$ 46,963	2	14.3	1	4	Transitional
Pittsylvania County	2.8	0	$ 52,006	2	13.1	1	3	Transitional
Powhatan County	2.7	0	$ 99,854	0	6.0	0	0	Competitive
Prince Edward County	3.5	1	$ 51,239	2	18.7	2	5	Distressed
Prince George County	3.7	1	$ 79,710	1	10.4	1	3	Transitional
Prince William County	2.8	0	$ 116,354	0	6.4	0	0	Competitive
Pulaski County	2.8	0	$ 53,111	2	13.5	1	3	Transitional
Rappahannock County	2.4	0	$ 80,098	1	9.1	0	1	Competitive
Richmond County	2.6	0	$ 53,959	2	16.9	2	4	Transitional
Roanoke County	2.6	0	$ 73,438	1	8.1	0	1	Competitive
Rockbridge County	2.6	0	$ 59,252	1	10.2	0	1	Competitive
Rockingham County	2.5	0	$ 72,392	1	8.3	0	1	Competitive
Russell County	3.3	1	$ 45,254	2	18.4	2	5	Distressed
Scott County	3.5	1	$ 42,894	2	19.6	2	5	Distressed
Shenandoah County	2.7	0	$ 65,308	1	9.8	0	1	Competitive
Smyth County	2.7	0	$ 42,303	2	17.5	2	4	Transitional
Southampton County	2.6	0	$ 57,965	1	14.1	1	2	Transitional

Spotsylvania County	3.1	0	$ 100,162	0	7.2	0	0	Competitive
Stafford County	3	0	$ 116,569	0	5.4	0	0	Competitive
Surry County	3	0	$ 61,358	1	12.2	1	2	Transitional
Sussex County	4.9	2	$ 54,282	2	19.5	2	6	Distressed
Tazewell County	3.9	1	$ 40,728	2	19.6	2	5	Distressed
Warren County	2.8	0	$ 73,546	1	9.2	0	1	Competitive
Washington County	3	0	$ 54,223	2	13.3	1	3	Transitional
Westmoreland County	3.1	0	$ 59,959	1	15.1	1	2	Transitional
Wise County	3.7	1	$ 41,994	2	19.2	2	5	Distressed
Wythe County	2.9	0	$ 51,206	2	16.9	2	4	Transitional
York County	2.8	0	$ 97,500	0	5.1	0	0	Competitive
Alexandria City	2.4	0	$ 100,877	0	9.9	0	0	Competitive
Bristol City	3.8	1	$ 41,272	2	18.4	2	5	Distressed
Buena Vista City	2.7	0	$ 47,144	2	15.1	1	3	Transitional
Charlottesville City	2.6	0	$ 61,255	1	21.6	2	3	Transitional
Chesapeake City	3	0	$ 87,057	0	8.3	0	0	Competitive
Colonial Heights City	3.5	1	$ 59,455	1	9.4	0	2	Transitional
Covington City	4.3	1	$ 43,075	2	17.4	2	5	Distressed
Danville City	5	2	$ 37,652	2	24.2	2	6	Distressed
Emporia City	4.9	2	$ 41,610	2	21.1	2	6	Distressed
Fairfax City	2.4	0	$ 107,334	0	7.3	0	0	Competitive
Falls Church City	2.3	0	$ 142,430	0	4.0	0	0	Competitive

Franklin City	4.7	1	$ 46,460	2	19.6	2	5	Distressed
Fredericksburg City	3.6	1	$ 77,437	1	14.2	1	3	Transitional
Galax City	2.8	0	$ 42,023	2	21.0	2	4	Transitional
Hampton City	4.3	1	$ 57,662	1	12.4	1	3	Transitional
Harrisonburg City	3.4	1	$ 50,250	2	25.0	2	5	Distressed
Hopewell City	5.3	2	$ 47,263	2	20.8	2	6	Distressed
Lexington City	4.1	1	$ 53,400	2	21.0	2	5	Distressed
Lynchburg City	4	1	$ 52,127	2	17.8	2	5	Distressed
Manassas City	2.7	0	$ 100,530	0	8.6	0	0	Competitive
Manassas Park City	2.6	0	$ 87,255	0	7.3	0	0	Competitive
Martinsville City	5.4	2	$ 38,571	2	19.9	2	6	Distressed
Newport News City	4	1	$ 58,303	1	15.8	2	4	Transitional
Norfolk City	3.9	1	$ 56,951	1	16.9	2	4	Transitional
Norton City	3.4	1	$ 38,316	2	20.4	2	5	Distressed
Petersburg City	7	2	$ 40,682	2	22.8	2	6	Distressed
Poquoson City	2.4	0	$ 105,525	0	5.4	0	0	Competitive
Portsmouth City	4.4	1	$ 53,618	2	17.6	2	5	Distressed
Radford City	3.5	1	$ 48,898	2	25.6	2	5	Distressed
Richmond City	3.9	1	$ 52,011	2	21.1	2	5	Distressed
Roanoke City	3.4	1	$ 47,545	2	17.9	2	5	Distressed
Salem City	2.9	0	$ 60,740	1	10.5	1	2	Transitional
Staunton City	2.7	0	$ 54,508	2	12.0	1	3	Transitional

Suffolk City	3.2	0	$ 78,090	1	10.6	1	2	Transitional
Virginia Beach City	2.9	0	$ 81,364	0	9.4	0	0	Competitive
Waynesboro City	3	0	$ 54,106	2	12.3	1	3	Transitional
Williamsburg City	4.3	1	$ 61,750	1	19.3	2	4	Transitional
Winchester City	2.7	0	$ 55,908	2	12.5	1	3	Transitional

* Source: Virginia Employment Commission, November 2022 Local Area Unemployment Statistics, Not seasonally adjusted

** Source: U.S. Census Bureau 2021 Small Area Income and Poverty Estimates (SAIPE)