# 19-498 DEPARTMENT OF ECONOMIC AND COMMUNITY DEVELOPMENT

Chapter 16: COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM:

1997 PROGRAM STATEMENT

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19-498 DEPARTMENT OF ECONOMIC AND COMMUNITY DEVELOPMENT

Chapter 16: COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM:

1997 PROGRAM STATEMENT

SUMMARY: The Program Statement describes the method by which 1997 Community Development Block Grant (CDBG) program funds will be distributed. The CDBG program is administered pursuant to 5 M.R.S.A. 13073. The 1997 CDBG program was developed by the Department of Economic and Community Development (DECD) following a review of past programs, a series of public forums and meetings with advisory groups. In accordance with the Maine Administrative Procedures Act, DECD held three public hearings to solicit input prior to adopting the Program Statement.

SECTION 1. PROGRAM OVERVIEW

A. CDBG OBJECTIVES

The Maine CDBG Program serves as a catalyst for local governments to implement programs which:

l. 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.

B. METHOD OF DISTRIBUTION

The DECD, through the Office of Community Development (OCD), offers programs allowing municipalities to achieve their community development objectives. The 1997 Program Statement provides a description of the selection criteria that OCD will use to allocate CDBG funds among communities. Programs are grouped under three broad categories: Community Development, Economic Development and Planning.

1. Community Development

a. Housing Assistance Grants

b. Public Facilities/Infrastructure Grants

c. Public Service Grants

d. Downtown Revitalization Program

e. Urgent Need Grants

2. Economic Development

a. Development Fund

b. Regional Assistance Fund

c. Micro-Loan Program

d. Economic Development Infrastructure Grants

e. Business Assistance Program

f. Interim Finance Program

3. Planning

a. Phase II Planning Grants

b. Community Planning Grants

C. STATE ADMINISTRATION

1. General Administration Allocation: Pursuant to Section 106(d) (3) (A) of the Housing and Community Development Act of 1974, as amended, the DECD will utilize $100,000 plus 2% of its allotment from the Department of Housing and Urban Development (HUD) to administer Maine's Small Cities CDBG Program in accordance with Federal, State and local requirements.

2. Technical Assistance Administration Allocation: Pursuant to Section 106(d) (5) of the Housing and Community Development Act of 1974, as amended, DECD will utilize 1% of its 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

Application deadlines are listed below.

Housing Assistance January 31, 1997

Economic Development Infrastructure February 21, 1997

May 9, 1997

July 18, 1997

Business Assistance Program Open

Public Facilities/Infrastructure February 28, 1997

Micro-Loan March 21, 1997

Downtown Revitalization Program February 28, 1997

Community Planning April 11, 1997

Public Service April 25, 1997

Urgent Need 1st come basis beginning March 1, 1997

Development Fund Monthly

Regional Assistance Fund Open

Interim Finance Program Open

F. PROGRAM BUDGET

The program budget indicates how CDBG Funds will be allocated for the 1997 grant year. The amount of the 1997 federal allocation is projected to be $16,561,000. The amount available for each program is indicated in the following budget.

COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM BUDGET GRANT YEAR 1997

Projected FY 1997 CDBG Program Budget $16,561,000

Administration 431,220

Technical Assistance Administration 165,610

Regional Council Technical Assistance 200,000

1. Housing Assistance Grants 2,400,000

2. Public Facilities/Infrastructure Grants

Category 1 3,600,000

Category 2 1,000,000

Category 3 100,000

3. Public Service Grants 300,000

4. Urgent Need Grants 250,000

5. Downtown Revitalization Grants 800,000

6. Development Fund1 464,170

7. Regional Assistance Fund 1,000,000

8. Micro Loan Program 450,000

9. Economic Development Infrastructure Program 3,550,000

10. Interim Finance Program

11. Business Assistance Grants 1,600,000

12. Phase II Planning Grants 100,000

13. Community Planning Grants 150,000

1 Development Fund program income projected to be $650,000.

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) and Regional Assistance Fund (RAF) programs, units of local government and unorganized territories may not apply for or benefit from more than one grant per program per grant year.

(b) Prohibition on Subsequent Year Award: Except for the Development Fund (DF) Program, Economic Development Infrastructure Program and the Public Facilities Infrastructure Program category #1, units of local government and unorganized territories that benefited from a 1996 award or a two year 1995 award may not apply again in that specific program until the 1998 program.

(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 1 + population 2 +... = weighted average distress score.

(d) Phase II Planning Grants: Phase II participants may 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 6 months from the date of contract signing.

(f) Project Eligibility: Applications will be reviewed to determine eligibility of 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. If the application contains an ineligible activity the application will not be considered for funding. 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. If the activity does not meet a national objective the application will not be considered for funding. 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)

\* Economic Development Infrastructure (EDI)

\* Public Facilities Infrastructure (PFIG)

\* Community Planning Grant (CPG)

\* Public Service Grant (PSG)

\* Micro Loan (ML)

\* Business Assistance (BA)

\* Downtown Revitalization (DR)

(a) Eligible Applicants: All 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-jurisdictional 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) plus distress scores. 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 pre-engineering, inspections, cost analysis, feasibility and/or market studies.

(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.

(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.

(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 to best meet the community's identified needs, and is in accordance with State goals. An OCD Project Development Specialist 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 completing 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 funding to address housing problems of low and moderate income persons.

1. Special Threshold Criteria and Certifications : The State will distribute Housing Assistance Program funds through an annual grant application selection process.

(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:

(a) Past Performance: In order to be eligible to apply for the 1997 Housing Assistance program, communities that received CDBG grants in or prior to 1993 must have closed their grants by December 1, 1996. Communities that received CDBG grants in 1994 must have conditionally closed their grants by December 1, 1996. Communities that received CDBG grants in 1995 must have obligated 50% of their benefit activity funds by December 1, 1996.

Exceptions: Applicants must submit a request for a waiver of this special requirement under the following circumstances: l) program delays have occurred beyond the control of the grantee due to unforeseen changes in availability of funds or acts of nature or 2) the recipient has received unanticipated program income and expenditure of grant funds has been delayed.

(b) Maximum Housing Assistance Grant Amount: $300,000

(c) Maximum Housing Rehabilitation Costs: The amount of grants or loans available to participants 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 may be waived by the OCD.

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. The application deadline is January 31, 1997.

Each application will be rated in relation to all other HA applications. A minimum of 70 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 application score.

(a) Problem Statement (30 points):

(i) Scope of Problem: (15 points) ‑ Identification and description of the magnitude and nature of the substandard housing conditions to be addressed, the process to solicit input and formulate a statement of the housing conditions to be addressed, and the relationship to other community problems.

(ii) Life Safety Considerations: (10 points) ‑ Identification and description of the conditions, their frequency and severity, and/or the nature of potential threats.

(iii) 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):

(i) Effectiveness: (10 points) - Description of how funds will be used to solve the identified problems.

(ii) Life Safety and Energy Efficiency: (10 points) - Identification and description of how Housing Assistance funds will address identified threats to health, safety and energy problems.

(iii) Project Feasibility: (10 points) - Identification of tasks, timetables and the responsible parties to implement the proposed solution.

(c) Citizen Participation (20 points): Identification and description of the process, including descriptions of public meetings, hearings and other methods to solicit residents’, local organizations’ and public officials’ involvement and how the involvement contributed to this application.

(d) Commitment (10 points): Identification and description of how the applicants, groups, and private citizens will contribute a financial and/or technical resource to the project, the status of those commitments, and a timeframe for the commitments, with a basis for determining value.

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

(i) Housing: (1.5 points) - A score based on 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: (3.5 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: (3.5 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: (1.5 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 funding 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 Public Facilities/Infrastructure Program funds through an annual grant application selection process.

(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 listed below under 2. (a), (b) and (c). 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. Fire Stations will require a 30% cash match.

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.

(a) Category 1: Water, sewer, sewer hook-ups, storm drainage/CSO, 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:

(a) Past Performance: In order to be eligible to apply for the 1997 Public Facilities Infrastructure program, communities that received CDBG grants in or prior to 1993 must have closed their grants by December 1, 1996. Communities that received CDBG grants in 1994 must have conditionally closed their grants by December 1, 1996. Communities that received CDBG grants in 1995 must have obligated 50% of their benefit activity funds by December 1, 1996.

Exceptions: Applicants must submit a request for a waiver of this special requirement under the following circumstances: l) program delays have occurred beyond the control of the grantee due to unforeseen changes in availability of funds or acts of nature or 2) the recipient has received unanticipated program income and expenditure of grant funds has been delayed.

(b) Maximum Public Facilities/Infrastructure Grant Amounts:

(i) Category 1: $400,000

(ii) Category 2: $250,000

(iii) Category 3: $ 50,000

(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.

A maximum of two fire station projects will be funded. Sand/salt shed projects will only be funded after all other eligible category #3 projects.

4. 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 a Phase I application is ten pages. The application deadline is February 28, 1997.

Each application will be rated in relation to all others in its respective category. A minimum of 70 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 proposed application score.

(a) Problem Statement (25 points):

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

(ii) Health, Safety, Welfare: (10 points) ‑ Impact of the stated problem on public health, safety, and welfare including blighting conditions in downtown areas.

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

(b) Proposed Solution (25 points):

(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: (15 points) - Identification of tasks, timetables, and the responsible parties to implement the proposed solution.

(c) Citizen Participation (20 points): Identification and description of the process, including descriptions of public meetings, hearings and other methods to solicit involvement of residents, local organizations and public officials; and how the involvement contributed to this application.

(d) Commitment (20 points): Identification and description of how the applicants, groups, and private citizens will contribute a financial and/or technical resources to the project, the status of those commitments, and a timeframe for the commitments, with a basis for determining value.

(e) Bonus Points (2 points): For category #1 projects, “service center communities” identified by the State Planning Office will receive two bonus points.

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

(i) Housing: (1.5 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: (3.5 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: (3.5 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: (1.5 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 community resource needs by providing funding for operating expenses, equipment and program materials for public service programs.

1. Special Threshold Criteria and Certifications: The State will distribute Public Service Program funds through an annual grant application selection process.

(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 Low and Moderate Income 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) a quantifiable increase in the level of an existing service and;

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

(iii) and which document how the activity will meet the need or continue after PSG funding is expended.

2. Special Program Requirements:

(a) Past Performance: In order to be eligible to apply for the 1997 Public Service program, communities that received CDBG grants in or prior to 1993 must have closed their grants by December 1, 1996. Communities that received CDBG grants in 1994 must have conditionally closed their grants by December 1, 1996. Communities that received CDBG grants in 1995 must have obligated 50% of their benefit activity funds by December 1, 1996.

Exceptions: Applicants must submit a request for a waiver of this special requirement under the following circumstances: l) program delays have occurred beyond the control of the grantee due to unforeseen changes in availability of funds or acts of nature or 2) the recipient has received unanticipated program income and expenditure of grant funds has been delayed.

(b) Maximum Public Service Grant Amount: $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.

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 six pages. The application deadline is April 25, 1997.

Each application will be rated in relation to all others. A minimum of 70 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 proposed application score.

(a) Problem Statement (20 points):

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

(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):

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

(ii) Project Feasibility: (10 points) - Identification of task timetables and the parties responsible to implement the proposed solution.

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

(c) Citizen Participation (20 points): Identification and description of the process, including descriptions of public meetings, hearings and other methods to solicit involvement of residents, local organizations and public officials, involvement and how the involvement contributed to this application.

(d) Commitment (20 points): Identification and description of how the applicants, groups, and private citizens will contribute a financial and/or technical resource to the project, the status of those commitments, and a timeframe for the commitments, with a basis for determining value.

(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: (3.5 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: (1.5 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. DOWNTOWN REVITALIZATION PROGRAM

The Downtown Revitalization Program (DR)will provide funding to enable communities to implement comprehensive, integrated and innovative solutions to the problems facing their downtown districts. These projects are to be part of a community revitalization strategy targeted toward downtown service and business districts that will lead to future public and private investment.

1. Special Threshold Criteria and Certifications: The State will distribute Downtown Revitalization Program funds through an annual grant application selection process.

(a) Eligible activities include all those eligible under the Public Facilities/Infrastructure, Public Service, Housing Assistance, Business Assistance or Micro-loan programs as relevant to the revitalization of a downtown district. Some housing activities including the development of new rental housing may be funded with HOME program funds from the Maine State Housing Authority.

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

2. Special Program Requirements

(a) Past Performance: In order to be eligible to apply for the 1997 Downtown Revitalization program, communities that received CDBG grants in or prior to 1993 must have closed their grants by December 1, 1996. Communities that received CDBG grants in 1994 must have conditionally closed their grants by December 1, 1996. Communities that received CDBG grants in 1995 must have obligated 50% of their benefit activity funds by December 1, 1996.

Exceptions: Applicants must submit a request for a waiver of this special requirement under the following circumstances: l) program delays have occurred beyond the control of the grantee due to unforeseen changes in availability of funds or acts of nature or 2) the recipient has received unanticipated program income and expenditure of grant funds has been delayed.

(b) Planning Requirements: All applicants must have completed either a CDBG funded Quality Main Street Planning process or an equivalent downtown revitalization planning process within the past four years. The proposed DR activities must be cited in the plan as a recommended action to enhance the downtown.

(c) Maximum Award: $400,000

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 the Phase I application is ten pages. The application deadline is February 28, 1997.

Each application will be rated in relation to all others. A minimum of 70 points from the Problem, Solution, Commitment and Citizen Participation sections will be required for an application to be considered for funding.

(a) Problem Statement (30 points)

(i) Scope of Problems (20 points) - Identification and description of the nature and magnitude of the identified problems to be addressed with DR funds.

(ii) Impact on Economic Vitality (10 points) - Describe how the problems impact the economy of the community and inhibit its function.

(b) Solution (40 points)

(i) Project Description (15 points) - Description of how funds will be used to solve the identified problems.

(ii) Comprehensive Nature of Solution (10 points) - Description of how the activities relate to the community’s total downtown revitalization effort.

(iii) Innovation (10 points) - Description of how the activities represent an innovative solution to the problems identified.

(iv) Feasibility (5 points) - Identification of tasks, timetables and the responsible parties to implement the proposed solution.

(c) Citizen Participation (10 points) - Identification and description of the process, including descriptions of public meetings, hearings and other methods to solicit residents, local organizations and public officials, involvement; and how the involvement of contributed to this application.

(d) Commitment (20 points) Identification and description of how the applicants, groups, and private citizens will contribute a financial and/or technical resource to the project, the status of those commitments, and a timeframe for the commitments, with a basis for determining value.

National Objective

State how the project, if funded and implemented, will meet the CDBG national objectives of benefiting low and moderate income persons or eliminating slum and blighting conditions.

Downtown Revitalization Implementation Plan

Each application must include a copy of the implementation or action plan from the community’s Downtown Revitalization Plan.

E. URGENT NEED GRANTS

The Urgent Need Grant (UNG) Program provides funding to enable a community to address needs having a particular urgency.

l. Special 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 Section 104 (b) 3 of the Housing and Community Development Act of 1974, as amended, the applicant must 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:

(a) Necessary Documentation: The emergency situation must require immediate action to alleviate the occurrence of or the imminent threat of widespread injury or loss of life resulting from a natural or man-made cause.

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

(c) Maximum UNG Amount: $100,000

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: 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 injury or loss of life;

(b) certify the proposal is designed to address an urgent need and an immediate response is required to initiate action that will halt the threat of widespread 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 and the Special Program requirements. 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 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 March 1, 1997. 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.

3. ECONOMIC DEVELOPMENT

A. DEVELOPMENT FUND

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

1. 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 must comply with the following:

(a) Necessary and Appropriate: A DF loan to a for-profit business 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.

3. Selection Process: The DF project will be evaluated as a viable business proposal. The following will be considered:

(a) Strategy Priority: The Development Fund program will give priority to business activities that support the state’s economic development strategy. The Development Fund will, whenever possible, be targeted towards economic sectors identified in the strategy.

(b) 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.

(c) 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 financial professional. The financing plan must be complete in that there are no unidentified uses of funds necessary to complete the project.

(d) 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.

(e) 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.

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

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

(h) 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.

(i) 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.

(j) 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.

4. Approval Process:

(a) Application: Applications shall be submitted by 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 Office of Business Development . 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 will review staff reports and make recommendations to the Director for awards. The Committee will have four general options to recommend on any individual project. The options are:

(i) approval of requested amount and terms;

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

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

(iv) rejection.

(c) Quarterly Allocation: The allocation will be limited to $300,000 per quarter, plus any unobligated portion of allocations of previous quarters. This limit can be waived by the Director of OBD. The Director also reserves the right to reject any or all applications in any quarter.

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:

(a) Eligible Applicants: All units of general local government in Maine, including plantations and Counties, are eligible to apply for and receive a RAF grant. 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 or retained 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 a RAF Letter of Conditions will be included in the contract to describe the terms that will govern the release of funds from the reserve. The local government must use the designated RAF funds as a match to leverage additional funds.

(b) Limit on Amount of RAF assistance: Each economic development district will be eligible for one RAF grant per year. Additional grants within districts will be made at the discretion of the Director of Office of Business Development (OBD). 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.

(d) Community Financial Commitment: Wherever appropriate the community must demonstrate a vested financial interest in the development project, ranging up to 33% of CDBG funds

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.

(f) Local Commitment: The commitment of local funds to the project.

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 a 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 OBD for awards:

(i) approval of requested amount with requested or different terms:

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

(iii) rejection.

(c) Allocation: The RAF allocation will be $1,000,000. RAF proposals that meet all criteria may be awarded funds until the amount of funds available in the program has been committed. Having committed all funds in the program, OCD reserves the right not to accept any further applications.

C. MICRO-LOAN PROGRAM

The Micro-Loan Program (ML) provides communities with funds to assist existing and new businesses to create and/or retain jobs for low and moderate income persons.

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 Micro Loan Program funds through an annual grant application selection process.

(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 by each business assisted must be made available to or taken by persons from households that qualify as low and moderate income (LMI).

2. Special Program Requirements:

(a) Past Performance: In order to be eligible to apply for the 1997 Micro-Loan program, communities that received CDBG grants in or prior to 1993 must have closed their grants by December 1, 1996. Communities that received CDBG grants in 1994 must have conditionally closed their grants by December 1, 1996. Communities that received CDBG grants in 1995 must have obligated 50% of their benefit activity funds by December 1, 1996.

Exceptions: Applicants must submit a request for a waiver of this special requirement under the following circumstances: l) program delays have occurred beyond the control of the grantee due to unforeseen changes in availability of funds or acts of nature or 2) the recipient has received unanticipated program income and expenditure of grant funds has been delayed.

(b) Maximum Micro-Loan Grant Amount: $100,000. An additional $12,500 may be awarded to grantees to provide technical assistance to loan applicants. Funds not loaned out within 12 months of contract start date will be disencumbered.

(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.

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 six pages. The application deadline is March 21, 1997.

Each application will be rated in relation to all other Micro‑loan applications. A minimum of 70 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 proposed application score.

(a) Problem Statement (35 points):

(i) Scope of Problem: (17.5 points) - Description of the economic base and business trend problems of the community and the impact on job opportunities.

(ii) Magnitude of Problem: (17.5 points) - Description of the need for funds and how that need was identified.

(b) Proposed Solution (35 points):

(i) Scope of Solution: (17.5 points) - Description how funds will be used to solve the identified problems.

(ii) Capacity: (17.5 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 (20 points):

(i) Business Involvement: (10 points) - Description of how the business community participated in the application process.

(ii) General Citizen Involvement: (10 points) - Description of how the need for, and priority of, a Micro-Loan program was defined by the general citizenry in the application process.

(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.

(ii) Unemployment: Absolute Numbers (3.5 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.

(iii) LMI: Percentage (1.5 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.

(iv) 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 to develop or rehabilitate public infrastructure to support 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 Economic Development Infrastructure Program funds through an annual grant application selection process held three times annually.

(a) Eligible Activities: Eligible activities include acquisition, relocation, demolition, clearance, construction, reconstruction, installation, and rehabilitation associated with public infrastructure projects such 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: All communities applying for EDI funds must provide a local match equivalent to 20 percent of the 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 1997 Economic Development Infrastructure program, communities that received CDBG grants in or prior to 1993 must have closed their grants by December 1, 1996. Communities that received CDBG grants in 1994 must have conditionally closed their grants by December 1, 1996. Communities that received CDBG grants in 1995 must have obligated 50% of their benefit activity funds by December 1, 1996.

Exceptions: Applicants must submit a request for a waiver of this special requirement under the following circumstances: l) program delays have occurred beyond the control of the grantee due to unforeseen changes in availability of funds or acts of nature or 2) the recipient has received unanticipated program income and expenditure of grant funds has been delayed.

(b) Maximum Economic Development Infrastructure Grant Amount: $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 1997 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 1997 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 1997 EDI application package.

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 8 pages. The application deadlines are: February 21, May 9, and July 18, 1997.

Each application will be rated in relation to all others. The total points from the Problem Statement, Proposed Solution, Citizen Participation, Numerical Analysis and Commitment sections will be determined for each application. A Distress score will be added to this result to determine the application score. A rank order will be established with the highest ranking application receiving first consideration and continuing until the allocation for each EDI funding round is exhausted. The Office of Community Development reserves the right to fund only those applications deemed to be in the best interests of the State of Maine and the Community Development Block Grant Program. Applications will not be funded out of rank order except in instances where a preceding application is deemed ineligible.

(a) Problem Statement (20 points):

(i) Scope of Problem: (10 points) Problems facing a specific business(es) in relation to job creation or retention activities and overall financial viability.

(ii) Impact on Community and Region: (5 points) - Explain how these problems negatively impact local and regional employment and overall economic conditions.

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

(b) Proposed Solution (20 points):

(i) Project Description: (10 points) - 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: (5 points) - Effect EDI assistance and completion of the project as a whole will have on the ability of the business(es) to remain competitive, and create/retain quality LMI jobs.

(iii) Project Timeline and Feasibility: (5 points) - Description of the assurances of success of the project

(c) Numerical Analysis of Significance of Project to Community and Region (20 points): 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)

(ii) Percentage of Full Time Jobs: (5 points)

(iii) EDI Dollars Per Job Created: (5 points)

(iv) Quality of LMI Jobs Created: (5 points)

(d) Citizen Participation (10 points):

(i) Public Hearing Process : (5 points) - Documentation of the public hearing held in the applicant’s municipality specific to this EDI application.

(ii) Business/Local Involvement: (5 points) - Description of the involvement that the general citizenry, municipal leaders and businesses have had in increasing citizen awareness and developing the EDI application.

(e) Commitment (25 points):

(i) Confirmation of LMI Jobs to be Created/Retained: (10 points) - Firm documentation as to the number and type of jobs to be created or retained as a result of EDI financing.

(ii) Project Funds Table and Source Documentation: (10 points) - A listing of all private and public funds firmly committed to this EDI project and binding documentation that these funds are secured.

(iii) Environmental and Permitting: (5 points) - What has been accomplished and future actions necessary for successful EDI project implementation.

(f) Unemployment Factor (3 points): OCD will derive a community's unemployment factor score from the following areas:

(i) Unemployment Rate: (2 points) - A score determined by taking the community's most recent annual unemployment rate, dividing it by 10%, and multiplying the result by 2. Communities with a most recent annual unemployment rate greater than 10% will receive the total points allowed.

(ii) Unemployment Numbers: (1 points) - applicants will be ranked from highest to lowest by number of unemployed persons. The rank order will be divided into three equal segments and assigned points accordingly (high 1; middle 0.5; and low 0.25). 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 additional points.

E. BUSINESS ASSISTANCE PROGRAM

The Business Assistance (BA) program provides funds to local governments which in turn loan or grant these funds to businesses to create or retain jobs for low and moderate income persons. The Business Assistance program will provide either loans, grants or a combination of each to meet the infrastructure and real property needs of businesses. The objective of the program is to assist economic initiatives and development opportunities that will have a significant impact on a local or regional economy.

1. Threshold Criteria: The state will distribute Business Assistance Program funds through an annual grant application selection process.

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

(b) 51% of the jobs created or retained as a result of BA expenditures must be provided to persons of low and moderate income;

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

2. Special Program Requirements:

(a) Necessary and Appropriate: A BA loan or grant to a business must be for projects that are necessary and appropriate. The application must describe the need for 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 BA assistance.

(b) Financing Plan: The application should present a complete financing plan for a project. The financing necessary to support the total project cost must be documented by binding commitment letters submitted with the application. Project activities or uses of funds used to calculate any non-CDBG financing must represent new investment.

(c) Funds: The Business Assistance funds are provided as a grant to a unit of local government. The local government will use these funds as either a loan or grant to the business identified in the BA application. The loan or grant must be provided under the terms stated in a Business Assistance Letter of Conditions and the contract between DECD and the local government.

(d) Repayment Terms: Terms must be based on the business’ maximum capacity for principle and interest payments as documented in their proformas and reviewed by FAME as appropriate to remain profitable.

(e) Maximum Business Development Grant Amount: $300,000

(f) Exclusions: Communities will be eligible to receive either Economic Development Infrastructure (EDI) or Business Assistance funds, but not both for the same project.

3. Eligible Activities

Eligible activities to be carried out with BA funds include: acquisition, reconstruction, rehabilitation or installation of commercial or industrial buildings, structures, fixtures and real property improvements.

4. Selection Process: The BA project will be evaluated as a viable business proposal. The following will be considered:

(a) Strategy Priority: The Business Assistance program will give priority to business activities that support the state’s economic development strategy. The Business Assistance Program, whenever possible, will be targeted towards economic sectors identified in the strategy.

(b) 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.

(c) 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 financial professional. The financing plan must be complete.

(d) Equity: The proposed loan/grant 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.

(e) BA 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 BA monies for reuse.

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

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

(h) Cost: The number of permanent jobs created or retained per BA project dollars and the increase in local tax dollars resulting form the project will be evaluated. Overall project cost effectiveness also will be considered.

(i) 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.

(j) Community and Economic Development: The primary and secondary impacts of the 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.

(k) Community Financial Commitment: The community must demonstrate a vested financial interest in the development project. The program’s goal is obtain community participation ranging up to 33% of CDBG funds.

5. Approval Process:

(a) Application: Applications may be submitted at any time. 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 appointed by the Director of the Office of Business Development.

(b) Review Committee Recommendations: The review committee will evaluate staff reports and make recommendations to the Director of OBD for awards.

F. 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:

(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,

(ii) at least 51% of the housing units created by IFP expenditures must be occupied by low and moderate income households, 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 borne by the IFP funds is no greater than the proportion of units in the project that will be occupied by low and moderate income households.

(d) Complete the required IFP application materials.

(e) 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 that the costs of financing so adversely affect the project's rate of return that the project would not be undertaken without additional assistance. IFP 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: IFP grants will be made on a first come basis. Projects that meet requirements may be awarded IFP grants until the amount of funds available in the State's letter of credit has been committed. Following full commitment of the IFP, the State will maintain a waiting list of eligible projects to be funded. If projected funds will not be available for a minimum of six months, the State reserves the right not to accept any additional applications.

4. Approval Process: Through its Technical Assistance Providers, direct mailings, and other marketing methods, the State will advertise the availability of funds within the IFP. Communities interested in applying will: notify the State of their 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.

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:

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

(b) Eligible Activities: Planning funds may only be used for planning activities necessary to complete Phase II requirements.

(c) Need and Capacity: Applicants must demonstrate a need for financial assistance and provide a schedule for completion.

(d) Federal and State Certifications: 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 how 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. COMMUNITY PLANNING GRANTS

The Community Planning Grant (CPG) Program provides funding 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 Community Planning Program funds through an annual grant application selection process.

Eligible Activities: CPG funds may be used for planning only activities that include studies, analysis, 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. All applications containing proposed ineligible or non‑planning activities will not be considered eligible. The applicant will be notified in writing of the determination made by OCD.

Project Benefit: The proposed activities must meet one of the CDBG Program national objectives of either providing benefit to low and moderate income persons, or removing slum or blighting influences within that community.

2. Special Program Requirements:

(a) Past Performance: In order to be eligible to apply for the 1997 Community Planning program, communities that received CDBG grants in or prior to 1993 must have closed their grants by December 1, 1996. Communities that received CDBG grants in 1994 must have conditionally closed their grants by December 1, 1996. Communities that received CDBG grants in 1995 must have obligated 50% of their benefit activity funds by December 1, 1996.

Exceptions: Applicants must submit a request for a waiver of this special requirement under the following circumstances: l) program delays have occurred beyond the control of the grantee due to unforeseen changes in availability of funds or acts of nature or 2) the recipient has received unanticipated program income and expenditure of grant funds has been delayed.

(b) Maximum CPG Grant Amount: $10,000.

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

Priority for funding will be given to the following categories in the numbers indicated: Housing(3), Public Facilities Infrastructure(6), Economic Development(3) and Tourism Opportunities(3).

Phase I Application: The maximum length of an application is six pages. The application deadline is April 11, 1997.

Each application will be rated in relation to all others. A minimum of 70 points from the Problem Statement, Development of Strategy, Citizen Participation and Project Leverage is required for consideration to be invited into Phase II.

(a) Problem Statement (30 points): A description of the problems, how they were identified, and the impact of the problems on the community.

(b) Development of Strategy (40 points): A description of the tasks associated with formulating a solution for your community's problems. A description of how CPG program will work with local government towards the development of strategies that work towards common goals. and meet a national objective.

(c) Project Leverage (20 points): A description of other resources (local, state, federal, private) that will be contributed to the project.

(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. TECHNICAL ASSISTANCE GRANTS

The purpose of the Technical Assistance grant program is to provide funds to selected communities that will contract with Regional Councils to provide technical assistance services to themselves and the communities in their region.

Technical assistance services provided will include information about the CDBG program, its applicability for projects within a community and assistance to interested communities in preparing grant applications.

SECTION 5. REDISTRIBUTION OF GRANT FUNDS

This section describes the methods by which undistributed funds, 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 1997 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 1997 CDBG program, or added to the available monies for the 1997 or 1998 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 1997 CDBG program or added to the available monies for the 1997 or 1998 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 1997 CDBG programs may be added to any open CDBG contract, used to make additional awards in any 1997 CDBG program or added to the available monies for the 1997 or 1998 competition.

3. Basis for Redistribution: The decision to redistribute funds 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 1997 competitions but did not receive funding and the possibility of holding additional competitions during the 1997 Program. In all cases, these additional competitions and the subsequent programs developed, will be subject to the 1997 Program Statement.

In the case of funds added to open grants, redistribution will give priority to grants needing additional CDBG funds 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.

B. PROGRAM INCOME

As used in this Proposed 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. 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.

(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 must submit a Program Income Plan to OCD. The 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, Business Assistance, Downtown Revitalization, Urgent Need, 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:

(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.

SECTION 6. APPEALS

An applicant wishing to appeal DECD's decision regarding their 1997 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 judgment regarding qualitative scoring will not be entertained. 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 PROGRAM STATEMENT

The State may amend the 1997 Program Statement from time to time in accordance with the same procedures required for the preparation and submission of the program statement. The amendment process will be guided by the State of Maine's Administrative Procedures Act.

THIS MATERIAL IS AVAILABLE IN ALTERNATIVE FORMAT

UPON REQUEST

BY CONTACTING:

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Community

Development

Block

Grant

Program 1997

PROGRAM STATEMENT

December 1996

Department of Economic and Community Development

Office of Community Development

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