**19-498 Chapter 18**

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**State of Maine**

**Community Development**

**Block Grant Program 1999**

**Program Statement**

**September 1998**

**Department of Economic and Community Development**

**Office of Community Development**

**33 Stone Street**

**59 State House Station**

**Augusta, ME 04333-0059**

**19-498 DEPARTMENT OF ECONOMIC AND COMMUNITY DEVELOPMENT**

**CHAPTER 18 COMMUNITY DEVELOPMENT BLOCK (CDBG) GRANT PROGRAM**

**1999 PROGRAM STATEMENT**

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19-498 CMR Department of Economic and Community Development

**Chapter 18 Community Development Block Grant Program**

**1999 Program Statement**

# SUMMARY

This Program Statement describes the method by which 1999 Community Development Block Grant (CDBG) program funds will be distributed. The CDBG program is administered pursuant to 5 M.R.S.A. 13073. The proposed 1999 CDBG program was developed by the Department of Economic and Community Development (DECD) following a review of past programs 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 final Program Statement.

# SECTION 1. PROGRAM OVERVIEW

## A. CDBG OBJECTIVES

The Maine CDBG Program serves 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.

## B. METHOD OF DISTRIBUTION

DECD, through the Office of Community Development (OCD), offers programs to assist municipalities to achieve their community development objectives. The 1999 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

f. Downtown and Neighborhood Revitalization Program

**2. Economic Development**

a. Development Fund

b. Regional Assistance Fund

c. Micro-Loan Program

d. Economic Development Infrastructure Grants

e. Business Assistance 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 Act) the DECD will utilize $100,000 plus 2% of its allotment from the Department of Housing and Urban Development (HUD) to administer Maine's CDBG Program in accordance with Federal and State requirements.

**2. Technical Assistance Administration Allocation:** Pursuant to Section 106(d) (5) of the Act, 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. NOTICE – GRANT ADMINISTRATION REQUIREMENT

Beginning with grantees receiving 2000 CDBG grant awards, communities receiving CDBG funds must use grant administrators certified through the CDBG Certification Course for Grant Administrators or will be certified within 6 months of the invitation to proceed to Phase II.

## F. PROGRAM TIMEFRAME

Application deadlines are listed below:

**Public Facilities/Infrastructure December 4, 1998**

**Downtown Revitalization January 15, 1999**

**Housing Assistance** **January 29, 1999**

**Economic Development Infrastructure January 8, 1999**

 **April 9, 1999**

 **June 11, 1999**

 **September 10, 1999**

**Micro-Loan March 12, 1999**

**Community Planning March 12, 1999**

**Public Service April 5, 1999**

**Downtown and Neighborhood Revitalization May 14, 1999**

**Business Assistance Program Open**

**Urgent Need** **1st come basis**

 **beginning March 1, 1999**

**Development Fund**  **Monthly**

**Regional Assistance Fund Open**

## G. PROGRAM BUDGET

**COMMUNITY DEVELOPMENT BLOCK GRANT**

**1999 Projected Program Budget**

|  |  |
| --- | --- |
| Projected FY 1999 CDBG Budget | $16,153,000 |
| Administration | $397,615 |
| Technical Assistance Administration | $161,530 |
| Regional Council Technical Assistance\* | $68,000 |
|  |  |
| 1. Housing Assistance Grants | 2,400,000 |
| 2. Public Facilities/Infrastructure Grants |  |
|  Category 1 | 3,600,000 |
|  Category 2 | 1,500,000 |
|  Category 3 | 100,000 |
| 3. Public Service Grants | 250,000 |
| 4. Urgent Need Grants | 250,855 |
| 5. Downtown Revitalization Grants | 800,000 |
| 6. Downtown and Neighborhood Revitalization\*\* | 400,000 |
| 7. Development Fund | 650,000 |
| 8. Regional Assistance Fund | 600,000 |
| 9. Micro Loan Program | 100,000 |
| 10. Economic Development Infrastructure  | 3,200,000 |
| 11. Business Assistance Program | 1,600,000 |
| 12. Phase II Planning Grants | 75,000 |
| 13. Community Planning Grants | 150,000 |

\*Regional Council Technical Assistance will actually receive $234,000, the difference between this number and the above budget number will be made up with past year funds.

\*\*This figure includes $150,000 of 1998 CDBG Funds and $250,000 of 1999 CDBG Funds.

## H. THRESHOLD CRITERIA AND REGULATIONS FOR THE CDBG PROGRAM

**1.** **The following state and federal regulations APPLY TO ALL PROGRAMS**:

**1. Federal and State Certifications for Local** **Governments:**

All communities applying for CDBG funds must certify that they will:

 minimize displacement and adhere to a locally adopted displacement policy in compliance with Section 104(d) of the Act;

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

 not attempt to recover certain capital costs of improvements funded in part with CDBG funds;

 establish a community development plan;

 meet all required State and Federal public participation requirements;

 comply with the Federal requirements of Section 319 of Public Law 101-122 regarding government-wide restriction on lobbying;

 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;

 review the project proposed in the application to ensure 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), the Economic Development Infrastructure (EDI), Business Assistance (BA) 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 category in any grant year.

**(b) Prohibition on Subsequent Year Award:** Except for the Development Fund Program, Economic Development Infrastructure Program, Business Assistance and the Public Facilities Infrastructure Program category #1, units of local government and unorganized territories that benefited from a 1998 award may not apply again in that specific program until the 2000 program. Public Facilities Infrastructure Category #1 grantees may not receive grants for more than two consecutive grant years.

**(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 to a maximum of $2,500, most grants will not exceed $2,000.

**(e) Grant Termination:** OCD will terminate a community's grant if progress on the project is not apparent within 6 months from the date of contract signing. Waivers for cause may be granted by the Program Manager.

**(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 Act.

**(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 Act. 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 OCD.

**(h) Preference for Certified Communities:** In accordance with Title 30-A M.R.S.A. subsection 4349(2)(B) communities with certified growth management programs (as determined by the State Planning Office), as of 30 days prior to application deadline, will receive preference in the award of CDBG grants in the following situation:

In the event of a tie between communities receiving the lowest funded application score in any particular program, the grant will be awarded to the certified community, ***except*** ***where the tie is between a certified community and a community that never received an offer of financial assistance to develop a growth management program.***

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

 **Housing Assistance (HA)**

 **Public Service Grant (PSG)**

**Economic Development Infrastructure (EDI)**

 **Micro-Loan (ML)**

**Public Facilities Infrastructure (PFIG)**

**Business Assistance (BA)**

**Community Planning Grant (CPG)**

**Downtown Revitalization**

**(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. An invitation into Phase II is not a guarantee of funding. However successful communities will receive an amount sufficient to complete their project, but not to exceed the maximum grant award for that program. 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 under the Act.

(ee) **Project Benefit:** Verification that proposed activities meet one of the CDBG Program national objectives.

(ff) **Environmental Review:** Review of project for compliance with state and federal environmental regulations.

**(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. 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 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 CDBG Program Manager 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:** Housing Assistance Program funds will be distributed through an annual grant application selection process.

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

(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 of 10 percent of the total grant award.

**2. Program Requirements:**

(a) **Past Performance:** In order to be eligible to apply for the 1999 Housing Assistance program, communities that received CDBG grants in or prior to 1995 must have closed their grants prior to application due date. Communities that received CDBG grants in 1996 must have conditionally closed their grants prior to application due date. Communities that received CDBG grants in 1997 must have obligated 50% of their benefit activity funds prior to application due date.

**Exceptions:** Applicants may request a waiver of this 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 or 3) the job creation goals of a previous grant have not been fulfilled.

(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. Additional funds up to a maximum of $7,000 may be available in the following cases - replacement housing, foundation work, inadequate sewage disposal, lack of potable water, presence of asbestos, lead-based paint, radon, or other hazardous material, or accessibility modifications. In extreme circumstances, the maximum housing rehabilitation cost may be waived by OCD.

(d) **Maximum Administrative Costs:** Successful communities may expend a maximum total of $45,000 of CDBG funds for general and housing rehabilitation administration costs. In limited cases this may be waived by 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 application length is ten pages. The application deadline is January 29, 1999.

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 (40 points):**

(i) Scope of Problem: (20 points) - Identification and description of the magnitude and nature of the housing conditions to be addressed (i.e. substandard housing, lack of affordable housing, etc.).

(ii) LMI and Community Impact: (10 points) - Identification and description of the impact of the problem on low-to-moderate income residents and the larger community or neighborhood. Include a description of the health, safety and welfare issues of the residents.

(iii) Energy Efficiency Considerations: (10 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: (20 points) - Description of how funds will be used to solve the identified problems.

(ii) Project Feasibility: (10 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 public meetings, hearings and other methods to solicit the involvement of residents, local organizations and public officials, 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 (.75) and a score based on 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 (.75). The percentages will be derived from the most recent data available.

(ii) Economic Conditions: (3.5 points total) - Percentage Factor ; a composite score derived from two factors - a ranking based on the unemployment rates of the applicant communities (1.5 points), 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 divided into three segments and assigned points accordingly (high 3.5, middle 2.0 and low .5) for each applicant within population categories (999 and less; 1,000 to 2499; 2,500 to 4,999; 5,000 and above). Unequal divisions will be rounded up.

(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). The ranking will be divided into three segments and assigned points accordingly (high 1.5, middle 1.0, low .5). Unequal divisions will be rounded up.

## 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 leading to future public and private investments.

**1. Special Threshold Criteria and Certifications:** Public Facilities/Infrastructure Program funds will be distributed through an annual grant application selection process.

(a) **Eligible Activities:** Eligible activities in the PFIG program are construction, acquisition, reconstruction, installation, rehabilitation, site clearance, historic preservation, and relocation assistance **associated** **with** public projects and infrastructure for new housing construction.

(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:** 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, water or sewer hookup (as a rehabilitation activity in conjunction with the public facilities activities), storm drainage, utility infrastructure 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, and removal of architectural barriers.

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

**3. Special Program Requirements:**

(a) **Past Performance:** In order to be eligible to apply for the 1999 Public Facilities Infrastructure program, communities that received CDBG grants in or prior to 1995 must have closed their grants prior to application date. Communities that received CDBG grants in 1996 must have conditionally closed their grants prior to application date. Communities that received CDBG grants in 1997 must have obligated 50% of their benefit activity funds by prior to application date.

**Exceptions:** Applicants may request a waiver of this 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 or 3) the job creation goals of a previous grant have not been fulfilled.

(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 eligible housing activities are listed 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.

(d) **Demonstration of National Objective:** Applicants must demonstrate that their project meets a threshold of benefiting 51% or more low-to-moderate income persons or preventing or eliminating slum and blighting conditions. Income surveys must use HUD-approved methodology and be accepted by OCD.

(e) **Bonus Points for Service and Specialized Center Communities**: PFIG Category #1 applicants will receive two bonus points if they have been identified by the State Planning Office as a service center or specialized center community. A list of these communities is attached.

**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 application length is ten pages. The application deadline is December 4, 1998.

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 to be considered for funding. A distress score and bonus points will be added to this result.

(a) **Problem Statement (35 points):**

(i) Scope of Problem: (20 points) - Identification and description of the nature and magnitude of the problems to be addressed with PFIG funds.

(ii) Health, Safety, Welfare: (10 points) - Impact of the problem on public health, safety, and welfare.

(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 proposed 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 (10 points):** Identification and description of the process, including 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 community, organizations and citizens will contribute 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 and specialized 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 score based on the percent of substandard housing (.75) and a score based on 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 (.75). The percentages will be derived from the most recent data available.

(ii) Economic Conditions: (3.5 points total) - Percentage Factor ; a composite score derived from two factors - a ranking based on the unemployment rates of the applicant communities (1.5 points), 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 divided into three segments and assigned points accordingly (high 3.5, middle 2.0 and low .5) for each applicant within population categories (999 and less; 1,000 to 2499; 2,500 to 4,999; 5,000 and above). Unequal divisions will be rounded up.

(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). The ranking will be divided into three segments and assigned points accordingly (high 1.5, middle 1.0, low .5). Unequal divisions will be rounded up.

## 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:** Public Service Program funds will be distributed 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 benefit requirements:

 Abused Children

 Battered Spouses

 Elderly Persons

 Persons with Disabilities

 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 that:

(i) the public service represents: a) a new service to the community; or b) a quantifiable increase in the level of an existing service;

 ii) a local match equivalent to 20 percent of the total grant award will be provided; and,

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

**2. Special Program Requirements:**

(a) **Past Performance:** In order to be eligible to apply for the 1999 Public Service program, communities that received CDBG grants in or prior to 1995 must have closed their grants prior to application date. Communities that received CDBG grants in 1996 must have conditionally closed their prior to application date. Communities that received CDBG grants in 1997 must have obligated 50% of their benefit activity funds prior to application date.

**Exceptions:** Applicants may request a waiver of this requirement under the following circumstances: 1) 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 or 3) the job creation goals of a previous grant have not been fulfilled.

(b) **Maximum Public Service Grant Amount:** $50,000

(c) **Funding Restrictions:** PSG funding is restricted to non-construction activities.

**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 eight pages. The application deadline is April 5, 1999.

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.

(a) **Problem Statement (30 points):**

Scope of Problem: (30 points) - Identification and description of the nature and magnitude of the problems to be addressed with PSG funds.

(b) **Proposed Solution (30 points):**

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

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

(iii) Capacity: (10 points) - Identification and description of the qualifications and abilities of those who will implement the project.

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

(d) **Commitment (20 points):** Identification and description of how the community, organizations, and citizens will contribute financial and/or technical resources to the project, the status of those commitments, and a timeframe for the commitments.

(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, 3.5; middle 2.0; 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 1.5 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 funds to enable communities to implement comprehensive, integrated and innovative solutions to the problems facing their downtown districts. These community revitalization projects must be part of a strategy that targets downtown service and business districts and will lead to future public and private investment.

**1. Special Threshold Criteria and Certifications:** Downtown Revitalization Program funds will be distributed through an annual grant application selection process.

(a) Eligible activities include all those eligible under the Public Facilities/Infrastructure, Public Service, Housing Assistance, or Business Assistance programs as relevant to the revitalization of a downtown district.

(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 1999 Downtown Revitalization program, communities that received CDBG grants in or prior to 1995 must have closed their grants prior to application date. Communities that received CDBG grants in 1996 must have conditionally closed their grants prior to application date. Communities that received CDBG grants in 1997 must have obligated 50% of their benefit activity funds prior to application date.

**Exceptions:** Applicants may request a waiver of this 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 or 3) the job creation goals of a previous grant have not been fulfilled.

(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 five years. The proposed DR activities must be cited in the plan as a recommended action to enhance the downtown.

(c) **Maximum Award**: $400,000

(d) **Bonus Points for Service and Specialized Center Communities** Applicants will receive five bonus points if they have been identified by the State Planning Office as a service or specialized center community.

**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 application length is ten pages. The application deadline is January 15, 1999.

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 negatively impact the economy of the community and persons of low-to-moderate income.

(b) **Solution (40 points)**

(i) Project Description (15 points) - Describe how funds will be used.

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

(iii) Feasibility (15 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, descriptions of public meetings, hearings and other methods to solicit the involvement of residents, local organizations and public officials, and how the involvement contributed to this application.

(d) **Commitment (20 points)** Identify and describe how the community, organizations, and citizens will contribute financial and/or technical resources to the project, the status of those commitments, and a project

(e) **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.

## E. URGENT NEED GRANTS

The Urgent Need Grant (UNG) Program provides funding to enable a community to address serious and immediate threats to health and welfare.

**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 the application;

(iii) is a project the applicant cannot finance on its own. "Cannot finance on its own" means, in this context, that the town's tax burden, regulatory structure, utility user fees, bonding capacity, previous or existing budgetary commitments, precludes it from assuming this project's additional financial expenditure; 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 serious and imminent threat of 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:** An UNG application must include the following:

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

(b) certification that the proposal is designed to address an urgent need and an immediate response is required to halt the threat of 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 as necessary.

(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, 1999. **Applications will be accepted on a first come basis.** Following receipt of an application, OCD shall review the application and verify that it contains all the required information. Notification to the applicant of the CDBG Program Manager's decision will initiate the Phase II process necessary for contract award.

## DOWNTOWN AND NEIGHBORHOOD REVITALIZATION PROGRAM

## JOINT PILOT PROJECT-CDBG and MAINE STATE HOUSING AUTHORITY

The Downtown and Neighborhood Revitalization Program will provide funds to enable communities to implement comprehensive, integrated and innovative housing and development solutions to the problems facing their downtown and neighborhood districts. These community revitalization projects must be part of a strategy that targets these areas and will lead to future public and private investment.

**The successful application must combine housing and community development activities funded with both MSHA and CDBG funds.**

This program is a pilot project targeting service center communities as identified by the State Planning Office. Projects will utilize the combined resources of:

 CDBG

 MSHA New Lease

 Fix-ME

 New Neighbors, and;

 First-time Home Buyer Program

Successful communities will present innovative and integrated project proposals.

**1. Special Threshold Criteria and Certifications:** Program funds will be distributed through a grant application selection process.

(a) Eligible activities include all those eligible under the Public Facilities/Infrastructure, Public Service, Housing Assistance, or Business Assistance programs as relevant to the project in addition to MSHA programs.

(b) Local Match - All communities applying for 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 this program, communities that received CDBG grants in or prior to 1995 must have closed their grants prior to application date. Communities that received CDBG grants in 1996 must have conditionally closed their grants prior to application date. Communities that received CDBG grants in 1997 must have obligated 50% of their benefit activity funds prior to application date.

**Exceptions:** Applicants may request a waiver of this 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 or 3) the job creation goals of a previous grant have not been fulfilled.

(b) **Maximum Award**: $400,000

(c) **Prohibition on Applicant Communities**: Only service and specialized center communities may apply for these funds.

**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 May 14, 1999.

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.

(ii) Impact on Neighborhood Vitality (10 points) - Describe how the problems negatively impact the neighborhood targeted including the economy of the community and persons of low-to-moderate income.

(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 revitalization effort.

(iii) Feasibility (15 points) - Identification of tasks, timetables and the responsible parties to implement the proposed solution. Describe linkages to other agencies and resources that will be used to address the problems in a comprehensive and non-duplicative fashion, i.e. Community Action Programs and/or other social service providers.

(c) **Citizen Participation (10 points)** - Identification and description of the process, descriptions of public meetings, hearings and other methods to solicit the 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 community, organizations, and citizens will contribute financial and/or technical resources to the project, the status of those commitments, and a timeframe for the commitments.

(e) **Statement of National Objective** Describe 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.

# SECTION 3. ECONOMIC DEVELOPMENT

## A. DEVELOPMENT FUND

The Development Fund (DF) Program provides funding to local governments to 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 must be taken by 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:**

(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 $200,000 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 from non-CDBG funds and must be documented by binding commitment letters submitted with the application..

(c) **Maximum Grant Award:** $200,000

(d) **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 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.

(e) **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) Eligible activities include acquisition, relocation, demolition, clearance, construction, reconstruction, installation, and rehabilitation and working capital.

(c) **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 demonstrate that there are no unidentified costs necessary for implementation.

(d) **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.

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

(f) **DF Loan repayment:** Loan repayment terms will allow a project to be implemented while providing the maximum and most expeditious return of CDBG DF monies.

(g) **Security:** The proposed loan recipient presents collateral appropriate to secure the DF Loan and indicates willingness to execute security agreements.

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

(i) **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.

(1) **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.

(2) **Community and Economic Development:** The primary and secondary impacts of the DF project on the community's current and future economic development will be evaluated.

**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. And applications are reviewed by committee. 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 recommend one of four options:

(i) approval of requested amount and terms;

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

(iii) rejection with staff recommendation for resubmission; or,

(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 Development Agency (RDA), 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 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) be an eligible planning activity or a project with 51% of the jobs created or retained as a result of RAF expenditures proposed by the applicant are taken by 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:**

(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:** Generally, 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 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 current and future economic development will be evaluated.

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

Additional weight will be given to applications showing a local commitment of funds.

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 and when the application process has been successfully completed, the applicant will be invited to continue to the project development phase. 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. 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.

**1. Threshold Criteria and Certifications:** Micro Loan Program funds will be distributed through an annual grant application selection process.

(a) **Eligible Activity:** The establishment of a local commercial loan program for the purpose of assisting for-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 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 1999 Micro-Loan program, communities that received CDBG grants in or prior to 1995 must have closed their grants prior to application date. Communities that received CDBG grants in 1996 must have conditionally closed their grants prior to application date. Communities that received CDBG grants in 1997 must have obligated 50% of their benefit activity funds prior to application date.

**Exceptions:** Applicants may request a waiver of this 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 3) the job creation goals of a previous grant have not been fulfilled.

(b) **Maximum Micro-Loan Grant Amount:** $100,000, part of which may be used 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 assistance.

(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.

**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 12, 1999.

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.

(a) **Problem Statement (35 points):**

Scope of Problem: (35 points) - Description of the economic base and business trend problems of the community and the impact on job opportunities. Description of the need for funds including data on area capital availability.

(b) **Proposed Solution (35 points):**

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

(ii) Capacity: (17.5 points) - Description of the capacity of the applicant to market and conduct a Micro-Loan Program. Identify 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 development of the proposed program such as repayment policies, targeted sectors, etc.

(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 an 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, 3.5; middle 2.0; 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 1.5. 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 new and existing non-retail businesses that create or retain jobs for low and moderate income individuals.

**1. Threshold Criteria and Certifications:** Economic Development Infrastructure Program funds will be distributed 4 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:** At a minimum,51% of the jobs created or retained as a result of EDI expenditures must be 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:**

(a) **Past Performance:** In order to be eligible to apply for the 1999 Economic Development Infrastructure program, communities that received CDBG grants in or prior to 1995 must have closed their grants prior to application. Communities that received CDBG grants in 1996 must have conditionally closed their grants prior to application. Communities that received CDBG grants in 1997 must have obligated 50% of their benefit activity funds prior to application.

**Exceptions:** Applicants may request a waiver of this 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 3) the job creation goals of a previous grant have not been fulfilled.

(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. EDI applications supporting a retail business or businesses are required to certify 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) At least 50% of the jobs created by the retail business must be full time jobs.

(d) **Agreement to Participate:** The Agreement to Participate form must be submitted with application.

(e) **Statement of Job Retention:** Acompleted Statement of Job Retention must accompany the Agreement to Participate where applicable.

(f) **Chance of Success:** Each business will be evaluated for the following - job creation and retention, existing or new market potential, cash flow, indebtedness, and management capacity.

(g) **Financial Plan**: **Businesses must submit a financial plan for review by an independent qualified financial professional.** All financial data will be kept confidential.

(h) **Repayment of Grant Funds:** Recipients under this program must repay CDBG funds if job creation/retention goals are not met.

**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 application length is 8 pages. The application deadlines are January 8, 1999, April 9, 1999, June 11, 1999 and September 10, 1999

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. 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 outlook.

(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 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 jobs for low-to-moderate income persons.

(iii) Project Timeline and Feasibility: (5 points) Identification of tasks, timetables and responsible parties to implement 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 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) 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 point) Applicants will be ranked from highest to lowest by number of unemployed persons. The rank order will be divided into three segments and assigned points (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 assist 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, capital equipment and real property needs of businesses. The program will assist those economic initiatives and development opportunities that are of sufficient magnitude to 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) At a minimum, 51% of the jobs created or retained as a result of BA expenditures must be taken by persons of low and moderate income;

(c) The targeted cost per job created or retained with BA funds is $10,000.

**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 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 pro formas and reviewed by DECD or its designee as appropriate to remain profitable.

(e) **Maximum Business Assistance Grant Amount:** $400,000

(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, capital equipment 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 demonstrate that there are no unidentified costs necessary implementation.

(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 as determined by the Director.

(e) **BA Loan repayment:** Loan repayment terms will allow a project to be implemented while providing the maximum and most expeditious return of CDBG BA monies.

(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 resulting 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 from 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 current and future economic development will be evaluated.

(k) **Community Financial Commitment:** The community must demonstrate a vested financial interest in the development project. The program’s goal is to 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. Regional Super Park Program Notification

In 1998, the Office of Community Development awarded a grant to one Super Park Project. A similar program was included in the proposed 1999 Program Statement but was removed based on considerable public comment. OCD anticipates including a Regional Super Park competition in its 2000 Program Statement.

# SECTION 4. PLANNING

## 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, Business Assistance and Downtown Revitalization Programs 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. 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.

**3. 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 with most communities receiving no more than $2,000.

**4. Maximum Grant Award : $2,500**

## 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:** Community Planning Program funds will be distributed 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 ineligible or non-planning activities will not be considered.

**Project Benefit:** The proposed activities must meet one of the CDBG Program's national objectives - providing benefit to low and moderate income persons, or preventing or removing slum or blighting influences.

**2. Special Program Requirements:**

(a) **Past Performance:** In order to be eligible to apply for the 1999 Community Planning program, communities that received CDBG grants in or prior to 1995 must have closed their grants prior to application. Communities that received CDBG grants in 1996 must have conditionally closed their grants prior to application. Communities that received CDBG grants in 1997 must have obligated 50% of their benefit activity funds prior to application.

**Exceptions:** Applicants may request a waiver of this 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 or 3) the job creation goals of a previous grant have not been fulfilled.

(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 application length is six pages. The application deadline is March 12, 1999.

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 their impact on the community.

(b) Development of Strategy(40 points): A description of the tasks associated with formulating a solution for your community's problems. Description of how the project will address a CDBG 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 an application.

## C. TECHNICAL ASSISTANCE PROGRAMS

The Technical Assistance Program provides selected communities with funds to contract with regional organizations to provide application development, grant administration and general program assistance to Maine’s communities.

# 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 will be redistributed.

## A. ADMINISTRATIVE REDISTRIBUTION OF GRANT FUNDS

**1. Local Government Grants from the State:** Local governments receiving grants as a result of the 1999 CDBG program but failing 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 rescinded by DECD. Unexpended grant funds may be added to any open CDBG contract, used to make additional awards in any 1999 CDBG program, or added to the available monies for the 1999 or 2000 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 DECD because of disallowed costs may be added to any open CDBG contract, used to make additional awards in any 1999 CDBG program or added to the available monies for the 1999 or 2000 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 1999 CDBG programs may be added to any open CDBG contract, used to make additional awards in any 1999 CDBG program or added to the available monies for the 1999 or 2000 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 1999 competitions but did not receive funding and the possibility of holding additional competitions during the 1999 Program. In all cases, these additional competitions and the subsequent programs developed will be subject to the 1999 Program Statement.

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 Schedule:**

(i) **Housing Assistance, Public Facilities/Infrastructure, Public Service, Business Assistance, Downtown Revitalization, Urgent Need,** **Micro-Loan, Economic Development Infrastructure:** submit during the Phase II process;

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

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

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

**2. Special Program Requirements:**

(a) **Business Assistance and** **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.

(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 DECD.

# SECTION 6. APPEALS

An applicant wishing to appeal DECD's decision regarding their 1999 award may do so by submitting an appeal letter to the Commissioner of The Department 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. AMENDMENTS TO THE PROGRAM STATEMENT

The State may amend the 1999 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.

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

**THIS MATERIAL IS AVAILABLE IN ALTERNATIVE FORMAT**

**UPON REQUEST**

**BY CONTACTING:**

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**Effective Date: October 3, 1998**