# 19 DEPARTMENT OF ECONOMIC AND COMMUNITY DEVELOPMENT

498 OFFICE OF COMMUNITY DEVELOPMENT

Chapter 7: 1992 COMMUNITY DEVELOPMENT BLOCK GRANT SMALL CITIES PROGRAM

1992 FINAL STATEMENT

TABLE OF CONTENTS

1. Program Overview 1

A. CDBG Objectives 1

B. Grant Structure 1

C. State Administration 2

D. Program Timeframe 2

E. Program Budget 3

2. Method of Distribution 4

A. Community Revitalization Grants 4

1. Threshold Criteria 4

a. Eligible Applicants 4

b. Ineligible Applicants 4

c. Project Eligibility 4

d. Federal and State Certifications for Local Governments 4

2. Special Program Requirements 5

a. Past Performance 5

b. Program Income 5

3. Selection Process 5

a. Phase I Application 5

b. Phase II Project Development 7

4. Approval Process 7

B. Planning Grants 8

1. Threshold Criteria 8

2. Special Program Requirements 8

3. Selection Process 8

4. Approval Process 8

C. Reserved Grants 9

1. Threshold Criteria 9

2. Special Program Requirements 9

3. Selection Process 9

4. Approval Process 9

D. Development Fund 11

1. Threshold Criteria 11

2. Special Program Requirements 11

a. Necessary or Appropriate 11

b. Financing Plan 11

c. BP loan 12

d. Repayment Terms 12

e. LMI Benefit 12

3. Selection Process 12

a. Impact 12

4. Approval Process 13

a. Approval Process 13

b. DF Committee Recommendations 14

c. Quarterly Allocation 14

E. Technical Assistance Grants 14

1. Threshold Criteria 14

2. Special Program Requirements 14

3. Selection Process 15

4. Approval Process 15

F. Interim Finance Program 15

1. Threshold Criteria 15

2. Special Program Requirements 16

a. Need for Financing 16

b. Commitment of Non-CDBG Funds 16

c. Community Benefit 16

d. Irrevocable Letter of Credit 16

3. Selection Process 17

4. Approval Process 17

G. Urgent Needs Grant Program 17

1. Threshold Criteria 17

2. Special Program Requirements 18

3. Selection Process 18

4. Approval Process 18

H. Affordable Housing Planning Grants 19

1. Threshold Criteria 19

2. Special Program Requirements 19

3. Selection Process 19

4. Approval Process 19

I. Emerging Opportunity Fund 19

1. Threshold Criteria 19

2. Special Program Requirement 20

3. Selection Criteria 22

4. Approval Process 23

3. Redistribution of Grant Funds 24

A. Administrative Redistribution of Grant Funds 24

1. Local Government Grants from the State 24

2. Unallocated State Grants to local Governments 34

3. State Grants from the Department of Housing and Urban Development 24

B. Program Income 25

1. General Program Income Requirements 25

a. Program Income Received During the Grant Period 25

b. Program Income Received After the End of a Grant Period 25

c. Program Income Received by the State 25

d. Program Income Plan 25

e. Program Income Plan Submission 26

2. Program Income Special Requirements 26

a. Development Fund Program Income 26

b. Interim Finance Program Income 26

c. Emerging Opportunity Fund Program Income 26

4. Appeals 26

5. Amendment to the Final Statement 27

19 489 Department of Economic and Community Development

Chapter 7: Community Development Block Grant Program: 1992 Final Statement

SUMMARY: The 1992 Final Statement describes the design and the method of distribution of funds of Maine's 1992 Small Cities - Community Development Block Grant (CDBG) Program. The CDBG Program is administered pursuant to 5 M.R.S.A. §13073. The 1992 Final Statement was prepared by the Department of Economic and Community Development (DECD) with the advice of the Community Development Advisory Committee. DECD held a public forum to solicit comments prior to developing the Final Statement. As part of the Maine Administrative Procedure Act, DECD held six public hearings to solicit input on this Final Statement. Further, the DECD met with the Maine Association of Regional Councils and the Maine Community Development Association to gather comment for this document.

Section 1. Program Overview

A. CDBG OBJECTIVES

The objective of the Maine CDBG Program is to serve as a catalyst for local governments to implement programs which:

1. benefit low and moderate income people.

2. are part of a long range community strategy;

3. improve deteriorated residential and business districts and local economic conditions; and

4. provide the conditions and incentives for further public and private investment;

B. GRANT STRUCTURE

The Department of Economic and Community Development, through the Office of Community Development (OCD), offers several programs designed to achieve the previously stated CDBG objectives. The following is a list of CDBG program administered by OCD and a brief summary of each programs intent:

1. Community Revitalization Grants: To assist communities with programs which provide financing for local housing, economic development and public facility activities which are part of a community development strategy and which will lead to future public and private investments.

2. Planning Grants: To assist communities in the final development of their CDBG strategies that address specific community development problems.

3. Reserved Grants: To provide funding for the second year of a CDBG grant initially determined in the previous year.

4. Development Fund: To provide financial resources to local governments which in turn assist businesses to create jobs or housing opportunities for low and moderate income people.

5. Technical Assistance Grants: To build local and regional community development capacity through workshops, site visits, and other training conducted by the State and regional organizations.

6. Interim Finance Program: To utilize undisbursed monies in the State's Letter of Credit for grants to localities to assist businesses or developers create housing and job opportunities for low and moderate income people through short-term loans.

7. Urgent Needs Grant Program: To enable communities to address community development needs having a particular urgency.

8. Affordable Housing Planning Grants: To enable communities to gather, analyze, and provide information required for the development of projects to promote affordable housing.

9. Emerging Opportunity Fund: To provide financial resources to local governments in Title IX areas designated by the federal Economic Development Administration (EDA) which can use the EOF assistance as leverage to obtain funds under the EDA Economic Adjustment Assistance Program (Title IQ and the EDA Public Works Program (Title Q.

C. STATE ADMINISTRATION

The Department of Economic and Community Development, through OCD, pursuant to the Housing and Community Development Act of 1974, as amended, Section 106(d) (3) (a) is permitted to utilize $100,000 plus 2% of its annual allotment from the Department of Housing and Urban Development (HUD) to assist in administering the State's Small Cities CDBG Program in accordance with Federal, State and local requirements.

D. PROGRAM TIMEFRAME

The provisions set forth in this Final Statement apply to funds to be awarded in the 1992 grant year which begins with the community revitalization Grant application deadline of October 16, 1991 and runs approximately one year to the next community Revitalization Grant application deadline.

E. PROGRAM BUDGET

The budget on the next page indicates the manner in which CDBG Funds will be allocated among programs for the 1992 grant year. The total budget is comprised of a federal allocation from HUD, along with a state match equivalent up to 2% of the federal allocation. The amount of the federal allocation is unknown at this time but is expected to be approximately $9,800,000. The only program for which the budget remains uncertain is the Community Revitalization Grant Program. The budget for this program will be equal to the total budget less the amounts budgeted for all other programs. The maximum amount available for every other program will be that amount indicated in the following budget.

COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM BUDGET GRANT YEAR 1992

|  |
| --- |
| Total FY 1992 CDBG Program Budget 1 $10,768,000  Port Facility Reallocation 674,874  **MAXIMUM BUDGET**  1. Planning Grant Program 100,000  2. Reserved Grant Program 2,587,000  3. Development Fund 750,000  4. Technical Assistance Grant Program 200,000  5. Interim Finance Program 2 See Below  6. Urgent Needs Grant Program 300,000  7. Affordable Housing Planning Grant Program 150,000  8. Emerging Opportunity Fund 450,000  9. Community Revitalization Grant Program 3 6,231,000 |

1 The total program budget is comprised of a federal allocation of $10,768,000 plus a State match expected to equal at least 2% of the federal allocation.

2 The budget for the Interim Finance Program is comprised of monies not yet disbursed from each of the other programs. These monies are lent on a short term basis. The maximum budget for this program is $5,000,000. This program is capitalized only as loans are issued.

3 The budget for this program is comprised of the total program budget less the amounts budgeted for programs 1, 2, 3, 4, 6, 7, 8 above and state administration described in Section I (C) of this Final Statement.

Section 2. Method of Distribution

This section describes the various programs established by the State of Mine for the distribution of Community Development Block Grant funds.

A. COMMUNITY REVITALIZATION GRANTS

The purpose of a Community revitalization (CR) Grant is to provide financing for local housing, economic development and public facility activities which are part of a community development strategy and which will lead to future public and private investments.

1. Threshold Criteria: The State will distribute CDBG funds to local governments through the annual Community Revitalization Selection Process. The threshold criteria for the process are listed below:

(a) Eligible Applicants: All units of general local governments in mine, including plantations, are eligible to apply for and receive CDBG funds form the State. County governments may apply on behalf of unorganized territories.

(b) Ineligible Applicants: Entitlement communities of Portland, Bangor, Lewiston and Auburn, and established counties and unorganized territories, except as described in (a), above.

(c) Project Eligibility: Upon receipt by the office of Community Development, applications will be reviewed to determine the eligibility of the activities that the applicant proposes to undertake with CDBG funds. Those activities which do not appear to be eligible under 24 CH, Part 570, Subpart C, 201 *et seq*. will be excluded from further consideration, and the applicant will be notified of the determination. In the event that an application contains more than one proposed activity, ineligible activities would be excluded and the remaining eligible activities would continue through the selection process.

(d) Federal and State Certifications for Local Governments: All communities applying far CDBG funds must certify that they will:

(i) minimize displacement and adhere to a displacement policy;

(ii) take action to affirmatively further fair housing and comply with the provisions of the Civil Rights Acts of 1964 and 1968;

(iii) not attempt to recover certain capital costs of public improvements funded in part with CDBG monies;

(iv) establish a community development plan;

(v) meet all required State and Federal public participation requirements;

(vi) comply with the Federal requirements of Section 319 of Public law 101-122 regarding government-wide restriction on lobbying; and

(vii) provide a local match equivalent to 20 - 50 percent of the total project budget.

2. Special Program Requirements: CR applicants must also comply with the following special program requirements:

a. Past Performance: In order to be eligible to apply for the 1992 program, communities that received grant funds in 1987 must have conditionally closed their grants by October 16, 1991. Communities that received grant funds in 1988 must have expended 100% of their funds by October 16, 1991. Communities that received grant funds in 1989 must have obligated 100% of the funds by October 16, 1991. Communities that received grant funds in 1990 must have obligated at least 50% of the funds by October 16, 1991. Communities that received grant funds in 1991 must have obligated at least 25% of the funds by October 16, 1991.

b. Exceptions: Grant recipients may only submit a request to DECD for a waiver of this special requirement under the following extraordinary circumstances: 1) the recipients has received unanticipated program income and is unable to meet the above performance requirements because of the federal rule that program income must be expended prior to the expenditure of grant funds, or 2) program delays have occurred that are beyond the control of the grantee due to acts of nature or unforeseen changes in scheduled availability of essential leveraged funds.

3. Selection Process: The selection process will consist of two phases: an application phase, and a project development phase.

a. Phase I Application: The maximum length of an application is ten pages. It is designed to be a description of a community's problems that it would like to address with CDBG assistance. The application deadline is October 16, 1991. These applications will be evaluated on the following:

(i) Problem Statement (20 points): The Problem Statement is a description of the problems or needs the applicant wishes to address with CDBG assistance.

(ii) Proposed Solution (30 points): The Proposed Solution is a description of how the applicant would like to use CDBG assistance to solve the problem(s) discussed in the Problem Statement.

(iii) Citizen Participation (20 points): Citizen Participation is a descriptive demonstration of how local citizens, community groups and others were involved in the identification of the problems) and solutions discussed in the application.

(iv) Commitment (20 points): Commitment is a description of the other resources that will be contributed to the project. These may include commitments obtained or sought to date. Commitments, along with an estimated timeframe regarding when various aspects of the program will be undertaken, may be reviewed.

(v) Distress (10 points): OCD will derive a community's distress score from following four areas:

(aa) Housing (2.5 points): a composite score consisting of two factors: the percent of substandard housing and the percent of households with income less than $15,000 per year and spending 25% of their income on housing costs. The percentages will be derived from the 1980 Census.

(bb) Economic Conditions (2.5 points): a composite score derived from two factors: a ranking based on the unemployment rates of the Labor Market Areas in which the community is located plus a quarter point for each percentage point the community's municipal unemployment rate is above the State's average unemployment rate.

(cc) local Fiscal Capacity (2.5 points): a score determined by ranking the effective (state equalized) tax rates for each applicant within population categories include 5,000 and above, 4,999 to 2,500, 2,499 to 1,000, and 999 less.

(dd) Poverty Level (2.5 points): a score derived by using the percent of persons in a community below 150% of the poverty level as defined in the 1980 Census. The poverty level percentages will be ranked within the four population categories discussed above.

b. Phase II Project Development:

(i) Invitation to Proceed: Successful applicants will be invited to proceed to Phase II. It is important to remember that an invitation is not a guarantee of funding. These applicants continue the process by completing the following criteria:

(aa) Project Planning: Details of the project including engineering, cost analysis and market feasibility study.

(bb) Project Eligibility: Proposed activities are verified for eligibility pursuant to 24 CFR, Part 570, Subpart C, 570.201 *et seq*.

(cc) Project Benefit: The proposed activities are verified to meet one the national objectives pursuant to 24 CFR, Part 570, Subpart A;, 570.200 (a) (2) of either providing direct benefit to low and moderate income persons or removing slum and blighting influences within that community (24 CFR, Part 570, Subpart A, *et seq*.).

(dd) Management Plan: The community will determine how they will be administering and managing their program.

(ee) Regulations: Both State and Federal regulations will be reviewed for compliance.

(ii) Planning Grants: Pursuant to Section 2(B) of this Proposed Statement, communities will receive financial assistance, on an as needed basis, in the form of planning grants to cover a portion of the costs associated with project development. The extent to which such assistance is needed shall be determined by OCD staff. Additional planning costs may be reimbursable expenses firm subsequent full funding.

4. Approval Process: The emphasis during the second phase will be to develop a partnership between the State, region and community to determine the best project that will meet the community's identified needs. OCD's Project Development (PD) Specialist assigned to the community will work closely with the town to identify eligible solutions. Through this process, the PD Specialist will insure the verification of benefit, project cost justification and project budgets and schedules. Those communities successfully completing the Phase II criteria shall contract with DECD in order to receive CDBG funds. Communities not having a signed contract with DECD within six months of receipt of a Phase II invitation will forfeit said invitation. The Director of the office of Community Development reserves the right to waive this requirement in light of extenuating circumstances.

The maximum grant amount will be $400,000 for one year with an $800,000 maximum for two years. Community wide public facilities shall be limited to $200,000 per year. Project implementation shall begin upon execution of a contract. OCD staff will remain involved with the community through the end of the project to provide technical assistance and to monitor compliance with federal and state regulations.

B. PLANNING GRANTS

The purpose of the Planning Grant is to enable communities to gather, analyze, and provide information required by the CR Grant process.

1. Threshold Criteria: The State will award planning grants to communities, provided that they meet the following threshold criteria:

(a) been invited into Phase II of the CR Selection process;

(b) demonstrate a need for financial assistance; and

(c) demonstrate the means to execute the grant award.

2. Special Program Requirements: Not applicable.

3. Selection Process: Communities will be required to submit a Planning Grant Proposal that describes how they will use these planning grant funds in order to complete the Phase II requirements necessary to contract with the Office of Community Development.

4. Approval Process: OCD will award Planning Grants on a competitive basis. The staff will review the threshold criteria, the applicant's proposal, and an evaluation of the applicant's past performance under past Planning Grants.

C. RESERVED GRANTS

The purpose of a Reserved Grant is to provide funding for the second year of CR Grant initially determined in the previous program year.

1. Threshold Criteria: reserved grantees meet the following threshold criteria;

(a) be an eligible applicant, pursuant to Section 2(A)(1)(a) and (b) of this Final Statement;

(b) the proposed activities must meet one of the national objectives described in 24 CFR, Section 570.200 (a)(2);

(c) undertake eligible activities, pursuant to 24 CFR, Section 570.201 *et seq*. and approved during the 1991 Phase II process;

(d) complete the Federal Certifications for Local Governments as described in Section 2(A)(1)(d) of this Final Statement; and

(e) complete the required CDBG application materials.

2. Special Program Requirements: reserved grantees must meet the following special program requirements:

(a) Eligible applicants are restricted to the following 7 communities:

Biddeford

Fort Kent

Lubec

Presque Isle

Swans Island

Waldoboro

Warren

(b) Evidence that applicants are on line with the 1991 expenditure schedule as submitted in their contract. Reserved Grant communities must have demonstrated reasonable progress in staffing, program design and contracting for their current program.

(c) In the aggregate, 70% of the expenditures proposed by reserved Grantees must result in benefit to low and moderate income persons.

3. Selection Process: Not applicable.

4. Approval Process: The following actions constitute the approval process for reserved grants:

(a) Applications from Reserved Grant communities will be invited during the 1992 Phase II Process.

(b) Each Reserved Grant application will be reviewed by the community's PD Specialist. The PD Specialist will:

(i) Review status reports of Reserved Grant communities;

(ii) Compare the reserved grant application to the second year of the project as proposed in the previous year's Phase II process;

(iii) Review activity schedule and management plan for acceptability based on project design and budget; and

(iv) Develop recommendations for the CDBG Program Manager regarding the application's acceptability, grant conditions and funding level.

(c) Recommendations an Reserved Grant applications will be reviewed by the CDBG Program Manager. Based on the information presented, the Program Manager will recommend to the Director and the Commissioner of the Department of Economic and Community Development that the Reserved Grant community:

(i) Be funded at the requested level;

(ii) Not receive a reserved grant (if ineligible costs were incurred during the administration of the previous year or the project is no longer feasible); or

(iii) Be funded at a reduced level (the amount of reduction will be determined by the changes in the project's activities and schedules as originally proposed or by evidence that the project cannot accomplish its original goals).

(d) The Commissioner of the Department of Economic and Community Development will announce reserve grant awards during the 1992 Phase II process.

D. DEVELOPMENT FUND

The purpose of the Development Fund (DF) is to provide financial resources to local governments which in turn assist businesses to create jobs or housing opportunities for low and moderate income people.

1. Threshold Criteria: DF applicants must meet the following threshold criteria:

(a) be an eligible applicant, pursuant to Section 2(A)(1)(a) and (b) of this Proposed Statement;

(b) the proposed activities must meet one of the national objectives described in 24 CFR, Section 570.200 (a)(2);

(c) 51% of the jobs or housing units created as a result of CDBG expenditures proposed by the DF applicant are provided to persons of low and moderate income;

(d) undertake eligible activities, pursuant to 24 CFR, Part 570, Subpart C, 570.201 *et seq*.;

(e) complete the Federal Certifications for Local Governments as described in Section 2(A)(1)(d) of this Proposed Statement; and

(f) complete the required DF application materials.

2. Special Program Requirements: DF proposals also must comply with the following special program requirements:

(a) Necessary or Appropriate: The DF loan for profit businesses must be for projects that are necessary and appropriate. The application must describe the need for DF assistance, reasonableness of the amount requested, the repayment plan, and assurance that the assistance provided is commensurate with the community benefits that will accrue from the project. Clear and sufficient evidence must be provided that the project cannot proceed without DF participation.

(b) Financing Plan: The DF application is to present a financing plan for a project in which the DF loan comprises the lesser of $100,000 or 40% of total project cost. Project activities and use of funds to calculate the non-DF financing must represent a new investment or a new project. The financing necessary to support at least 60% of the total project cost must be documented by binding commitment letters submitted with the application. Project activities or uses of funds used to calculate the non-DF financing also must represent new investment.

(c) DF Loan: The DF is provided as a grant to a unit local government. The local government must use designated grant monies as a loan to the business or the developer identified in the DF application. The loan must be provided under the terms stated in a DF Letter of Conditions and the contract between DECD and the local government.

(d) Repayment Terms: Thresholds regarding interest rates or repayment terms have not been established. Justification for the repayment terms relate to filling the financing gap, identifying the rate of return allowed through the repayment terms, or specifying the locational cost differentiations and the benefit derived from the assistance.

(e) LMI Benefit: In the aggregate, 70% of the program expenditures are provided to benefit persons of low and moderate income.

3. Selection Process: Eligible projects will be evaluated according to the following factors:

(a) Impact: The DF project will be evaluated as a viable business or housing development proposal. The following considerations will be the focus of the Impact factor.

(i) Chance of Success: The project demonstrates that a market exists for its product or service, the cost of the product or service is competitive in current market conditions, the cash flow projections are adequate to support operating expenses and indebtedness, and management has the capacity to carry out the business or development plan. The project must be complete in that there are no unidentified activities or project costs necessary to implement the project.

(ii) Financial Plan: The financing for the project is in place and legally binding commitments have been submitted; the proposal has an appropriate leverage ratio of private and public dollars and is structured to meet cash flow projections; and the project pro forma has been reviewed by an independent qualified accountant, preferably a CPA. The financing plan must be complete in that there are no unidentified uses of funds necessary to complete the project.

(iii) Equity: The proposed loan recipient has made an equity commitment to the project, preferably through a cash equity injection. other substantial participation may substitute for a cash equity injection with appropriate explanation regarding equity participation.

(iv) DF Loan repayment: Terms of the loan payback are to reflect what is necessary to allow a project to be implemented while providing the maximum and most expeditious return of CDBG - DF monies for reuse.

(v) Security: The proposed loan recipient presents collateral appropriate to secure the DF Loan and indicates willingness to enter into security agreements.

(vi) Benefit: The DF proposal will be evaluated on the basis of the community and economic benefits that will result from the project. Benefit considerations are given below.

(vii) Cost: The number of permanent jobs created or retained and the number of housing units assisted as per DF project dollars will be compared with current and past DF projects. The increase in local tax dollars resulting form the project will be evaluated. Overall project cost effectiveness also will be considered.

(viii) Low/Moderate Income Benefit: Additional consideration will be given to the proposed loan recipient for extra benefits or efforts on behalf of low and moderate income persons and families. The integration of job training programs, job advancement opportunities, education and training programs, and referral services from JTPA and Job Service will be part of this evaluation.

(ix) Community and Economic Development: Benefit to community and economic development will focus on how the proposal affects long term developments. This review will also examine the ripple affect of the proposal on the community. Considered in this area will be how the primary and secondary impacts of the proposal meets community needs and furthers community and economic development.

4. Approval Process:

(a) Application: Applications shall be submitted on the first Thursday of each month. DECD staff will review the applications to determine if the threshold criteria have been met. A credit analysis will be conducted by DECD or its designee for each job creation or housing proposal. Following staff analyses, applications will be evaluated by a review committee. As a review body, the DF Committee will make recommendations to the DECD staff and the Director. The DF Committee is appointed by the Director and consists of a representative of local government, a certified public accountant, and attorney, a representative of private financing, a business person, an at-large appointee, and a housing person.

(b) DF Committee Recommendations: The DF Committee will review staff reports and make recommendations to the Director for awards. The Committee will have four general options to recommend on any individual project. The options are:

(i) approval of requested amount and terms;

(ii) approval of requested amount but under different terms proposed;

(iii) rejection with staff recommendation for complete/partial resubmittal; and

(iv) rejection.

(c) Quarterly Allocation: The quarterly allocation will be limited to $187,500 plus any unobligated portion of allocations of previous quarters. This limit can be waived by the Director. The Director also reserves the right to reject any or all applications in any month.

If, while nearing the end of the quarter, available funds are not sufficient to finance credit-worthy proposals, the review process will incorporate an objective needs factor (the distress factor described in Section l(A)(3)(v). Those proposals with the highest scare in the needs factor will receive assistance first.

E. TECHNICAL ASSISTANCE GRANTS

The purpose of the Technical Assistance (TA) Grant program is to enable regional organizations to provide information about the CDBG program to communities in their area and to assist interested communities in preparing to participate in the program.

1. Threshold Criteria: The State will award TA Grants to a planning district provided that it meets the following threshold criteria:

(a) the recipient is a nonprofit regional organization;

(b) the recipient is governed by a board with representatives of local governments from the district for which the award is made; and

(c) We recipient has the staff capacity to provide CD technical assistance.

2. Special Program Requirements: Not applicable.

3. Selection Process: Regional organizations that desire to receive Technical Assistance Grants must submit a proposal by May 15, 1992 that describes how the organization will address the following technical assistance tasks:

(a) provide assistance to communities in preparation of Community Revitalization applications; and

(b) provide on an as-needed basis general technical assistance to communities interested in participating in the State's CDBG program.

4. Approval Process: DECD will award technical assistance grants on a competitive basis. The factors involved in the determination of awards will be the threshold criteria, the regions' proposals and evaluation of their performance under past TA Grants.

F. INTERIM FINANCE PROGRAM

The purpose of the Interim Finance Program (IFP) is to utilize undispersed monies in the State's Letter of Credit for grants to localities to assist businesses or developers create housing and job opportunities for low and moderate income people through short-term loans.

1. Threshold Criteria: UP applicants must meet the following threshold criteria:

(a) be an eligible applicant, pursuant to Section 2(A)(1)(a) and (b) of this Proposed Statement;

(b) The proposed activities must meet the low and moderate income objective as described below:

(i) at least 51% of the jobs created by UP expenditures must be provided to low and moderate income persons (24 CFR Part 570.208 (a) (4)),

(ii) at least 51% of the housing units created by IFP expenditures must be occupied by low and moderate income households (24 CFR Part 570.208 (a) (3)), or

(iii) the UP expenditures reduce the development costs for new multi-family, non-elderly housing construction where not less than 20% of the units will be occupied by low and moderate income households at affordable rents and the proportion of the total cost of developing the project to be borne by the IFP funds is no greater than the proportion of units in the project that will be occupied by low and moderate income households (24 CFR Part 570.208 (a) (3) (i) ).

(c) undertake eligible activities pursuant to 24 CFR 570.201 *et seq*.;

(d) complete the Federal Certifications for Local Governments as described in Section 2(A)(1)(d) of this Proposed Statement;

(e) complete the required IFP application materials; and

(f) the application amount must be between $500,000 and $5,000,000. The Commissioner of DECD may waive the $500,000 minimum requirement if OCD determines that it is in the best interest of the State and if that Office incurs no additional administrative costs as a result of the smaller award.

2. Special Program Requirements: There are four requirements, in addition to the six listed above, which must be met for a project to qualify for the Interim Financing Program:

(a) Need for Financing: There must be a demonstrated need for an interim Financing Program loan in order for the project to be funded. That need nay be based upon either a gap in available funding for the project or on a determination that the costs of financing so adversely affect the project's rate of return that the project would not be undertaken without additional assistance. Interim Finance Program grantees must demonstrate that the proposed rate and term have been set to ensure that the assistance provided is the minimum needed and that the proposed assistance is necessary and appropriate to carry out an economic development project.

(b) Commitment of Non-CDBG Funds: The business being assisted must demonstrate that all non-CDBG financing, both permanent and interim, necessary for the project's completion has been secured.

(c) Community Benefit: The project must result in a substantial benefit to the community job creation/retention, tax revenue increases, new housing opportunities, or public facility improvements relative to the public dollar investment.

(d) Irrevocable Letter of Credit: The business being assisted by the Interim Finance Program grantee must secure an unconditional, irrevocable letter of credit for the full amount of the Interim Financing Loan (principal plus accrued interest to term) from a lending institution acceptable to DECD which will be assigned to the State. The State may accept a FAME guarantee in lieu of an irrevocable letter of credit.

3. Selection Process: Interim Financing Program grants will be made on a first come basis. Prior to consideration of a grant award all Interim Financing proposals must meet the six Threshold Criteria plus the four Special Program requirements listed above. Projects that meet these requirements may be awarded IFP grants, until the amount of funds available in the State's letter of credit has been committed. Following full commitment of the Interim Financing Program, the State will maintain a waiting list of eligible projects to be funded. If projected funds will not be available for a minimum of six months, the State reserves the right not to accept any additional applications.

4. Approval Process: Through its Technical Assistance Providers, direct mailings, and other marketing methods, the State will advertise the availability of funds within the Interim Financing Program. Communities interested in applying will: notify the State of its intent to apply, identify the proposed loan recipient and provide an application describing the project. Following the acceptance of a complete application by the State, the DECD or its designee will conduct a financial analysis of the project. DECD will determine if the Interim Financing Program grant/loan is needed, if all non-CDBG permanent and interim funds are committed, and if an irrevocable letter of credit is in place. The DECD staff will recommend the loan terms and interest rates to the Director of the Office of Community Development. The State will review all other program requirements. IF these requirements are met, the Commissioner of the Department of Economic and Community Development will make a grant award based on the project meeting all program requirements.

G. URGENT NEEDS GRANT PROGRAM

The purpose of the Urgent Needs Grants (UNG) Program is to provide financing to enable communities to address community development needs having a particular urgency.

1. Threshold Criteria: UNG Program applicants must meet the following threshold criteria::

(a) be an eligible applicant, pursuant to Section 2 (A) (1) (a) and (b) of this Proposed Statement;

(b) pursuant to 24 CFR Part 570 Subpart C, 570.200 (a) (2) and 570.208 (c), seek to address a community development need which:

(i) poses a serious and immediate threat to the health or welfare of the community;

(ii) originated or became urgent within 18 months prior to the submission of the applications;

(iii) the applicant is unable to finance on its own; and

(iv) cannot be addressed with other sources of funding.

(c) complete the Federal Certifications for Local Governments as described in Section (2) (A) (1) (d) of this Proposed Statement;

(d) complete the required UNG Program application materials; and

(e) seek an amount of assistance not in excess of $150,000.

2. Special Program Requirements: The urgent need to be addressed must be of such a nature that it requires emergency action to alleviate the occurrence or imminent threat of widespread or severe injury or loss of life resulting from any natural or man-made cause.

3. Selection Process: Communities seeking to undertake a project on the basis of urgent need must submit an UNG Program application which includes the following:

(a) documentation of the nature and severity of the condition requiring assistance;

(b) certification that the activity is designed to address an urgent need;

(c) information that describes when the urgent need condition requiring assistance developed/occurred; and

(d) evidence to confirm that other financial resources to alleviate he need are not available.

Urgent Needs Grants will be made on a first come basis. Prior to consideration of a grant award, all UNG Program proposals must meet the five Threshold Criteria plus the Special Program requirement listed above. Grant proposals that meet these requirements may be awarded grants from the UNG Program, until the amount of funds available in the program has been committed. Having committed all funds in the program, the State reserves the right not to accept any other applications.

4. Approval Process: Following the acceptance of a complete application, the Director of the office of Community Development shall review the application and verify the information contained therein. If all requirements are verified and funds remain available in the program, the Director will make a grant award.

H. Affordable Housing Planning Grants

The purpose of the Affordable Housing Planning Grants (AHPG) program is to enable communities to gather, analyze, and provide information required for the development of projects to promote affordable housing.

1. Threshold Criteria: The State will award AHPG's to communities, provided they meet the following threshold criteria:

(a) be an eligible applicant, pursuant to Section 2 (A) (1) (a) and (b) of this Proposed Statement;

(b) demonstrate a need for financial assistance not to exceed $15,000; and

(c) demonstrate the means to execute the grant award.

2. Special Program Requirement: AHPG applicants must also have a certified Local or Regional Housing Alliance in accord with Chapters 11, 12, and 13 of the Maine Affordable Housing Alliance rules.

3. Selection Process: Applications for AHPG's will be accepted on a first come basis. Prior to consideration of a grant award, the proposals must meet the three threshold criteria and the special program requirement. Proposals that meet the criteria nay be awarded AHPG funds, until the amount of funds available have been committed. Having committed all funds in the program, the State reserves the right not to accept any other applications.

4. Approval Process: Following the acceptance of a complete application, the Director of the Office of Community Development shall review the application and verify the information contained therein. If all requirements are verified and funds remain available in the program, Director will make a grant award.

I. EMERGING OPPORTUNITY FUND

The purpose of the Emerging Opportunity Fund (EOF) is to provide financial resources to local governments in Title IX areas designated by the Economic Development Administration (EDA) which can use the EOF assistance as leverage to obtain funds under the EDA Economic Adjustment Assistance Program (Title IX) and the EDA Public Works Program (Title I).

1. Threshold Criteria: EOF applicants must meet the following threshold criteria:

(a) be an eligible applicant, pursuant to Section 2(A)(1)(a) of this Final Statement;

(b) the proposed activities must meet one of the national objectives described in 24 CFR, Section 570.200 (a) (2);

(c) 51% of the jobs created as a result of CDBG expenditures proposed by the EOF applicant are provided to persons of low and moderate income;

(d) undertake eligible activities, pursuant to 24 CFR, Section 570.201 *et seq.*;

(e) complete the Federal Certifications for Local Governments as described in Section 2(A)(1)(d) of this Final Statement;

(f) complete the required EOF application materials; and;

(g) be designated by EDA as eligible to receive funds under the Title IX program, and must have submitted a Title IX or Title I preapplication to EDA and be working with EDA toward submission of a full application.

2. Special Program Requirements: EOF proposals also must comply with the following:

(a) EOF Funds: Provided an initial EOF application is successful, a grant contract will be executed between DECD and the local government to reserve EOF funds for the applicant, and an EOF letter of Conditions will be included in the contract to describe the terms that will govern the release of funds from the reserve. The local government must use the designated EOF funds as a match to obtain EDA Title IX or Title I funds. Depending on the EDA matching requirements, requests to use funds from the reserve may have to meet additional special requirements that are similar to those described in Section 2(D)(2)(a and b) of this Final Statement.

(i) EDA Title IX Economic Adjustment Assistance defined: Funds under the Title IX Program are used to assist areas experiencing long-term economic deterioration (LTED) and areas threatened or impacted by sudden or severe economic dislocation (SSED).

Long-term economic deterioration (LTED) : The LTED Program assists eligible applicants to develop and/or implement strategies designed to halt and reverse the long-term decline of their economies. The most common type of activity funded under the LTED Program is Revolving Loan Funds (RLFs), although other types of eligible Title IX activity may be funded.

Sudden and severe economic dislocation (SSED): The SSED Program assists eligible applicants to respond to actual or threatened job losses (dislocation) and other severe economic adjustment problems. It is designed to help communities prevent a sudden, major job loss; to reestablish employment opportunities and facilitate community adjustment as quickly as possible after one occurs; or to meet special needs resulting from severe changes in economic conditions. SSED assistance is intended to respond to permanent rather than temporary job losses. Assistance may be in the form of a grant to develop a strategy to respond to the dislocation (Strategy Grant) or a grant to implement an EDA approved strategy (Implementation Grant).

In light of the current high level of economic distress in rural areas, EDA is particularly interested in Title IX projects designed to mitigate serious rural economic adjustment problems.

(ii) EDA Title I Public Works Program defined: Funds under Title I Program are used to assist distressed communities attract new industry, encourage business expansions and generate long-term, private sector jobs through projects to improve water and sewer facilities primarily serving industry, build access roads to industrial parks or sites, and construct business incubator buildings.

(b) Limit on Amount of EOF assistance: Each Title IX area designated by EDA will be eligible for one EOF grant. The EOF application must present a plan in which the EOF funding comprises the lesser of $200,000 or 70% of the matching funds required from the local government by EDA's Title IX or Title I program. The local government must also demonstrate that it is not possible to get funding from any other source for the portion of matching funds sought from the EOF.

(c) Program Income Plan: Thresholds regarding interest rates or repayment terms for EOF assistance to revolving loan funds under the Title IX program have not been established. Justification for the repayment terms relate to filling the financing gap, identifying the rate of return allowed through the repayment terms, or specifying the locational cost differentiations and the benefit derived from the assistance. To meet EDA Title IX matching requirements, program income generated from EOF funds may be retained by the local grantee or by the local grantee's assignee with the approval of DECD.

3. Selection Criteria: Eligible projects will be evaluated according to the following factors:

(a) Impact: The EOF project will be evaluated as a viable CDBG and EDA-proposal. The following considerations will be the focus of the Impact factor.

(i) Chance of Success:

LTED: To receive funding under the LTED/RLF Program, an area must be experiencing at least one of three economic problems: 1) very high unemployment; 2) lot, per capita income; or, 3) chronic distress (failure to keep pace with national economic growth trends over the last five years). Priority will be given to those areas with two or more of these indicators.

SSED: To receive priority consideration for funding under the SSED Program, an area must show actual or threatened permanent job losses that exceed the following threshold criteria. 1) If the unemployment rate of the Labor Market Area exceeds the national average, the dislocation must be the lesser of two (2) percent of the employed population, or 500 direct jobs. 2) If the unemployment rate of the Labor Market Area is equal to or less than the national average, the dislocation must be the lesser of four (4) percent of the unemployed population, or 1,000 jobs.

Financial Plan: The financing need for the project will be based on an assessment of its financial resources. The proposal must have an appropriate leverage ratio of private and public dollars.

(iii) Benefit: The EOF proposal will be evaluated on the basis of the community and economic benefits that will result from the project. Benefit considerations are given below.

(iv) Cost: The number of permanent jobs created or retained as per EOF project dollars will be reviewed on a case by case basis. The increase in local tax dollars resulting from the project will be evaluated. Overall project cost effectiveness also will be considered.

(v) Low/Moderate Income Benefit: Additional consideration will be given to the proposal for extra benefits or efforts on behalf of low and moderate income persons and families. The integration of job training programs, job advancement opportunities, education and training programs, and referral services from JTPA and Job Service will be part of this evaluation.

(vi) Community and Economic Development: Benefit to community and economic development will focus on how the proposal affects long term developments. This review will also examine the ripple affect of the proposal on the community. Considered in this area will be how the primary and secondary impacts of the proposal meets community needs and furthers community and economic development.

4. Approval Process:

(a) Application: Once the applicant has submitted a Title IX or Title I preapplication to EDA and is working toward a full application, it may submit an EOF application to DECD. DECD staff will review the EOF applications on a first come basis to determine if the threshold criteria have been met. An analysis will be conducted by DECD or its designee for each proposal.

(b) Staff Recommendations: Following the application analysis, staff will make one of the following three recommendations to the Development Director for awards:

(i) approval of requested amount and requested or different terms;

(ii) approval of lesser amount and requested or different terms; or,

(iii) rejection.

(c) Allocation: The EOF allocation will be limited to $450,000. EOF proposals that meet all criteria nay be awarded funds until the amount of funds available in the program has been committed. Having committed all funds in the program, the State reserves the right not to accept any further applications.

Section 3. Redistribution of Grant Funds

This section describes the methods by which disencumbered funds and program income is to redistributed by the State.

A. ADMINISTRATIVE REDISTRIBUTION OF GRANT FUNDS

1. Local Government Grants from the State: local governments receiving grants as a result of the 1990 Community Revitalization program but unable to have their projects substantially underway (staff hired, environmental review complete, program costs obligated) within six months of the grant award, shall have their grant canceled by the State. Unexpended grant funds will be awarded to the community with the next highest score on the 1991 waiting list or added to the available monies for the 1992 competition. The decisions on which option to take will be based on staff evaluation.

Unexpended funds remaining in the grantee's CDBG account at grant closeout, funds remaining in a grantee's award but not drawndown upon grant closeout, funds returned to the State because of disallowed costs, and funds remaining due to the lack of adequate program competition will be added to any open grant or added to the available monies for the next year's competition. The decision on which option to take will be based on staff evaluation. In the case of funds added to open grant(s), redistribution will give priority to grants needing additional CDBG funds in order to complete the activities described in their application to the State and secondly to grants for additional. activities which meet the State and local community development objectives.

2. Unallocated State Grant To Local Governments: Unallocated grant funds from the Community Revitalization Program, Phase II Planning Grants, the Development Fund, the Urgent Needs Grant Program the Affordable Housing Planning Grant Program or the Emerging Opportunity Fund will be added to any open grant or added to the available monies for the next year's competition. The decision on which option to take will be based on staff evaluation.

3. State Grant from HUD: Additional BUT) financial allocations to State of Maine following award to local grantees will be added to any open grant or added to the available monies for the next year's competition. The decision on which option to take will be based on staff evaluation. In the case of funds added to open grant(s), redistribution will give priority to grants needing additional CDBG funds in order to complete the activities described in their application to the State and secondly to grants for additional activities which meet the State and local community development objectives.

B. PROGRAM INCOME

As used in this Final Statement, program income means the gross income received by a grantee from any grant-supported activity.

1. General Program Income Requirements:

(a) Program Income Received During the Grant Period: Program income may be retained by a grantee for a specific purpose or activity during the grant period provided the grantee submits an acceptable Program Income Plan, as described in Section 3(B)(1)(d) of this Final Statement, during the selection process. If not, the grantee must expend program income for all activities, prior to requesting additional grant funds for any activity.

(b) Program Income Received After the End of a Grant Period: Grantees must transfer all program income, at the end of a grant, to the most recently encumbered grant. The funds must be considered program income of the new grant.

Grantees that desire to retain program income received after the end of their last open CDBG grant, must submit a Program Income Plan as described in Section 3 (B) (1) (d) of this Final Statement.

(c) Program Income Received by the State: Up to 2% of program income that is returned to the State may be used for administrative costs. The balance of program income (98%) will be used to fund new or previously committed CDBG obligations.

(d) Program Income Plan: Each grantee anticipating program income during or after the end of a grant period must submit a Program Income Plan to OCD. A Program Income Plan shall include the following:

(i) A description of the Title I eligible activities and National objectives that will be funded with program income;

(ii) Documentation of the need for the program income in the activity proposed for reuse;

(iii) A schedule for the receipt and reuse of the program income; and

(iv) A description of the grantee's administrative capacity to manage the program income, to manage the activity to be banded and to maintain the required recordkeeping systems for the time period that program income receipts are anticipated.

(e) Program Income Plan Submission: The following schedules must be adhered to when submitting a program income plan:

(i) Community Revitalization and Reserve Grants: during the Phase II process;

(ii) Development Fund: within forty-five (45) days of grant award; and

(iii) Interim Finance Program: with the IFP application.

(iv) Emerging opportunity Fund: with the EOF application.

2. Program Income Special Requirements:

(a) Development Fund Program Income: Development Fund loan repayments are considered program income. Except for those grantees who can adequately demonstrate the reuse of program income for the "sane activity" that generated the program income, all DF loan repayments will be returned to the State and will be placed in a State CDBG Development Fund Revolving Loan Fund Program.

For these purposes, "same activity" shall mean the same business that originally received CDBG assistance.

Loans made from the State RLF must be provided as grants to local governments for loans to businesses and/or developers, must use a local review process approved by the DECD, and must meet the 60% low to moderate income benefit threshold.

(b) Interim Finance Program Income: The assignment of program income will be negotiated at the time of grant award.

(c) Emerging Opportunity Fund Program Income: The assignment of program income will be negotiated at the time of grant award.

4. APPEALS

An applicant wishing to appeal DECD's decision regarding their 1992 award may do so by submitting an appeal letter to the Commissioner of Economic and Community Development within fifteen (15) days of grant announcement.

Appeals of award decisions are restricted to errors of fact or procedure. Appeals in the areas of judgement regarding qualitative scoring will not be allowed. If an appeal is successful, funds will be reserved for the project tram subsequent CDBG funding.

5. AMENDMENT TO THE FINAL STATEMENT

The State can amend the 1992 Final Statement from time to time in accordance with the same procedures required for the preparation and submission of the proposed statement. In addition, the amendment process will be guided by the State of Maine's Administrative Procedure Act.

EFFECTIVE DATE:

August 27, 1991

EFFECTIVE DATE (ELECTRONIC CONVERSION):

May 15, 1996

CONVERTED TO MS WORD:

September 5, 2003

APAO WORD VERSION CONVERSION (IF NEEDED) AND ACCESSIBILITY CHECK: July 15, 2025