

Redevelopment Fund Fact Sheet

Redevelopment projects can be the most challenging economic and community development projects a local government undertakes. The Redevelopment Fund gives local governments access to flexible financial assistance to help them implement projects that cannot be undertaken with the usual public sector grant and loan programs. The Redevelopment Fund finances locally initiated public/private partnerships to leverage investments in commercial, downtown and industrial redevelopment and revitalization projects that wouldn't proceed otherwise. In other DCA CDBG programs, funded projects that create jobs must meet applicable low- and moderate-income criteria. The Redevelopment Fund uses a different HUD national objective of "eliminating slums or blight." As a result, many smaller scale projects (in downtown areas, blighted industrial areas, etc.) will be competitive for Redevelopment Fund financing. The Redevelopment Fund may be combined with other DCA CDBG programs to reduce the economic challenges of redevelopment projects and increase their investment potential.

Applicable Law and Regulations

- Title I of The Housing and Community Development Act of 1974, as amended
- Federal implementing regulations applicable to the State Community Development Block Grant Program (24 CFR Part 570)
- Department of Community Affairs' Program Regulations and guidelines for the Georgia State Community Development Block Grant (CDBG) Program and The Redevelopment Fund, as amended

Eligible Applicants

Units of general-purpose local government classified as "non-entitlement" by the U.S. Department of Housing and Urban Development. Excluded are entitlement cities, metropolitan cities, urban counties and other units of government eligible to participate in HUD's urban county program.

Eligible Activities

Activities identified in Title I of the Housing and Community Development Act of 1974, as amended, and all eligible activities under the Department's EIP, CDBG, and CDBG Loan Guarantee (Section 108) program are eligible for Redevelopment Funds as long as they also address the "slum or blight" national criterion. Proposed activities must be based on firm written commitments from local governments and eligible sub-recipients. For the Redevelopment Fund, a "sub-recipient" is generally a business or corporation except where Redevelopment Funds are to be loaned to or passed through a local development authority, then the development authority is also a "sub-recipient."

Funding

Current funding is \$1,500,000 in federal fiscal year 2004 or one percent (3%), whichever is greater from each federal fiscal year's allocation to the Department of Community Affairs for the Community Development Block Grant Program will be set-aside for this program.

Grant Amount

Currently up to \$500,000 may be awarded to a single project. In cases of projects with exceptional public benefits or need, the Commissioner of DCA may raise the allowable grant amount.

Application Procedures

Initial Project Assessment: The application procedure for the Redevelopment Fund Program includes an initial project assessment and application phase. DCA strongly encourages potential applicants to contact DCA to arrange an initial project assessment meeting prior to submitting an application. The initial project assessment process lets DCA evaluate a proposed project to see it might be competitive under the rating and review procedures.

Local governments may submit applications for consideration at any time. A unit of general-purpose local government may submit an application singly or jointly with other units of general-purpose local government. Joint applications must contain a copy of the Cooperating Agreement entered into by the cooperating units of government. The Agreement should designate the unit of local government that will serve as lead applicant.

Rating and Review Criteria

Redevelopment Fund applications will be rated and scored against each of the following factors:

Factor 1: Demographic Need

Demographic Need points are based on three factors:

- Absolute number of people in poverty
- Percent of people in poverty
- Per capita income

The number and percentage of persons in poverty will be based on the U.S. Bureau of the Census' most recent data that is consistent as of the same point of time for all applicants. Per capita income will be based on the most recent available data that is consistent as of the same point of time for all applicants.

Factor 2: Feasibility

Feasibility points will be based on an analysis of how each application addresses the following factors:

- eligibility of proposed activity
- reasonableness of cost

- compliance with applicable state and federal laws
- project timetables
- confirmation of all required resources
- completeness of proposed plans and specifications
- reasonableness of any sub-recipient's proposed business plan(s) and financial projections
- reasonableness of any site clean-up proposal and plan
- conformance with applicable underwriting and review requirements contained in 24 CFR Part 570

Factor 3: Strategy

Strategy points will be based on the following factors:

- an analysis of the severity of need
- documentation that a project's public benefits will exceed project costs
- documentation that the proposed strategy meets the eligibility criteria and the national objectives of the CDBG program
- documentation that the project complies with all local ordinances, state law and state regulation

Factor 4: Leverage

Leverage points are awarded based on a firm commitment of additional resources directly related to the project, including capital costs and new funds for operation of any proposed program(s). A minimum leverage ratio of 1 to 1 must be documented in order to receive points under this criterion. A "reasonable" value must be assigned to donated and "in-kind" items. The leverage score will be calculated based on the total value of leverage for each applicant. Applications with no leverage will receive no points.