# 19 DEPARTMENT OF ECONOMIC AND COMMUNITY DEVELOPMENT

498 OFFICE OF COMMUNITY DEVELOPMENT

Chapter 15: COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM 1996

Community Development Block Grant Program 1996

FINAL STATEMENT

OCTOBER 1995

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Office of Community Development

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19-498 DEPARTMENT OF ECONOMIC AND COMMUNITY DEVELOPMENT

Chapter 15: COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM:

1996 FINAL STATEMENT

SUMMARY: The 1996 Final Statement describes the design and method of distribution of funds in Maine's 1996 Small Cities - Community Development Block Grant (CDBG) Program. The CDBG Program is administered pursuant to 5 M.R.S.A. §13073. The 1996 Final Statement was prepared by the Department of Economic and Community Development (DECD) following a review of the 1995 CDBG Program, a series of public forums, and meetings with advisory groups. As part of the Maine Administrative Procedure Act, DECD held four public hearings to solicit input prior to adopting the Final Statement.

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 persons;

2. are part of a long range community strategy;

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

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

5. foster partnerships between groups of municipalities, State and federal entities, multi-jurisdictional organizations and the private sector to address common community and economic development problems with innovative solutions that maximize resources.

B. METHOD OF DISTRIBUTION

The DECD, through the Office of Community Development (OCD), designs and offers programs allowing municipalities to achieve their community development objectives. The purpose of the 1996 Final Statement is to provide units of local government with a description of the selection criteria for each program that OCD will use to allocate CDBG funds among communities. To assist communities in determining which program(s) best meet their needs, programs are grouped under three broad categories: Community Development, Economic Development and Planning.

1. Community Development

a. Housing Assistance Grants: Provides financing to address acute housing needs of low and moderate income persons.

b. Public Facilities/Infrastructure Grants: Provides financing for local infrastructure and public facilities.

c. Public Service Grants: Provides financing to address human resource needs for operating expenses, equipment and program materials for public service programs.

d. Urgent Need Grants: Provides financing to enable communities to address critical and imminent threats to health and safety.

e. Reserved Grants: Provides financing for the second year of a Housing Assistance or Public Facilities/Infrastructure grant initially determined in the previous year.

2. Economic Development

a. Development Fund: Provides financial resources to local governments which in turn assist businesses to create/retain jobs for low and moderate income persons.

b. Regional Assistance Fund: Provides financial resources to local governments or multi-jurisdictional organizations which use the assistance as leverage to obtain funds under the EDA Economic Adjustment Assistance Program (Title DC) and the EDA Public Works Program (Title 1), Rural Economic Community Development (RECD) and Small Business Administration (SBA) Programs and other federal funding sources.

c. Micro-Loan Program: Provides financial resources to local governments to establish a loan program to assist businesses create/retain jobs for low and moderate income persons.

d. Economic Development Infrastructure Grants: Provides funding to communities for public infrastructure installation or improvement necessary for a new or existing business to create/retain jobs for low and moderate income persons.

e. Interim Finance Program: Utilizes funds not disbursed in the State's Letter of Credit for grants to communities to assist businesses or developers create housing and job opportunities for low and moderate income persons through short-term loans.

f. Cargo Port Facility Set-Aside: Provides funding in support of the "three port strategy" for the State of Maine and to create/retain jobs for low to moderate income persons.

3. Planning

a. Phase II Planning Grants: Provides funding to assist communities to complete the second phase of their 1996 CDBG applications.

b. General Purpose Planning Grants: Provides funding to communities, that have identified a local community or economic development problem, for developing a strategy to solve that problem.

c. Quality Main Street Strategy Grants: Provides funding to communities for the development of strategies to revitalize their "main streets" and downtowns.

C. STATE ADMINISTRATION

1. General Administration Allocation: The DECD, through OCD, pursuant to the Housing and Community Development Act of 1974, as amended, Section 106(d) (3) (A) is permitted and will 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.

2. Technical Assistance Administration Allocation: The DECD, through OCD, pursuant to the Housing and Community Development Act of 1974, as amended (through October 28, 1993), Section 106(d) (5) is permitted and will utilize 1% of its annual allotment from HUD to provide technical assistance to local governments and nonprofit program recipients.

D. EXCLUSION OF ENTITLEMENT COMMUNITIES

The entitlement communities of Auburn, Bangor, Lewiston and Portland are not eligible to receive State CDBG program funds.

E. PROGRAM TIMEFRAME

All application deadlines are listed below.

Housing Assistance December 22, 1995

Economic Development Infrastructure January 26, 1996

April 26, 1996

July 26, 1996

Public Facilities/Infrastructure January 26, 1996

Micro-Loan February 23, 1996

Cargo Port Facility Set-Aside March 1, 1996

Quality Main Street Strategy and

General Purpose Planning March 22, 1996

Public Service To be announced

Urgent Need 1st come basis beginning

February 1, 1996

Development Fund Bi-monthly

Regional Assistance Fund see Section 3. B. 4. (a)

Interim Finance Program 1st come basis

F. PROGRAM BUDGET

The program budget indicates how CDBG Funds will be allocated for the 1996 grant year. The total budget is comprised of the federal allocation from HUD plus a state match. The amount of the 1996 federal allocation is projected to be $12,000,000. Based on the estimated allocation, the amount available for each program is indicated in the following budget.

COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAMBUDGET

GRANT YEAR 1996

|  |
| --- |
| Projected FY 1996 CDBG Program Budget1 $12,290,047  Administration 630,047  Technical Assistance Administration 120,000  Regional Council Technical Assistance 120,000  1. Housing Assistance Grants 2,100,000  2. Public Facilities/Infrastructure Grants  Category 1 2,400,000  Category 2 750,000  Category 3 150,000  3. Public Service Grants2 0  4. Urgent Need Grants 200,000  5. Reserved Grants 1,900,000  6. Development Fund3 0  7. Regional Assistance Fund 900,000  8. Micro Loan Program 400,000  9. Economic Development Infrastructure Program 2,000,000  10. Interim Finance Program4  11. Cargo Port Facility Set-Aside 400,000  12. Phase II Planning Grants 40,000  13. General Purpose Planning Grants 60,000  14. Quality Main Street Strategy Grants 120,000 |

1 The total program budget is comprised of a projected federal allocation of $12,000,000 and the state match.

2 The PS Program will be funded only as outlined in Section 5.A.4. of the Final Statement

3 The DF Program will be funded only from program income projected to be $500,000.

4 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.

G. THRESHOLD CRITERIA AND REGULATIONS FOR THE CDBG PROGRAM

1. The following state and federal regulations APPLY TO ALL PROGRAMS: Federal and State Certifications for Local Governments: All communities applying for CDBG funds must certify that they will:

(i) minimize displacement and adhere to a locally adopted displacement policy in compliance with Section 104(d) of the Housing and Community Development Act of 1974, as amended;

(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 improvements funded in part with CDBG funds;

(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;

(vii) with the exception of administrative or personnel costs, verify that no person who is an employee, agent, consultant, officer, or elected official or appointed official of State or local government or of any designated public agencies, or subrecipients which are receiving CDBG funding may obtain a financial interest or benefit, have an interest in or benefit from the activity, or have an interest in any contract, subcontract or agreement with respect to CDBG activities;

(viii) review the project proposed in the application to be sure that it complies with the community's comprehensive plan and/or applicable state and local land use requirements.

2. The following general requirements APPLY TO ALL PROGRAMS:

(a) Prohibition on Multiple Grants: Except for the Development Fund (DF) Program, units of local government and unorganized territories may not benefit from more than one grant per program per grant year.

(b) Probation on Subsequent Year Award: Except for the Development Fund (DF) Program units of general local government and unorganized territories that benefited from a 1994 two year award, (whether a single community or as part of a multi-jurisdictional program), may not apply again in that specific program until the 1997 program. Units of local government and unorganized territories that benefited from a 1995 single year award may not apply again in that specific program until the 1997 program. Units of local government and unorganized territories that received a 1995 two year award may not apply again in that specific program until the 1998 program. Prohibition against subsequent year awards is program specific.

(c) Computation of Distress Scores for Multi-jurisdictional Applications: Distress scores for multi-jurisdictional applications will be computed on a weighted average basis. (population 1)(distress 1)+(population 2)(distress 2)+... /population I + population 2 +... = weighted average distress score.

(d) Phase II Planning Grants: Pursuant to Section 4.A. of this Final Statement, Phase 11 participants will be eligible for planning grant funds on an as needed basis to assist with payment of project development costs. Extent of assistance shall be determined by OCD staff.

(e) Grant Termination: The OCD may terminate a community's grant if progress on the project is not apparent within 12 months from the date of signing a contract with DECD.

(f) Project Eligibility: Applications will be reviewed to determine the eligibility of the activities the applicant proposes to undertake with CDBG funds. Those activities must be included in the list of eligible activities under the "special threshold criteria and certifications" section for the respective program being applied for and be eligible under Section 105 (a) of the Housing and Community Development Act of 1974, as amended. In the event an application contains an activity not eligible as provided above, the entire application will be judged not to meet project eligibility, and will be removed from further consideration. In all cases, the applicant will be notified in writing of the determination made by the OCD.

(g) Project Benefit: Applications will be reviewed to verify that the proposed activities meet one of the CDBG Program national objectives pursuant to Section 104 (b) 3 of the Housing and Community Development Act of 1974, as amended. In the event an activity does not meet a national objective as provided above, the entire application will be judged not to have met project benefit and will be removed from further consideration. In all cases, the applicant will be notified in writing of the determination made by the OCD.

3. The following Threshold Criteria APPLY ONLY TO THE FOLLOWING PROGRAMS:

\* Housing Assistance (HA) \* Public Service Grant (PSG)

\* Economic Development Infrastracture (EDI) \* Micro Loan (ML)

\* Public Facilities Infrastructure (PFIG) \* Quality Main Street (QMS)

\* General Purpose Planning Grant (GPPG)

(a) Eligible Applicants: AR units of general local government in Maine, including plantations, are eligible to apply for and receive CDBG funds. County governments may apply on behalf of unorganized territories. Counties may make more than one application, per program, but only on behalf of different unorganized territories. Groups of local governments may apply for multi-jurisdictionaI or joint projects. These multi-jurisdictional applications require designation of one local government as the lead applicant and consent for that designation by each participating local government.

(b) Phase II Project Development

(i) Invitation to Proceed: Applicants will be placed in rank order from highest to lowest according to the scores determined by the scoring team. Scores will be determined by: (all scores - lowest score) / (all scorers - 1). Starting at the top of the scoring list, applicants will be invited to proceed to Phase II. While an invitation into Phase II is not a guarantee of funding, if successful, communities will receive the amount necessary to complete their project, up to the maximum grant award for that program until the funding available in that program is exhausted. Phase II project development includes:

(aa) Project Planning: Details of the project including engineering, cost analysis, feasibility and/or market studies (and structural analysis in the case of Housing Assistance)

(bb) Management Plan: Details of the structure and methods established by the community for program management.

(cc) Regulations: Phase 11 applications will be reviewed for compliance with State and Federal regulations.

(dd) Project Eligibility: Verification that proposed activities are eligible pursuant to Section 1. G. (2) (f) of the Program Statement.

(ee) Project Benefit: Verification that proposed activities meet one of the CDBG Program national objectives pursuant to Section 1. G. (2) (g) of the Program Statement.

(c) Approval Process: The emphasis during Phase II will be to finalize project development. The goal is to develop a local-regional-State partnership that will facilitate project development that best meets the community's identified needs, and is in accordance with State goals. A community representative will be assigned to work closely with each community to finalize their project. Successful completion of Phase II criteria will allow the applicant to contract with DECD and become eligible to receive CDBG funds. Communities not having completed their Phase II application within six months of receiving a Phase II invitation Will forfeit their grant award. The Director of OCD may waive this requirement in light of extenuating circumstances.

Project implementation shall begin upon execution of a contract. All activities must be cleared through an environmental review process prior to obligating CDBG funds. OCD staff will remain involved with the community throughout project implementation.

SECTION 2. COMMUNITY DEVELOPMENT

A. HOUSING ASSISTANCE GRANTS

The Housing Assistance Grant (HA) Program provides financing to address acute housing problems of low and moderate income persons. These problems must be included in a community development strategy which will lead to future public and private investments.

1. Special Threshold Criteria and Certifications : The State will distribute Housing Assistance funds to local governments through the annual Housing Assistance Selection Process. The threshold criteria for the process and certifications are listed below:

(a) Eligible Activities: Eligible activities include Acquisition, Code Enforcement, Conversion of Non-Residential structures, Demolition, Historic Preservation, Housing Rehabilitation, New Housing Construction, Relocation Assistance, and Removal of Architectural Barriers, directly related to assisting or creating residential housing units.

(b) All communities applying for Housing Assistance funds must certify that they will:

(i) adhere to MRSA Title 10, Chapter 214, Energy Efficiency Building Performance Standards Act, Section 1415-C (1), (1A) and Section 1415-G in the construction of any new residential housing units;

(ii) provide a local match equivalent to 10 percent of the total grant award.

2. Program Requirements: Applicants must comply with the following:

(a) Past Performance: In order to be eligible to apply for the 1996 Housing Assistance program, communities that received Community Revitalization (CR) grants in 1991 must have conditionally closed their grants by December 22, 1995. Communities that received CR grants in 1992 must have expended 100% of their benefit activity funds by December 22, 1995. Communities that received HA grants in 1993 must have obligated 100% of their benefit activity funds by December 22, 1995. Communities that received HA grants in 1994 must have obligated at least 50% of their benefit activity funds by December 22, 1995.

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

(b) Maximum Housing Assistance Grant Amount. The maximum grant award is $300,000.

(c) Maximum Housing Rehabilitation Costs: The amount of grants or loans available to participants in local housing rehabilitation programs will be no more than $15,000 per unit rehabilitated. In cases of replacement housing, foundation work, inadequate sewage disposal, lack of potable water, presence of asbestos, lead-based paint, radon, or other hazardous material, or the need for handicapped accessibility must be addressed, up to an additional $7,000 per unit may be made available. In extreme circumstances the maximum housing rehabilitation cost can be waived by OCD.

3. Selection Process: The selection process will consist of two phases: an application phase (Phase 1), and a project development phase (Phase II).

Phase I Application: The maximum length of an application is ten pages. It is designed to be a description of a community's housing problems that it would like to address with Housing Assistance funds. The application deadline is December 22, 1995.

Each application will be rated in relation to all others. A minimum of 80 points from the Problem Statement, Final Solution, Citizen Participation and Commitment sections will be required for an application to be considered for funding. A Distress score will be added to this result to determine the final application score.

(a) Problem Statement (30 points): A description of the problems to be addressed.

(i) Scope of Problem: (10 points) - Identification and description of the magnitude and nature of the substandard housing conditions that need to be addressed and their relationship to the general housing conditions of the target area/community.

(ii) Identification of Problem: (5 points) - Description of process to solicit input and formulate a statement of the housing conditions to be addressed and the relationship to other community problems/needs.

(iii) Life Safety Considerations: (10 points) - Identification and description of the conditions, their frequency and severity, and/or the nature of potential threats identified and their relationship to the general housing conditions of the target area/community.

(iv) Energy Efficiency Considerations: (5 points) - Identification and description of the conditions that prevent LMI persons from maintaining affordable, comfortable and efficient energy standards.

(b) Proposed Solution (30 points): A description of how the applicant will use Housing Assistance funds to resolve the problems outlined in the Problem Statement.

(i) Effectiveness: (10 points) - Identification and description of how Housing Assistance funds will be effectively and efficiently used to address the problems identified in the Problem Statement.

(ii) life Safety and Energy Efficiency: (10 points) - Identification and description of how Housing Assistance funds will effectively and efficiently address serious threats to health, safety and energy problems identified in the Problem Statement.

(iii) Project Feasibility: (10 points) - Identification and description of how the proposed solution will impact the identified housing problems in a timely manner and the readiness and capacity of the applicant to administer the program.

(c) Citizen Participation (20 points): A description demonstrating the involvement in the identification and proposed solution presented by local citizens, community groups and others.

(i) Public Meetings and Hearings: (10 points) - Identification and description of the public meetings, hearings and forums held specifically to solicit citizen input regarding the identification of and the formulation of solutions for the problems and/or needs stated in this application.

(ii) Local Organizations, Residents and Public Officials: (10 points) Identification and description of the input and role played by these groups and individuals which led to the formulation of this application.

(d) Commitment (10 points): A description of all resources to be used on this project including commitments obtained and/or sought to date, and estimated time frame for receipt of the commitments in relationship to project completion.

(i) Partnerships: (5 points) Identification and description of the groups to be working on the project and how each will be a financial and/or technical resource.

(ii) Local Commitment: (5 points) Identification and description of the technical and financial resources the applicant and private citizens win contribute to the project activities.

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

(i) 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 50% of the county median per year and spending greater 25% of their income on housing costs. The percentages will be derived from the most recent data available.

(ii) Economic Conditions: (2.5 points total) - Percentage Factor (1.5 points); a composite score derived from two factors - a ranking based on the unemployment rates of the applicant communities, plus .15 points for each percentage point the community's municipal unemployment rate is above the State's average unemployment rate. Absolute Factor (1.0 point); a score derived from ranking absolute numbers of unemployed persons in each community from highest to lowest. The ranking will be divided into three segments and assigned points accordingly (high 1; middle .66; low 0.33). Unequal divisions will be rounded up.

(iii) Local Fiscal Capacity: (2.5 points) - A score determined by ranking the effective (State equalized) tax rates for each applicant within population categories (999 and less; 1,000 to 2499; 2,500 to 4,999; 5,000 and above).

(iv) Poverty Level: (2.5 points) - A score derived by using the % of persons in a community below 150% of the poverty level as defined by the most recent data available for each applicant within population categories (999 and less; 1,000 to 2499; 2,500 to 4,999; 5,000 and above).

B. PUBLIC FACILITIES/INFRASTRUCTURE GRANTS

The Public Facilities/Infrastructure Grant (PFIG) Program provides financing for local infrastructure and public facility activities which are part of a community development strategy and will lead to future public and private investments.

1. Special Threshold Criteria and Certifications: The State will distribute PFIG funds to local governments through the annual Public Facilities/Infrastructure Grant Application Selection Process. The threshold criteria for the process and certifications are listed below:

(a) Eligible Activities: Eligible activities include infrastructure for new housing construction and construction, acquisition, reconstruction, installation, rehabilitation, site clearance, historic preservation, and relocation assistance associated with such projects as water and sewer facilities, non-housing rehab utility hook-ups, wharfs, flood and drainage improvements, parking, streets, curbs, gutters, sidewalks, fire protection facilities, community, child, senior, and health centers, libraries, salt/sand storage sheds, shelters for the homeless, sheltered workshops, recreational facilities, parks, removal of architectural barriers, downtown revitalization, neighborhood revitalization and public works garages. An application may include more than one eligible PFIG activity.

(b) Local Match: All communities applying for PFIG funds must certify that they will provide a local match equivalent to 20 percent of the total grant award.

2. Program Activities:

Activity Breakdown: In Phase I of the selection process, all PFIG applications will be sorted into one of the three eligible categories. Each applicant must identify the category it is applying for on the form provided in the application package. Applicants may apply for one or more activities from a single category but cannot apply for activities from more than one category. The categories of activities are described below:

(a) Category 1: Water, sewer, sewer hook-ups, storm drainage/CSO, downtown revitalization, and infrastructure for new housing construction.

(b) Category 2: Streets/roads, sidewalks, public wharfs/piers, fire stations, community centers, child care/senior citizen centers, health care centers, sheltered workshops, homeless shelters, libraries, neighborhood revitalization, and removal of architectural barriers.

(c) Category 3: Parking, street curbs, gutters, public parks, recreation facilities, public works garages, salt/sand storage facilities, fire fighting equipment, and transfer stations.

3. Special Program Requirements: Applicants must comply with the following:

(a) Past Performance: In order to be eligible to apply for the 1996 program, communities that received Community Revitalization (CR) grants in 1991 must have conditionally closed their grants by January 26, 1996. Communities that received CR grants in 1992 must have expended 100% of their benefit activity funds by January 26, 1996. Communities that received PFIG grants in 1993 must have obligated 100% of their benefit activity funds by January 26, 1996. Communities that received PFIG grants in 1994 must have obligated at least 50% of their benefit activity funds by January 26, 1996.

Exceptions: Grant recipients may submit a request to DECD for a waiver of this special requirement only under the following circumstances: 1) program delays have occurred that are beyond the control of the grantee due to acts of nature or unforeseen changes in scheduled availability of leveraged funds or 2) unanticipated program income has been received and the grantee is unable to meet performance requirements described above.

(b) Maximum. Public Facilities/Infrastructure Grant Amounts: The maximum grant amount for a 1996 PFIG award is determined by the activity categories described in 3. B. 2. above and outlined below:

(i) Category 1: $400,000

(ii) Category 2: $250,000

(iii) Category 3: $ 75,000

(c) Funding Restrictions PFIG funds may not be used to assist infrastructure for the purpose of job creation. Job creation infrastructure activities are eligible in the Economic Development Infrastructure Grant program. With the exception of proposals for infrastructure in support of new housing construction, no housing activities may be assisted with PFIG funds. All other housing activities are eligible in the Housing Assistance Grant program.

4. Selection Process: The selection process will consist of two phases: an application phase(Phase 1) and a project development phase (Phase II).

Phase I Application: The maximum length of a Phase I application is ten pages. It is designed to be a description of a community's problems relating directly to public facilities and infrastructure that it would like to address with PFIG funds. The application deadline is January 26, 1996.

Each application will be rated in relation to all others in its respective category. A minimum of 80 points from the Problem Statement, Proposed Solution, Commitment and Citizen Participation sections will be required for an application to be considered for funding. A distress score will be added to this result to determine the final application score.

(a) Problem Statement (20 points): A description of the infrastructure/public facility problems the applicant wishes to address with PFIG funds.

(i) Scope of Problem: (10 points) - Identification and description of the scope and magnitude of the problems to be addressed with PFIG funds.

(ii) Priority: (5 points) - Significance of the problems to be addressed with PFIG funds in relation to other public facility problems within the community.

(iii) Health, Safety Welfare: (5 points) - Impact of the stated problem on public health, safety, and welfare including blighting conditions in downtown areas.

(b) Proposed Solution (30 points): A description of what the applicant will do to address problems discussed in the Problem Statement, when the applicant will take actions to solve these problems, and how this will provide a solution to the problems presented.

(i) Project Description: (10 points) - Identification and description of the activities to be undertaken to resolve the problems presented in the Problem Statement.

(ii) Project Feasibility: (20 points) - Identification of tasks, timetables, and responsible parties in implementing the solution.

(c) Citizen Participation (20 points): A description demonstrating how local citizens, community groups and others were involved in the identification of the problems and solutions discussed in the application.

(i) Process and Content: (10 points) - Identification and description of the process followed at the local level, including descriptions of public meetings, hearings and other methods used to solicit citizen involvement.

(ii) Relevance: (10 points) - Identification and description of the connection between the citizen participation and the problems and solutions discussed in the application.

(d) Commitment (20 points): A description of all the resources that will be contributed to the project. These may include commitments obtained or sought to date.

(i) Sources: (15 points) - Identification and description of all the sources of funding that have been secured for this specific project, how the funds will be spent, the arrangements that have been made to secure these funds, and a detailed description of the status of these sources at the time of this application.

(ii) Time Frame: (5 points) - Identification of commitment status and description of when the funds mentioned above will be injected into the overall project.

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

(i) Housing: (2.5 points) - A composite score of two factors: the percent of substandard housing and the percent of households with income less than 50% of the county median per year and spending greater than 25% of their income on housing costs. The percentages will be derived from the most recent data available.

(ii) Economic Conditions: (2.5 points total) - Percentage Factor (1.5 points); a composite score derived from two factors - a ranking based on the unemployment rates of the applicant communities, plus 0.15 points for each percentage point the community's municipal unemployment rate is above the State's average unemployment rate. Absolute Factor (1.0 point); a score derived from ranking absolute numbers of unemployed persons in each community from highest to lowest. The ranking will be divided into three equal segments and assigned points accordingly (high, 1; middle 0.66; low 0.33). Unequal divisions will be rounded up.

(iii) Local Fiscal Capacity: (2.5 points) - A score determined by ranking the effective (State equalized) tax rates for each applicant within population categories (999 and less; 1,000 to 2,499; 2,500 to 4,999; 5,000 and above).

(iv) 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 by the most recent data available for each applicant within population categories (999 and less; 1,000 to 2,499; 2,500 to 4,999; 5,000 and above).

C. PUBLIC SERVICE GRANTS

The Public Service Grant (PSG) Program addresses human resource needs in a community by providing funding for operating expenses, equipment and program materials for public service programs.

1. Special Threshold Criteria and Certifications: The State will distribute PSG funds for public service activities to local governments through the annual Public Services Grant Application Selection Process. The threshold criteria and certifications for the process are listed below:

(a) Eligible Activities: Eligible activities include operating and program material expenses for child care, health care, job training, recreation programs, education programs, public safety services, fair housing activities, senior citizen services, homeless services, drug abuse counseling and treatment, and energy conservation counseling and testing provided to:

(i) Persons who are members of the following groups that are currently presumed by HUD to meet the LMI criteria:

Abused Children

Battered Spouses Elderly Persons

Handicapped Persons

Homeless Persons Illiterate Persons

Migrant Farm Workers

(ii) participants in a program designed to limit the PSG funded benefit exclusively to eligible LMI persons.

(b) All communities applying for PSG funds must certify:

(i) the public service to be provided represents: 1) a new service to the community; or 2) is a quantifiable increase in the level of an existing service above that which has been provided by or on behalf of the unit of general local government (through funds raised by such unit, or received by such unit from the State in which it is located) during the 12 months prior to submission of the application; and

(ii) provide a local match equivalent to 20 percent of the total grant award.

2. Special Program Requirements: PSG applicants must comply with the following:

(a) Past Performance: In order to be eligible to apply for the 1996 PSG program, communities that received Community Revitalization (CR) grants in 1991 must have conditionally closed their grants by TBA. Communities that received CR grants in 1992 must have expended 100% of their benefit activity funds by TBA. Communities that received PS grants in 1993 must have obligated 100% of their benefit activity funds by TBA. Communities that received PS grants in 1994 must have obligated at least 50% of their benefit

Exceptions: PSG recipients may only submit a request to DECD for a waiver of this special requirement under the following extraordinary circumstances, 1) the recipient has received unanticipated program income and is unable to meet the above performance requirements 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.

(b) Maximum Public Service Grant Amount: The maximum grant award is $50,000.

(c) Funding Restrictions: PSG funding is restricted to non-construction activities as listed in the Eligible Activities Section. Funding for construction or rehabilitation of public service facilities must be in place before a PSG award will be made. Public service construction activities are considered public facilities and can be included in an application to the PFIG program.

3. Selection Process: The selection process will consist of two phases: an application phase (Phase 1), and a project development phase (Phase II).

Phase I Application: The maximum length of an application is ten pages. It is designed to be a description of a community's human resource problems that it would like to address with PSG assistance. The application deadline will be announced.

Each application will be rated in relation to all others. A minimum of 80 points from the Problem Statement, Proposed Solution, Citizen Participation and Commitment sections will be required for an application to be considered for funding. A Distress score will be added to this result to determine the final application score.

(a) Problem Statement (20 points): A description of the problems the applicant wishes to address with PSG assistance.

(i) Scope of Problem: (10 points) - Identification and description of the nature and magnitude of the public service problem.

(ii) Health, Safety and Welfare: (10 points) - Identification and description of the impact of the problem on individuals within the community and on the community as a whole.

(b) Proposed Solution (30 points): A description of how the applicant would like to use PSG funds to solve the problems discussed in the Problem Statement.

(i) Project Description: (10 points) - Description of how PSG funds will be used to solve the problems described in the Problem Statement.

(ii) Project Feasibility: (10 points) - Description of the project timetable and parties responsible for implementing the solution.

(iii) Capacity: (10 points) - Identification and description of the abilities of the parties to implement the project activities.

(c) Citizen Participation (20 points): A description demonstrating how local citizens, community groups and others were involved in the identification of the problems and solutions discussed in the application.

(i) Process and Content: (10 points) - Identification and description of the process used to involve citizens and a summary of the comments and issues raised.

(ii) Relevance: (10 points) - Identification and description of the connection between the citizen participation and the problems and solutions discussed in the application.

(d) Commitment (20 points): A description of all the resources that will be contributed to the project. These may include commitments obtained or sought to date.

(i) Sources: (5 points) - Identification and description of the resources sought/and or secured to assist the project.

(ii) Timeframe: (10 points) - Identification and description of when the funds cited above will be used for this project.

(iii) Relevance: (5 points) - Identification and description of how the resources make the solution possible.

(e) Distress (10 points): OCD will derive a community's distress score from the following two areas:

(i) Unemployment Rate: (3.5 points) - A score determined by taking the community's yearly average unemployment rate and dividing it by the standard of 10% (this figure represents 10% unemployment). This figure will be multiplied by the 3.5 points assigned to this category. Communities, with a yearly average unemployment rate greater than 10% will automatically receive the total points allowed.

(ii) Unemployment Absolute Numbers: (1.5 points) - Communities will be ranked from highest to lowest based upon the numbers of unemployed persons. The ranking will be divided into three equal segments and assigned points accordingly (high, 1.5; middle 1.0; and low 0.5). Unequal divisions will be rounded up.

(iii) LMI Percentage: (3.5 points) - A score derived by dividing the community's most recent low and moderate income (LMI) percentage by 51 percent. This figure will be multiplied by 3.5 to determine the score for LMI percentage. Communities with an LMI of 51 percent or more will receive the total points allowed.

(iv) LMI Absolute Numbers: (1.5 points) - communities will be ranked from highest to lowest based upon the numbers of low and moderate income households. This ranking will be divided into three equal segments and assigned points accordingly (high 1.5; middle 1.0; low 0.5). Unequal divisions will be rounded up.

D. URGENT NEED GRANTS

The Urgent Need Grant (UNG) Program provides financing that enables a community to address community development needs having a particular urgency.

1. Special Threshold Criteria and Certifications: UNG Program applicants must meet the following threshold criteria and certifications:

(a) Eligible Applicants: all units of general local government in Maine, including plantations, are eligible to apply for and receive Urgent Need funds. County governments may apply on behalf of unorganized territories. Counties may make more than one application on behalf of distinct unorganized territories. Groups of local governments may apply for multi-jurisdictional or joint emergency situations. Multi-jurisdictional applications require designation of one local government as the lead applicant and consent for the designation by each participating local government.

(b) Project Eligibility: Pursuant to 104 (b) 3 of the Housing and Community Development Act of 1974, as amended, the applicant must 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 a direct threat to public health and safety no more than 18 months prior to the submission of an application;

(iii) is a project the applicant cannot finance on its own; and

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

2. Special Program Requirements: UNG applicants must also comply with the following:

(a) Necessary Documentation: The emergency situation to be addressed must be of such a nature it requires immediate action to alleviate the occurrence of or the imminent threat of widespread or severe injury or loss of life resulting from any natural or man-made cause.

(b) Application Submittal: Applicants must submit a complete UNG application that includes all required information and documentation.

(c) Maximum Urgent Need Grant Amount: The Maximum Award is $100,000.

3. Selection Process: The selection process will consist of two phases: an application phase (Phase 1), and a project development phase (Phase II).

Phase I Application: Communities seeking to undertake a project on the basis of urgent need must submit an UNG application which includes the following:

(a) documentation that the emergency situation was prompted by natural or man-made disasters that pose an imminent threat of widespread or severe injury or loss of life;

(b) certification the proposal is designed to address an urgent need and an immediate response is essential to initiate action that will halt the threat of widespread or severe injury or loss of life;

(c) information regarding when the urgent need condition occurred or developed into a threat to health and safety;

(d) evidence confirming the applicant is unable to finance implementation on its own; and

(e) documentation that other financial resources are not available to implement the proposal.

Phase II Project Development: Urgent Need Grants will be made on a first come basis. Prior to consideration of a grant award, all UNG proposals must meet the four Threshold Criteria in Section 2.D.1. above plus the Special Program requirements in Section 2.D.2. above. While an invitation into Phase II is not a guarantee of funding, applicants will receive the amount necessary to complete their project, up to the maximum UNG Program award until the funding available is exhausted. Phase II applications must comply with the following:

(aa) Project Planning: Details of the project including engineering, cost analysis, feasibility and/or market studies (and structural analysis in the case of Housing Assistance)

(bb) Management Plan: Details of the structure and methods established by the community for program management.

(cc) Regulations: Phase II applications will be reviewed for compliance with State and Federal regulations.

4. Approval Process: The UNG funds will be available beginning February 1, 1996. Applications will be accepted on a first come basis. Following receipt of an application, the OCD shall review the application and verify that it contains all the required information. If the application is complete and funds remain available in the program, the Director of OCD will evaluate each proposal and make the decision on whether or not to proceed further. Notification to the applicant of the Director's decision will initiate the Phase II process necessary for contract award.

E. RESERVED GRANTS

The Reserved Grant Program provides funding for the second year of a Public Facilities/Infrastructure (PFIG) or Housing Assistance grant awards that were initially determined eligible in the previous grant year.

1. Threshold Criteria: 1996 Reserved grantees must meet the following threshold criteria:

(a) Eligible Applicants: All units of general local government in Maine, including plantations, are eligible to apply for and receive Reserved Grants. County governments may apply on behalf of unorganized territories.

(b) All communities applying for PFIG or HA Reserved Grants must certify they have/will:

(i) provide a local match equivalent of 20% of total project cost

(ii) complete the required PFIG or HA Reserved Grant applications.

2. Special Program Requirements: 1996 reserved grantees must meet the following:

(a) Restriction on Applicants: eligible applicants are restricted to the following communities:

(i) Public Facilities/Infrastructure Program:

Bath $400,000

Belfast $400,000

Madawaska $400,000

Pittsfield $400,000

(ii) Housing Assistance Program:

Fort Fairfield $300,000

(b) Reasonable Progress: evidence that applicants are on line with the 1995 expenditure schedule as submitted in their PFIG or HA contract. Reserved Grant communities must have demonstrated reasonable progress in staffing, program design and contracting for their current program.

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

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

(a) Applications from Reserved Grant communities will be invited during the 1996 Phase II Process.

(b) Each Reserved Grant application will be reviewed by the OCD. The OCD will:

(i) Review status reports of Reserved Grant communities and compare the reserved grant application to the second year of the project as proposed in the previous year's Phase II process;

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

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

(c) Recommendations on Reserved Grant applications will be reviewed by the CDBG Program Manager, who will recommend to the Director and Commissioner of the DECD 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 DECD will announce reserve grant awards during the 1996 Phase II process.

3. ECONOMIC DEVELOPMENT

A. DEVELOPMENT FUND

The Development Fund (DF) Program provides financial resources to local governments which in turn assist businesses to create jobs for low and moderate income persons.

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

(a) Eligible Applicants: All units of general local government in Maine, including plantations, are eligible to apply for and receive DF funds. County governments may apply on behalf of unorganized territories.

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

(c) the cost per job created or retained with DF funds shall not exceed $35,000.

(d) complete the required DF application materials.

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

(a) Necessary and Appropriate: A DF loan to a 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.

Documentation must be provided that the project cannot proceed without DF participation.

(b) Financing Plan: The DF application should 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 of 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: 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: The DF project will be evaluated as a viable business proposal. The following considerations will be the focus of the Impact factor:

(a) 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.

(b) 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.

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

(d) DF Loan repayment: Terms of the loan repayment 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.

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

(f) 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.

(g) Cost: The number of permanent jobs created or retained 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.

(h) Low and Moderate Income Benefit: Benefit to LMI persons will be evaluated. The integration of job training programs, job advancement opportunities, education and training programs, and referral services from Joint Training Partnership Act and Job Service will also be reviewed.

(i) Community and Economic Development. The primary and secondary impacts of the DF project on the community's plans for future economic development will be evaluated. The review will also examine the ripple effect of the proposal on the community as a whole. Retail businesses and restaurants will be given lower priority among applicants.

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 proposal. Following staff analysis, applications will be evaluated by a review committee. As a review body, the DF Committee will make recommendations to the Director of the OCD. The DF Committee is appointed by the Director and consists of a representative of local government, a certified public accountant an attorney, a representative of private financing, a business person, and two at-large appointees.

(b) DF Committee Recommendations: The DF Committee win 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;

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

(iv) rejection.

(c) Quarterly Allocation: The allocation will be limited to Program Income, estimated to be $125,000 per quarter, 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 quarter. IL while nearing the end of the quarter, available funds are not sufficient to finance credit-worthy proposals, the review process win incorporate an objective needs factor (the distress factor described in Section 3.C.3.(iv) of this statement. Those proposals with the highest score in the needs factor will receive assistance first.

B. REGIONAL ASSISTANCE FUND

The Regional Assistance Fund (RAF) Program provides financial resources to local governments or regional organizations which can use the RAF assistance as leverage to obtain funds under the Economic Development Administration (EDA) Economic Adjustment Assistance Program (Title IX) and the EDA Public Works Program (Title I) or the Rural Economic Community Development (RECD), Rural Business Enterprise (RBE) Grant and the Intermediary Relending Program (IRP) and/or other Federal, State, and private programs. The purpose of the RAF is to bring additional money into the State and therefore RAF cannot be used as match with the State's Small Cities CDBG program or conventional lending institutions.

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

(a) Eligible Applicants: All units of general local government in Maine, including plantations and Counties, are eligible to apply for and receive RAF. County governments may also apply on behalf of unorganized territories. Groups of local governments may apply for a multi-jurisdictional or joint RAF project. Multi-jurisdictional applications require designation of one local government as the lead applicant and consent for that designation by each participating local government.

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

(c) be designated by the appropriate organization providing matching funds eligible to receive funds; and

(d) complete the required RAF application materials.

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

(a) RAF Funds: Provided an initial RAF application is successful, a grant contract will be executed between DECD and the local government to reserve RAF funds for the applicant, and an RAF Letter of Conditions win 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 RAF funds as a match to leverage additional funds. Depending on the matching requirements, requests to use funds from the reserve may have to meet additional special requirements that are similar to those described in Section 3.A.2. (a and b) of this Final Statement.

(b) Limit on Amount of RAF assistance. Each region of the State will be eligible for one RAF grant. Additional grants within regions will be made at the discretion of the Director of OCD. The RAF application must present a plan in which the RAF funding comprises the lesser of $200,000 or up to 100% of the matching funds required from the local government. 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 RAF.

(c) Program Income Plan: Thresholds regarding interest rates or repayment terms for RAF assistance to revolving loan funds 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 matching requirements, program income generated from RAF funds may be retained by the local grantee or by the local grantee's assignee with the approval of DECD.

3. Selection Process: The RAF project will be evaluated as a viable CDBG proposal. The following considerations will be the focus of the Impact factor.

(a) 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.

(b) Benefit: The RAF proposal will be evaluated on the basis of the community and economic benefits that will result from the project.

(c) Cost. The number of permanent jobs created or retained as per RAF 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.

(d) Low and Moderate Income Benefit: Benefit to low and moderate income persons and families will be evaluated. The integration of job training programs, job advancement opportunities, education and training programs, and referral services from Job Training Partnership Act and Job Service will also be reviewed.

(e) Community and Economic Development: The primary and secondary impacts of the RAF project on the community's plans for future economic development will be evaluated. This review will also examine the ripple affect of the proposal on the community as a whole.

4. Approval Process:

(a) Application: Once the applicant has submitted a pre-application to the appropriate agency and is working toward a full application, it may submit an RAF pre-application to DECD. DECD staff will review the RAF pre-applications on a first come basis to determine if the threshold criteria and special program requirements have been met. If so and when the application process has been successfully completed, the applicant will be invited to continue into the project development phase where the CDBG part of their project will be more fully developed. An analysis will be conducted by DECD or its designee for each proposal.

(b) Staff Recommendations: Following the project development analysis, staff will make one of the following three recommendations to the Director of the OCD 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 RAF allocation will be $900,000. RAF proposals that meet all criteria may be awarded funds until the amount of funds available in the program has been committed. Having committed au funds in the program, OCD reserves the right not to accept any further applications.

C. MICRO-LOAN PROGRAM

The Micro-Loan Program provides communities with funds to assist existing and new businesses to create and/or retain jobs for low and moderate income persons. This program must be part of a community development strategy which will lead to future public and private investments.

Communities are encouraged to enter into partnerships to request Micro-Loan assistance when demand is sufficient on a multi-jurisdictional basis and communities would be better served through a regionally administered loan program.

1. Threshold Criteria and Certifications: The State will distribute funds to communities to establish a commercial loan program through the annual Micro-Loan application process. The threshold criteria and certifications for the process are listed below:

(a) Eligible Activities: Eligible activities include the establishment of a local commercial loan program for the purpose of assisting for-profit and non-profit businesses.

(b) Project Benefit: As a result of Micro-Loan expenditures, 51% of the jobs created or retained must be made available to or taken by persons from households that qualify as low and moderate income (LMI).

2. Special Program Requirements: Micro-Loan applicants must also comply with the following:

(a) Past Performance: In order to be eligible to apply for the 1996 Micro-Loan Program, communities that received Community Revitalization (CR) grants in 1991 must have conditionally closed their grants by February 23, 1996. Communities that received CR grants in 1992 must have expended 100% of their benefit activity funds by February 23, 1996. Communities that received ML grants in 1993 must have obligated 100% of their benefit activity funds by February 23, 1996. Communities that have received ML grants in 1994 must have obligated at least 50% of their benefit activity funds by February 23, 1996.

Exceptions: Grant recipients may only submit a request to DECD for a waiver of this special requirement under the following extraordinary circumstances: 1) the recipient has received unanticipated program income and is unable to meet the above performance requirements 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.

(b) Maximum Micro-Loan Grant Amount: The maximum, grant award will be $100,000. The level of funding will be established in Phase II pursuant to the level of demand demonstrated by the applicant. Funds not loaned out within 12 months of completion of Phase II will be disencumbered and distributed as described in SECTION 5 REDISTRIBUTION OF GRANT FUNDS.

(c) Necessary and Appropriate: All loans made from the Micro-Loan Program to for-profit and non-profit businesses must be for projects that are necessary and appropriate as defined by HUD. Documentation must be provided that the project cannot proceed without Micro-Loan participation.

(d) Financing Plan: Micro-Loans are limited to a maximum of $25,000 per loan. Micro-Loans may provide 100% of the financing for loans up to $15,000. Micro-Loans exceeding $15,000 require a dollar-for-dollar match for the portion of the loan exceeding $15,000. Project activities and use of funds to calculate the non Micro-Loan financing must represent a new investment or a new project.

(e) Repayment Terms: The community reviewing the loan will establish repayment terms based on a case-by-case basis in light of economic health of the business, profitability, and rate of return on equity.

(f) Local Loan Procedures: The procedure the community uses to distribute loans must be approved by OCD and shall include a review of loan applications by a local loan review committee and determination that the assistance provided is commensurate with community benefits from the project. (OCD will provide sample guidelines)

3. Selection Process: The selection process will consist of two phases: an application phase (Phase 1) and a project development phase (Phase II).

Phase I Application: The maximum length of an application is ten pages. It is designed to be a description of a community's business problems it would like to address with Micro-Loan funds. The application deadline is February 23, 1996.

Each application will be rated in relation to all others. A minimum of 80 points from the Problem Statement, Proposed Solution and Citizen Participation sections will be required for an application to be considered for funding. A Distress score will be added to this result to determine the final application score.

(a) Problem Statement (30 points): The Problem Statement is a description of the needs the applicant wishes to address with Micro-Loan funds.

(i) Scope of Problem: (15 points) - Description of the economic base and business trend problems of the community and the impact on job opportunities.

(ii) Magnitude of Problem: (15 points) - Description of the need for funds and how that need was identified.

(b) Proposed Solution (30 points): The Proposed Solution is a description of how the applicant would use Micro-Loan funds to solve the problem(s) discussed in the Problem Statement.

(i) Scope of Solution: (15 points) - Description of the actions the applicant will take to resolve problem(s) presented in the Problem Statement.

(ii) Capacity: (15 points) - Description of the capacity of the applicant to conduct a Micro-Loan Program and identification of accomplishments in administering loan programs or completing similar responsibilities.

(c) Citizen Participation (30 points): Citizen Participation is a description of how business groups, local citizens, community groups and others were involved in the identification of the problem(s) and solutions discussed in the application.

(i) Business Involvement: (15 points) - Description of how the business community brought attention to the need for Micro-Loan funds, business community participation in the application process, and efforts to increase involvement.

(ii) General Citizen Involvement: (15 points) - Description of how the need for, and priority of, a Micro-Loan program was defined as priority, involvement of general citizenry in application process, and efforts to increase involvement.

(d) Distress (10 points): OCD will derive a community's distress score from the following two areas:

(i) Unemployment: Rate (3.5 points) - The community's most recent annual unemployment rate will be divided by 10 and the result multiplied by 3.5. Communities with a unemployment rate greater than 10% will receive the total points allowed.

Unemployment: Absolute Numbers (1.5 points) - Applicant communities will be listed from highest to lowest in terms of numbers of unemployed persons. The list will be divided into three equal segments and assigned points accordingly (high, 1.5; middle 1.0; and low 0.5). Unequal divisions will be rounded up.

(ii) LMI: Percentage (3.5 points) - The community's most recent LMI percentage will be divided by 51 and the result multiplied by 3.5. Communities with an LMI population greater than 51% will receive the total points allowed.

LMI: Absolute Numbers (1.5 points) - Applicant communities will be listed from highest to lowest in terms of numbers of LMI households. The list will be divided into three equal segments and assigned points accordingly (high, 1.5; middle 1.0; and low 0.5). Unequal divisions will be rounded up.

D. ECONOMIC DEVELOPMENT INFRASTRUCTURE PROGRAM

The Economic Development Infrastructure (EDI) Program provides Maine communities with funds with which to develop or rehabilitate public infrastructure so that existing and new non-retail businesses can create or retain jobs for low and moderate income individuals.

1. Threshold Criteria and Certifications: The State will distribute EDI funds through the EDI Program. The threshold criteria and certifications for the process are listed below:

(a) Eligible Activities: Eligible activities include acquisition, relocation, demolition, clearance, construction, reconstruction, installation, and rehabilitation associated with such public infrastructure projects as water and sewer facilities, flood and drainage improvements, publicly-owned commercial/industrial buildings, parking, streets, curbs, gutters, sidewalks, etc. which are necessary to create or retain jobs in the non-retail private sector for low and moderate income persons.

(b) Cost per Job: In no case will the cost per job created or retained with EDI funds exceed $35,000.

(c) Project Benefit. 51% of the jobs created or retained as a result of EDI expenditures must be made available to or taken by persons of low and moderate income.

(d) Local Match: AU communities applying for EDI funds must provide a local match equivalent to 20 percent of total grant award.

2. Special Program Requirements: EDI Program applicants must also comply with the following:

(a) Past Performance: In order to be eligible to apply for the 1996 EDI Program, communities that received Community Revitalization (CR) grants in 1991 must have conditionally closed their grants by January 26, 1996. Communities that received CR grants in 1992 must have expended 100% of their benefit activity funds by January 26, 1996. Communities that received EDI grants in 1993 must have obligated 100% of their benefit activity funds by January 26, 1996. Communities that have received EDI grants in 1994 must have obligated at least 50% of their benefit activity funds by January 26, 1996.

Exceptions: Grant recipients may request for a waiver of this special requirement under the following circumstances: 1) program delays have occurred that are beyond the control of the grantee due to acts of nature or unforeseen changes in availability of leveraged funds or 2) unanticipated program income received and the grantee is unable to meet the above performance requirements.

(b) Maximum Economic Development Infrastructure Grant Amount: The maximum grant award will be $400,000.

(c) EDI Projects in Support of Retail Businesses: OCD will accept EDI Program applications in support of retail businesses only under limited conditions.

(i) The retail business represents the provision of new products and services previously unavailable in the community,

(ii) The development or expansion of the retail business represents a net economic gain for the community and the region. Applicant communities seeking EDI funds in support of a retail business or businesses are required to submit a completed Retail Business Certification contained in the 1996 EDI Application Package. This document certifies that the development represents a net overall gain for the regional economy and not a shift from existing established businesses to a new or expanded one; and

(iii) 50% or greater of the jobs created by the retail business must be full time jobs. (40 hr./week).

(d) Agreement to Participate: The applicant must submit a completed Agreement to Participate. This agreement must be on the form provided in the 1996 EDI application Package and be submitted with the application.

(e) Statement of Job Retention: In cases where job retention is to be a result of EDI assistance, a completed Statement of Job Retention must accompany the Agreement to Participate. This statement must be on the form provided in the 1996 EDI application package.

3. Selection Process: The selection process will consist of two phases: an application phase (Phase 1), and a project development phase (Phase II).

Phase I Application: The maximum length of an application is ten pages. It is designed to be a description of a community's economic development problems that it would like to address with EDI funds.

Applications for the EDI Program will be accepted three times during the grant year. The application deadlines are January 26, 1996, March 26, 1996 and July 26, 1996.

Each application will be rated in relation to all others. A minimum of 80 points from the Problem Statement, Proposed Solution, Citizen Participation, Numerical Analysis and Commitment sections will be required for an application to be considered for funding. A Distress score will be added to this result to determine the final application score.

(a) Problem Statement (20 points): The Problem Statement is a description of the problems or needs the applicant wishes to address with an EDI Program.

(i) Scope of Problem: (10 points) - Identification and description of the problem facing a specific businesses) in relation to job creation or retention activities and overall financial viability.

(ii) Impact on Community and Region: (10 points) - Description of how the problems described above negatively impact local and regional employment and overall economic conditions.

(iii) Need for Funds: ( 5 points) - Identification of the reasons why the community is unable to finance the proposed project on its own, or with assistance form other sources, including the affected business.

(b) Proposed Solution (30 points): The Proposed Solution is a description of how the applicant would use EDI Program funds to solve the problem(s) discussed in the Problem Statement.

(i) Project Description: (10 points) - Identification and description of the construction activities that the applicant will undertake using EDI funds to resolve the problem(s) presented in the Problem Statement.

(ii) Effect on Assisted Business: (10 points) - Description of the effect EDI assistance and completion of the project as a whole will have on the ability of the businesses) to remain competitive, and create/retain quality jobs.

(iii) Project Feasibility: (10 points) - Description of the assurances of success of the project.

(c) Numerical Analysis of Significance of Project to Community and Region (20 points): This section will require the applicant to complete numerical tables to demonstrate the significance of the proposed project as it relates to job creation/retention and the effect on the labor market area and local economy. Point values will be determined by comparing the information presented in the application for each category below with set scoring criteria established by the OCD.

(i) Number of jobs Created/Retained: (5 points) - Applicant will be scored according to how the number of jobs to be created or retained compares to the set scoring criteria.

(ii) Percentage of Full Time Jobs: (5 points) - Applicant will be scored according the ratio of full time jobs created compared to total jobs created.

(iii) EDI Dollars Per Job Created: (5 points) - Applicant will be scored according to how the projected cost in EDI dollars per jobs created/retained compares to the set scoring criteria. (full time and full time equivalents).

(iv) Quality of Jobs Created: (5 points) - Applicant will be scored according to how compensation (salary & fringe) of the jobs to be created/retained compares to the set scoring criteria. (Full time and full time equivalents).

(d) Citizen Participation (10 points): Citizen Participation is a descriptive demonstration of how business groups, local citizens, community groups and others were involved in the identification of the problems and solutions discussed in the application.

(i) Business Involvement: (5 points) - Description of the involvement that the specific business or applicant's business community, whichever the case, has had in the development of this application. This should include a description of any and all meetings that were conducted where governmental business assistance was discussed.

(ii) General Citizen Involvement: (5 points) - Description of the involvement that the general citizenry and/or municipal leaders have had concerning the concept of assisting businesses. General citizenry groups consist, but are not limited to, Community Development Advisory Committees, Area Betterment Association, Community Groups, Planning Board, and the Board of Selectmen.

(e) Commitment (15 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. In the evaluation of this section, commitments that have been obtained and that are legally binding will receive greater scores than those that are not.

(i) Sources: (10 points) - Description of all the other sources of funding that have been secured for this specific project, the arrangements that have been made to secure these funds, and a detailed description of the status of these sources at the time of this application.

(ii) Time frame: (5 points) - A description of when the funds mentioned above will be injected into the overall project.

(f) Unemployment Factor (5 points): OCD will derive a community's unemployment factor score from the following areas:

(i) Unemployment Rate: (3.5 points) - A score determined by taking the community's most recent annual unemployment rate, dividing it by 10%, and multiplying the result by 3.5. Communities with a most recent annual unemployment rate grater than 10% will receive the total points allowed.

(ii) Unemployment Numbers: (1.5 points) - applicants win be ranked form highest to lowest by number of unemployed persons. The rank order will be divided into three equal segments and assigned points accordingly (high 1.5; middle 1.0; and low 0.5). Unequal divisions will be rounded up.

(g) Priority Points (2 points): EDI projects in support of natural resource based industries and value added products derived from natural resource based industries will receive two points toward their final application score.

E. INTERIM FINANCE PROGRAM

The Interim Finance Program (IFP) utilizes funds not disbursed in the State's Letter of Credit for grants to communities to assist businesses or developers create housing and job opportunities for low and moderate income people through short-term loans.

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

(a) Eligible Applicants: All units of general local government in Maine, including plantations, are eligible to apply for and receive IFP funds. County governments may apply on behalf of unorganized territories. Groups of local governments may apply for multi-jurisdictional or joint projects. Multi-jurisdictional applications require designation of one local government as the legal applicant and consent for that designation by each participating local government.

(b) Ineligible Applicants: Entitlement communities of Portland, Bangor, Lewiston and Auburn, are not eligible to receive IFP funds. Except as described in 1(a) above, County governments are not eligible applicants.

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

(i) at least 51% of the jobs created by IFP expenditures must be provided to low and moderate income persons (Section 104 b. 3 of the Housing and Community Development Act of 1974, as amended),

(ii) at least 51% of the housing units created by IFP expenditures must be occupied by low and moderate income households (Section 104 b. 3 of the Housing and Community Development Act of 1974, as amended), or

(iii) the IFP 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 home 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 (Section 104 b. 3 of the Housing and Community Development Act of 1974, as amended).

(d) Undertake eligible activities pursuant to Section 104 b. 3 of the Housing and Community Development Act of 1974, as amended.

(e) Complete the required IFP application materials.

(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 it is in the best interest of the State and if OCD incurs no additional administrative costs as a result of the smaller award.

2. Special Program Requirements: IFP applicants must also comply with the following:

(a) Need for Financing: There must be a demonstrated need for an IFP loan in order for the project to be funded. The need may be based upon either a gap in available funding for the project or on a determination the costs of financing so adversely affect the project's rate of return the project would not be undertaken without additional assistance. IF? grantees must demonstrate the proposed rate and term have been set to ensure the assistance provided is the minimum needed and 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 IFP 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: IF? grants will be made on a first come basis Projects that meet requirements may be awarded IF? grants until the amount of funds available in the State's letter of credit has been committed. Following full commitment of the UT, the State will maintain a waiting list of eligible projects to be funded. If projected funds will not be available for a minimum of AK 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 IFP. 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 IFP 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 OCD. The State will review all other program requirements. If these requirements are met, the Commissioner of the DECD will make a grant award based on the project meeting all program requirements.

F. CARGO PORT FACILITY SET ASIDE

The cargo port facility set aside for 1996 will be for the Port of Eastport.

1. Threshold Criteria: Cargo Port Facility applicants must meet the following threshold criteria:

(a) Eligible Applicant; Eligible applicant for the 1996 Cargo Port Facility Set Aside will be limited to the City of Eastport.

(b) 51% of the jobs created/retained as a result of CDBG expenditures proposed by the Cargo Port Facility applicant must be provided to persons of low and moderate income.

2. Special Program Requirements: Cargo Port Facility (CPF) Set Aside applicant must comply with the following:

(a) Maximum Grant Award: $400,000

(b) Grant Termination: The OCD may terminate Eastport's grant if progress on the project is not apparent within 12 months from the date of signing a contract with DECD.

(c) Program Requirements: The applicant must submit an initial proposal requesting CPF Program funds. The proposal must contain the following:

(i) A description of the problem to be addressed, the impact of the problem on the community and the region and the reason these funds are needed.

(ii) A description of the proposed activities to address the stated problem, the effect of the economic conditions of the community and the region

(iii) A description of the significance of the project to the community and region including the number of jobs created and/or retained, the number of jobs expressed in full time equivalents, the CPF Program dollars per full time equivalent job, and the quality of the jobs created and/or retained in terms of salary and fringe compared to the local and regional job market.

(iv) A description of the business and general citizen involvement in the preparation of this proposal and the project.

(v) A description of all sources of funding secured for this project and the schedule for when these funds will be injected into the project.

(d) The applicant must complete all CDBG Program Phase II project development requirements including state and federal certifications.

3. Selection Process: The Cargo Port Facility proposal will be evaluated as a viable business proposal. The following considerations will be the focus of the determination for award.

(a) Chance of Success: The project demonstrates that a market exists for its service, the cost of the 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.

(b) 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; 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.

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

(i) Cost: The number of permanent full time jobs created or retained per CPF project dollars, not to exceed $35,000 per full time job, the increase in local tax dollars resulting from the project, and overall project cost effectiveness also will be considered.

(ii) Low and Moderate Income Benefit: Benefit to low and moderate income persons and families will be evaluated. A minimum of 51% of the jobs created and/or retained must be provided to LMI persons. The integration of job training programs, job advancement opportunities, education and training programs, and referral services from Joint Training Partnership Act and Job Service will also be reviewed.

(iii) Community and Economic Development: The primary and secondary impacts of the CPF project on the community's plans for future economic development will be evaluated. The review will also examine the ripple effect of the proposal on the community as a whole.

SECTION 4. PLANNING METHODS OF DISTRIBUTION

A. PHASE II PLANNING GRANTS

The Phase II Planning Grant Program enables communities to gather, analyze, and provide information required by the Phase II Project Development process.

1. Threshold Criteria: The State will distribute Phase II funds to communities or community partnerships, provided they meet the following threshold criteria:

(a) Eligible Applicants: Only communities invited into Phase II of the Housing Assistance, Public Facilities/Infrastructure, Economic Development Infrastructure, and Micro-Loan Programs are eligible to apply for and receive Phase II Planning Grants from the State.

(b) Eligible Activities: Phase II Planning funds may be used for planning activities necessary to complete Phase II requirements as described in applicable funding programs listed in 1(a) above.

(c) Need and Capacity: Applicants must demonstrate a need for financial assistance and the means to execute the Phase II Planning grant award.

(d) Federal and State Certifications for Local Governments: All communities applying for Phase II Planning Grants must certify they will comply with all applicable federal and state CDBG program certifications.

2. Special Program Requirements: Not applicable.

3. Selection Process: Communities will submit a Phase II Planning Grant Proposal that demonstrates need for financial assistance to complete applicable Phase II requirements and will describe bow the funds will be used to complete those tasks.

4. Approval Process: OCD staff will review threshold criteria and the applicant's proposal. Phase II Planning Grants will be awarded on a competitive as-needed basis. Recipients and amount of assistance shall be determined by the OCD staff.

B. GENERAL PURPOSE PLANNING GRANTS

The General Purpose Planning Grant (GPPG) Program provides financial assistance to communities or community partnerships that have clearly identified a local community or economic development problem and lack the resources to develop a strategy for solving that problem.

1. Threshold Criteria and Certifications: The State will distribute GPPG funds to local governments through the annual General Purpose Planning Grant Application Selection Process. The threshold criteria and certifications for the process are listed below:

Eligible Activities: GPPG funds may be used for planning only activities that include studies, analyses, data gathering, preparation of plans and maps, and identification of actions that will implement plans. Planning for downtown revitalization is not an eligible activity. Engineering, architectural and design costs related to specific activities are not eligible. All applications containing proposed ineligible or non-planning activities will be judged not to have met the project eligibility criteria. In all cases the applicant will be notified in writing of the determination made by OCD.

2. Special Program Requirements: GPPG applicants must also comply with the following:

(a) Past Performance: In order to be eligible to apply for the 1996 General Purpose Planning Grant program, communities that received Community Revitalization (CR) grants in 1991 must have conditionally closed their grants by March 22, 1996. Communities that received CR grants in 1992 must have expended 100% of their benefit activity funds by March 22, 1996.

Communities that received GPPG grants in 1993 must have obligated 100% of their benefit activity funds by March 22, 1996. Communities that received GPPG grants in 1994 must have obligated at least 50% of their benefit activity funds by March 22, 1996.

Exceptions: Grant recipients may request a waiver of this special requirement under the following circumstances: 1) program delays have occurred that are beyond the control of the grantee due to acts of nature or unforeseen changes in availability of leveraged funds or 2) unanticipated program income has been received and the grantee is unable to meet the above performance requirements.

(b) Maximum GPPG award amount: The maximum award is $10,000.

3. Selection Process: Applications for GPPG's will be accepted March 22, 1996. Prior to consideration of a grant award, the proposals must meet the threshold criteria and the special program requirements. Applications will then be reviewed based on the following criteria:

(a) Description of Problem (30 points): A description of the problems the community wants to solve, how the problems were identified, and the impact of the problems on the community.

(b) Description Of How Funds Will be Allocated (40 points): A description of the tasks associated with formulating a solution for your community's problems. A description of how GPPG program will work with local government towards the development of strategies that work towards common goals and meet a national objective. An estimate of the amount of GPPG funds needed and an itemized breakdown of the proposed planning budget must be included.

(c) Project Leverage (20 points): A description of other resources (local, state, federal, private) that will be contributed to the project. These may include commitments obtained or sought to date.

(d) Citizen Participation (10 points): Description of how citizens, community groups and others were involved in the identification of the problem and the development of a strategy.

C. QUALITY MAIN STREET STRATEGY GRANTS

The Quality Main Street Strategy (QMS) Program provides financial assistance to communities for the development of strategies to revitalize main streets and downtowns.

1. Threshold Criteria and Certifications: The State will distribute QMS funds to local governments through the annual Quality Main Street grant application selection process. The threshold criteria and certifications for the process are listed below.

(a) Eligible Activities: QMS funds may be used for planning only activities related to the economic revitalization of a main street that include studies, analyses, data gathering, preparation of plans and maps, and identification of actions that will implement plans. Engineering, architectural and design costs related to specific activities are not eligible.

(b) Match: AD communities applying for Quality Main Street Funds must provide a local match equivalent to 10 percent of the total grant award.

2. Special Program Requirements: QMS applicants must also comply with the following:

(a) Past Performance: Any community that previously received a Quality Main Street Grant is not eligible to apply for this program in 1996.

(b) Growth Management or Community Planning Program: Applicants for QMS must define their status within Maine's Growth Management Program. Communities that have accepted planning assistance funds, have a consistent comprehensive plan, and/or have accepted implementation funds must conduct their QMS planning in accordance with their growth management policies or with their community Planning Program.

(c) Maximum QMS Grant Amount. The maximum award is $20,000.

(d) Benefit of Planning: Communities must describe how the project assisted with QMS funds, if implemented, would meet one of the national objectives of the CDBG program as described in Section 104 b 3 of the Housing and Community Development Act of 1974, as amended.

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

Phase I Application: The maximum length of an application is ten pages. It is designed to be a description of a community's Main Street and Downtown problems that it would like to address with Quality Main Street Planning Grant Funds. The application deadline for QMS is March 22, 1996. Prior to consideration of a grant award, the proposals must meet the threshold criteria and the special program requirements. A minimum score of 85 will be required for funding. The applications will be evaluated according to the following criteria.

(a) Description of Economic and Physical Condition of Downtown: (40 points): Description of the economic and physical condition of the downtown and their impact on the community. Identification of events and issues unique to the downtown.

(b) Description of How Funds will be Allocated (30 points): Description of the tasks associated with formulating a solution for the community's problems.

(c) Project Coordination (20 points): Description of the other resources to be contributed to the planning initiative.

(d) Citizen Participation (10 points): Description of the involvement in the identification and proposed solution presented by local citizens, community groups and others.

D. TECHNICAL ASSISTANCE GRANTS

The purpose of the Technical Assistance Grant Program is to provide grant funding to the following preselected lead communities that will act on behalf of communities, within the existing Regional Council planning districts.

The communities have been selected on the basis of their willingness to assume the responsibility of administering this grant. These communities will assume certain administrative work, but will not receive any greater program benefit than neighboring communities that receive technical assistance for the Community Development Block Grant Program.

The following communities may provide technical assistance services under contract with their respective Regional Council to provide information about the Community Development Block Grant Program to communities in their region and to assist interested communities in preparing grant applications in the program categories:

Bath

Caribou

Eastport

Ellsworth

Freeport

Kittery

Mechanic Falls

Orono

Rockland

Winslow

The Department will contract directly with the Lincoln County Planning Office.

SECTION 5. REDISTRIBUTION OF GRANT FUNDS

This section describes the methods by which any funds not distributed, disencumbered funds, additional funds received from HUD, and program income may be 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 1996 CDBG program but unable to have their projects substantially underway (staff hired, environmental review complete, program costs obligated) within twelve months of the grant award, may have their grant canceled by the DECD. Unexpended grant funds may be added to any open CDBG contract, used to make additional awards in any 1996 CDBG program, or added to the available monies for the 1996 or 1997 competition.

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 and funds returned to the DECD because of disallowed costs may be added to any open CDBG contract, used to make additional awards in any 1996 CDBG program or added to the available monies for the 1996 or 1997 competition.

2. Unallocated State Grants To Local Governments: Unallocated grant funds resulting from lack of adequate program competition or demand in any of the available 1996 CDBG programs may be added to any open CDBG contract, used to make additional awards in any 1996 CDBG program or added to the available monies for the 1996 or 1997 competition.

3. Basis for Redistribution: The decision on how to redistribute the types of funds described in Paragraphs 1 and 2 above will be made after staff evaluation of the following: the total funds available, requests for additional funding from current CDBG grantees, any applicants that received scores above the specified point threshold in 1996 competitions but did not receive funding and the possibility of holding additional competitions during the 1996 Program. Additional competitions will be held only as a last resort, and be limited to the Housing Assistance, Public Facility/Infrastructure, and Economic Development Infrastructure programs. In all cases, these additional competitions and the subsequent programs developed, will be subject to the 1996 Program Statement.

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 DECD and secondly to grants for additional activities which meet the State and local community development objectives. In no case will the total of the original grant award and any redistributed funds to that grant, exceed the maximum grant award for that program.

4. State Grants from HUD

The 1996 CDBG Program Statement and the budgeted distribution of funds for specific set-aside categories is done without complete knowledge of the State's HUD allocation. The Program Statement is being created based upon a projected allocation of $12 million. The final HUD allocation may not be officially announced until January 1996.

In recognition of this situation, the program will distribute 1996 CDBG HUD allocated funds in excess of $12 million, up to $15.15 million, in the following manner:

Funds received will be allocated to budget set-aside programs in the following order. Amounts greater than a whole program, but less than the next program in the order, will be allocated in accordance with paragraphs 1, 2, and 3 above.

1. EDI $400,000

2. PFIG #1 400,000

3. HA 300,000

4. RAF 200,000

5. EDI 400,000

6. PFIG #2 250,000

7. HA 300,000

8. PFIG #1 400,000

9. EDI 400,000

10. PS 300,000

Funds in excess of $15.15 million will be distributed in accordance with sections 1, 2 and 3 from page 52.

The OCD may also set-aside additional HUD allocations for State Program Administration, State Technical Assistance, Regional Council Technical Assistance and Phase II Planning Grants.

All staff recommendations regarding redistribution of funds in the 1996 CDBG program will be subject to approval by the Director of the OCD.

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 5(B)(1)(d) of this Final Statement. 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 recent open grant. The funds are 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 5(B)(1)(d) of this Final Statement.

(c) Program Income Received by the State: Up to 2% of program income 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 Objective(s) 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;

(iv) A description of the grantee's administrative capacity to manage and track all program income received during and after a grant and to manage the activity to be funded with program income. The grantee must also indicate how much of the program income, not to exceed 10% in any program, will be used for administration of the program income.

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

(i) Housing Assistance, Public Facilities/Infrastructure, Public Service, Urgent Need, Reserved Grants, Micro-Loan, Economic Development Infrastructure during the Phase II process;

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

(iii) Interim Finance Program: with the IFP application; and

(iv) Regional Assistance Fund: with the RAF application.

2. Special Program Requirements: special program requirements apply to the following programs:

(a) Development Fund Program Income: Except for those grantees who can adequately demonstrate the reuse of program income for the "same activity" that generated the program income, grantees will return the repayments to the State to be placed in a State CDBG Development Fund Revolving Loan Fund (RLF) 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 undergo DECD's loan review process, and must meet the 51% 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) Regional Assistance Fund Program Income: The assignment of program income will be negotiated at the time of grant award.

(d) Micro-Loan Program Income: Grantees who demonstrate demand for additional Micro-Loan Program (MLP) eligible loans will be able to capitalize a MLP revolving loan fund with their MLP loan repayments. Grantees who do not close MLP loans to three or more different businesses or grantees who do not demonstrate demand for additional eligible loans will return MLP repayments to the DECD to be redistributed pursuant to Section 5. of the Program Statement.

SECTION 6. APPEALS

An applicant wishing to appeal DECD's decision regarding their 1996 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. In the case of an appeal, funds will be reserved for the project from available or subsequent CDBG funds pending a decision.

SECTION 7. AMENDMENT TO THE FINAL STATEMENT

The State can amend the 1996 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:

October 30, 1995

EFFECTIVE DATE (ELECTRONIC CONVERSION):

May 15, 1996

AMENDED:

June 15, 1996 - reduced EDI application points from 85 to 80

CONVERTED TO MS WORD:

May 16, 2005

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