

Proposed State CDBG Stimulus Program

A Proposed Action Plan and Amendment for the State
Community Development Block Grant (CDBG) Portion of
the American Recovery and Reinvestment Act of 2009

Georgia Department of Community Affairs

~~May 25, 2010~~ March 8, 2012

**~~Draft Substantial~~ Amendment to Georgia's FFY 2008 Consolidated Plan
CDBG Stimulus Program**

Introduction

CDBG Stimulus funds were authorized by the American Recovery and Reinvestment Act of 2009 (ARRA) as an adjunct to the Community Development Block Grant (CDBG) Program and will (except for specific ARRA requirements) follow the CDBG law and regulations. CDBG is authorized through Title I of the Housing and Community Development Act of 1974 (42 U.S.C. 5301 et seq.) and regulated through 24 CFR Part 570.

This proposed "CDBG Stimulus" Action Plan represents a proposed amendment to the Department's Consolidated Plan for FFY 2005 -2010. The Consolidated Plan, which has previously been approved by HUD, governs the Department's use of its federal community development and housing funds. Mandated Consolidated Plan topics (e.g. compliance with broad cross-cutting federal requirements that are not covered under one of the subsequent headings) are contained with the previously approved Plan located at www.dca.ga.gov/communities/CommunityInitiatives/programs/ConsolidatedPlan.asp. This amendment outlines the proposed rating criteria to be used for the competitive distribution, reallocation, and use of \$10,866,994 through the newly-authorized program. The U.S. Department of Housing and Urban Development (HUD) must provide the State an approval of this amendment before receipt of the funds.

The Department of Community Affairs (herein after referred to as DCA or The Department) will work in cooperation with the U.S. Department of Housing and Urban Development (HUD) in order to expeditiously deliver and effectively administer these funds. HUD is in the process of developing guidance on the CDBG Stimulus program and this proposed amendment is issued prior to that guidance in the interest of allowing interested parties to understand the proposed state strategy and begin considering and designing local initiatives. While DCA is confident that the proposed plan meets the intent of ARRA and is consistent with all applicable requirements, upon the release of HUD's Notice, the State may amend this Plan to make any needed alignments with HUD's Notice. Note that this Action Plan is also subject to approval of the State's leadership prior to being submitted to HUD. Should this proposed plan require updates and/or amendments, the changes will be noted by version number in the document's footer.

Those who wish to make comments on this proposed amendment are encouraged to visit our website at <http://www.dca.ga.gov/communities/CDBG/programs/cdbgstimulus.asp> and submit your questions or comments via email using the links provided. Those that wish to communicate via phone can call us at (404) 679-4940, (800) 359-4663, (404) 679-4915 (TDD) or 1 (800) 736-1155 (TDD).

This version of the Action Plan, version 1.23, is designed to allow the Department the flexibility to make reallocations among either existing State of Georgia CDBG-R recipients or CDBG-R applicants that were rated and ranked in the competition held June 1, 2010 but not funded. (See exception at (I)(5)(d).) The Department ~~is requesting~~requires this flexibility in order to expedite the timely administration and expenditure of CDBG-R funds. Changes to the latest Action Plan version are underlined for the convenience of the reader.

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(A) General Provisions

(1) The American Recovery and Reinvestment Act of 2009 (ARRA) includes a nationwide appropriation for Community Development Block Grants (CDBG) to be granted to eligible local governments for local community development projects consistent with Title I of the Housing and Community Development Act of 1974.¹ A total of \$10,866,994 will be available for Georgia's non-entitlement communities. Please note that this document and other details on the State's Action Plan for the CDBG Stimulus monies will be posted at www.dca.ga.gov/economic/DevelopmentTools/programs/opportunityZones.asp.

(2) Georgia CDBG Stimulus funds will be awarded in one single round of competition with applications either due in DCA's central office by 5:00 P.M. on June 1, 2009 or postmarked by the U.S. Postal Service on June 1, 2009. Following the publication of expected federal guidance and/or regulations for CDBG Stimulus funds in early May, the Department will re-evaluate this proposed Action Plan and determine if an extension of the application deadline is warranted. If an extension is given, Notice will be given through DCA's website and by email to interested parties. Applications will be reviewed using the competitive criteria outlined below. Awards will be announced by the Governor at approximately the same time as awards for the CDBG Annual Competition. Only one CDBG Stimulus application will be allowed per unit of local government.

(B) Special Provisions for ARRA

(1) The ARRA directs that projects funded with Stimulus money must meet certain requirements to be able to award construction or other contracts based on bids within 120 days from the date the funds are made available. Additionally, ARRA directs that grantees use Stimulus funds to maximize job creation (both permanent and construction jobs) and economic benefit (through an eligible CDBG activity). These requirements which overlay the existing CDBG regulatory framework mean that the most competitive projects include those where: a) acquisition of needed real-estate is complete or not needed; b) all required permitting is complete or not needed; c) architectural and engineering designs are complete and approved; d) all National Environmental Policy Act (NEPA) environmental review requirements are complete; and e) any environmental site assessment liability issues (Phase I & II reports/actions) are complete or not needed. DCA will take these requirements into account through its rating and selection system outlined herein; especially the Feasibility Rating factor and the Bonus Points for Readiness factor (see Section H).

(2) Jobs and employment is a significant objective of ARRA. Due to this objective, in addition to the collection of standard CDBG outcome data and beneficiaries, DCA will also measure both the creation of temporary and permanent jobs on a full-time equivalent basis (FTE). FTEs will also be part of the rating and selection system as described in Section H.

(3) Applicant's for CDBG Stimulus monies should understand and must put in place procedures to comply with the "Buy American" provisions contained at Section 1605 of ARRA. As the Department obtains federal guidance on implementing these provisions, the guidance and sample certifications will be published in the Department's CDBG Stimulus Applicants Manual.

(C) Conformance with CDBG National Objectives

(1) The CDBG Stimulus Program must adhere to the benefit to Low- and Moderate-Income National Objective. As required pursuant to 42 U.S.C. 5301(c), the overall benefit requirements to low- and moderate-income (LMI) persons for a particular jurisdiction's application will be a minimum of 51%.

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(D) Eligible Applicants

(1) Pursuant to ARRA, all local governments which were “non-entitlement” governments for FFY 2008 and eligible for the State CDBG Program are eligible for the 2009 CDBG Stimulus competition. An application for, or receipt of, a 2008 or 2009 annual CDBG grant competition does not preclude a local government from applying for CDBG Stimulus funding.

(E) Eligible Activities

(1) Note that ARRA directs that grantees use Stimulus funds to maximize job creation, economic benefit and for activities that can be initiated within 120 days. Such projects may involve any eligible CDBG activity; however, to the extent that the minimum benefit threshold to LMI persons is met, the Department recommends that the following activities be considered:

(a) the provision of assistance to private, for-profit entities (*including small businesses and micro-enterprises*), when the assistance is appropriate to carry out an economic development project (that shall minimize, to the extent practicable, displacement of existing businesses and jobs in neighborhoods) that: (i) creates or retains jobs for low- and moderate-income persons; (ii) prevents or eliminates slums and blight; (iii) meets urgent needs; (iv) creates or retains businesses owned by community residents; and (v) assists businesses that provide goods or services needed by, and affordable to, low- and moderate-income residents.

(b) the acquisition, construction, reconstruction, or installation of public works, facilities (except for buildings for the general conduct of government), and site or other improvements;

(c) the clearance, demolition, removal, reconstruction, and rehabilitation of buildings and improvements; and

(d) the provision of assistance including loans and grants for activities which are carried out by public or private nonprofit entities, including: (i) acquisition of real property; (ii) acquisition, construction, reconstruction, rehabilitation, or installation of public facilities (except for buildings for the general conduct of government); (iii) site improvements; and utilities; and (iv) commercial or industrial buildings or structures; and (v) other commercial or industrial real property improvements.

(2) Pursuant to Section 1604 of ARRA, certain activities (DCA Note: while not eligible for CDBG in any event) are specifically excluded from consideration, including: casinos or other gambling facilities; aquariums; zoos; golf courses; swimming pools and similar recreation projects.

(F) Grant Amounts

(1) Grant amounts are generally limited to \$500,000 per award unless an award is increased pursuant to the reallocation procedures outlined in section (I).

(2) Recipient administrative costs paid with CDBG Stimulus funds shall be limited to five (5)% of the grant award amount.

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(G) Stimulus CDBG Application Procedures

- (1) Only grant applications from eligible applicants submitted by the deadline will be reviewed.
- (2) Applications may be submitted individually by one unit of general purpose local government, or jointly, by two (2) or more units of general purpose local government. Joint submissions 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 the lead applicant.
- (3) Applications for the CDBG Stimulus funds must be submitted in conformance with the format and applicable instructions specified by DCA. To the extent possible, forms and documentation from the regular annual CDBG competition will be utilized in the CDBG Stimulus competition with adjustments made in accordance with the special provisions of Stimulus funding. DCA reserves the right to deny CDBG Stimulus applications based on slow performance, unresolved findings, outstanding sanctions, or other reasons that could affect an applicant's ability to successfully complete the implementation of a CDBG Stimulus project.

(4) Citizens Participation

- (a) The Housing and Community Development Act emphasizes efforts to involve citizens, especially low- and moderate-income citizens, in all aspects of the CDBG Program. As required by the Housing and Community Development Act, the Georgia Department of Community Affairs has adopted a written Citizen Participation Plan available on the DCA website at <http://www.dca.state.ga.us/communities/CDBG/programs/downloads/CDBGForms/CitizenParticipationPlan.pdf>. Applicants for and recipients of CDBG Stimulus funds must certify that they will follow this plan that requires that local units of government will provide for and encourage participation in the planning, implementation and assessment of their CDBG program.
- (b) Applicants for CDBG Stimulus dollars will follow all required citizen participation requirements as outlined in the 2009 CDBG Applicants' Manual.

(H) Rating and Review Procedures for the CDBG Stimulus Program

- (1) After the application deadline, applications shall be evaluated against the rating and selection factors specified below, using any additional and/or supplemental information, data, analyses, documentation, commitments, assurances, etc. as might be required or requested by DCA for purposes of evaluating, rating and selecting applicants under this program. Applications lacking sufficient information or documentation to be evaluated may be returned to the locality and disqualified.
- (2) After review and scoring, projects will be funded according to rank (highest scoring funded first) until all CDBG Stimulus funds are exhausted.

CDBG Stimulus applications will be rated and scored against each of the following factors. The maximum score is 500.

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Review Factor Maximum Points Available

Unemployment/Demographic Need	60 points
Program Feasibility	150 points
Program Impact	150 points
Program Strategy	100 points
<u>Bonus for Project Readiness</u>	<u>40 points</u>
Total Available Points	500 points

(3) Final Ranking and Grant Selection:

The points received by each applicant on the rating factors will be totaled and the total scores ranked accordingly. Grant awards will be based on this final ranking to the extent funds are available. In case of ties, the applicant with the highest demographic score will be given priority.

4) Unemployment/Demographic Need (In order to assist in preserving and creating jobs that promote economic recovery; and assist those most impacted by the recession, all eligible local governments will be compared in terms of the following criteria and awarded a share of up to 60 points under this section.)

a) Absolute Number of People Unemployed (20 points)

All eligible local governments will be compared in terms of the absolute number of people unemployed. Individual scores will be obtained by dividing each government's absolute number of persons unemployed by the greatest number of persons unemployed of any eligible local government and multiplying it by 20.

b) Percent of People Unemployed (20 points)

All eligible local governments will be compared in terms of the percentage of people unemployed. Individual scores will be obtained by dividing each government's percentage of persons unemployed by the highest percentage of persons in unemployed of any eligible local government and multiplying by 20.

c) Per Capita Income (20 points)

All eligible local governments will be compared in terms of their per capita income. Individual scores will be obtained by dividing each government's per capita income into the lowest per capita income of any eligible local government and multiplying by 20.

Demographic scores will be based on the latest available data for each factor.

5) Program Feasibility (150 points total)

Applicants will be compared in terms of project feasibility. The following factors will be considered wherever applicable:

a) Ability of the applicant to have the project bid and contract awarded within 120 days;

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- b) Reasonable project timetables;
- c) Completion of all necessary engineering, architectural, and/or site plans and designs;
- d) Completion and documentation of all necessary property acquisition;
- e) Completion of all required local, state, and federal permits (environmental, historic preservation, NEPA, etc. as applicable);
- f) Absence of, or complete resolution of, environmental remediation needs;
- g) Documentation and reasonableness of costs;
- h) Where applicable, documentation that preliminary engineering, architectural or site plans have been prepared and support the proposed project;
- i) Documentation of funding commitments from other project funding sources;
- j) Documentation of hiring commitments for both permanent and temporary jobs;
- k) Demonstration of compliance with applicable local, state, and federal laws;
- l) Administrative capacity of the applicant to administer funds and demonstration of adequate CDBG implementation history;
- m) Determination by DCA that partnering organizations, businesses and/or sub-recipients are reputable, able to perform and credit worthy; and
- n) Documentation that all applicable financing is in place and ready to invest.

Level One: Poor	0.0
Level Two: Below Average	37.5
Level 3: Average	75.0
Level 4: Good	112.5
Level 5: Excellent	150.0

6) Program Impact (150 total points)

The following factors will be considered:

- a) Number of temporary construction jobs/beneficiaries created and/or retained (FTE);
- b) Number of permanent jobs/beneficiaries created and/or retained (FTE);
- c) CDBG Stimulus cost per job/beneficiary;
- d) Amount of other funds leveraged (with each source of leverage explicitly identified on form DCA-8 including all other ARRA funds from other state or federal sources);
- e) Project's impact on local unemployment rates; and
- f) Project's impact on the benefiting populations' quality of life or opportunity for economic advancement.

Level One: Poor	0.0
Level Two: Below Average	37.5
Level 3: Average	75.0
Level 4: Good	112.5
Level 5: Excellent	150.0

7) Program Strategy (100 total points)

Applicants will be compared in terms of program strategy. The following factors are considered:

- a) Project's relationship to overall objectives of the general CDBG and ARRA to use funds in a manner that maximizes job creation and economic benefit, especially with respect to permanent job creation for low and moderate income person;
- b) Demonstration of local government's need for Stimulus funds due to financial or economic constraints resulting from the current state of the economy;

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- c) Demonstration of local government's or subrecipient's ability to operate and maintain facility/infrastructure proposed to be funded with Stimulus funds;
- d) Demonstration that the local strategy meets other ARRA principles and objectives including one or more of the following: i) stimulation of investments needed to increase economic efficiency; ii) stimulation of investments in transportation, environmental protection, or other infrastructure that will provide long-term economic benefits; iii) stimulation of investments that foster energy independence or conservation; iv) stimulation of investments that promote smart growth; green building techniques or reduced pollution emissions; and
- e) (If applicable) demonstration of capacity and commitment of proposed sub-recipients for administration, accountability and meeting investment commitments.

Level One: Poor	0.0
Level Two: Below Average	25.0
Level 3: Average	50.0
Level 4: Good	75.0
Level 5: Excellent	100.0

8) Bonus Points for Project Readiness (40 total points)

Addition of extra points for each criterion that that applies:

- a) Completion of all required designs—15 points;
- b) Acquisition of all applicable local, state, and federal permits—10 points;
- c) Completion of bid documents—10 points;
- b) Completion of NEPA environmental review—5 points;

I. Provisions for Reallocations

(1) Provisions for reallocations are only applicable to eligible CDBG-R applications received by the June 1, 2009 deadline as stated in (A)(2) above. (See the exception below at (I)(5)(d).) The CDBG-R applications have been rated and ranked according to the criteria in (H) above and initial awards were announced by the Governor's Office.

(2) Reallocations are designed to allow the Department the flexibility to manage the following circumstances:

(a) Deobligations of all or part of CDBG-R awards due to lack of local progress per Department or ARRA timeliness requirements, project cost underruns, or other return of CDBG-R funds.

(b) Reallocations of deobligated funds on a timely basis in order to meet Department or ARRA timeliness requirements and in order to expend all CDBR-R funds on eligible activities as soon as possible but no later than September 30, 2012.

(3) The Department may reallocate to unfunded applicants (i.e., new recipients) that are next on the final ranking of applicants for the projects as originally proposed provided that the Department's timeliness or other requirements can be met, including but not limited to being under contract in a timely manner after grant award.

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(a) Note that this paragraph reaffirms the rating and ranking of the competition held June 1, 2009 and is in conformance with that rating and ranking.

(4) The Department may reallocate amounts up to \$250,000 to CDBG-R recipients and no CDBG-R recipient may receive more than two reallocations for no more than a total of \$500,000 in CDBG-R reallocated funds. After March 8, 2012, the Department may make additional allocations to existing CDBG-R recipients for de minimis amounts of up to \$50,000 in order to expedite expenditure of the state's CDBG-R allocation.

(a) This paragraph allows CDBG-R recipients to receive a total of up to \$1,000,000 in CDBG-R funds through an initial award and up to two reallocations. After March 8, 2012, the Department may make additional allocations to existing CDBG-R recipients for de minimis amounts of up to \$50,000 in order to expedite expenditure of the state's CDBG-R allocation and these allocations may increase the total award to any one CDBG-R recipient up to \$1,050,000.

(5) Because the total dollar amount of reallocations is uncertain, the following methods may be used to reallocate funds:

(a) Provided funds are available and timeliness requirements can be met, reallocation to unfunded applicants that are next on the final ranking of applicants for the projects as originally proposed for amounts as originally proposed.

(b) Reallocation to CDBG-R recipients for replacement projects where initial projects were unable to meet ARRA requirements.

(c) Reallocation to CDBG-R recipients for amended projects that complement or augment existing CDBG-R projects.

(d) As a last resort, reallocation to CDBG Immediate Threat and Danger (IT&D) applicants that meet all ARRA and other requirements and the Department's IT&D program requirements as described at the following link: <http://www.dca.ga.gov/communities/cdbg/programs/threatdanger.asp>. Reallocations will generally be limited to no more than \$50,000 unless raised in accord with the Department's current IT&D Action Plan provisions.

(6) Implementation. The Department will periodically review the status of existing CDBG-R grants and budgets to determine the availability of funds for reallocation. At its discretion, the Department may choose one or both of the following avenues for implementation:

(a) Determination that applicants or recipients can meet the criteria outlined in (I)(5)(a), (I)(5)(b), (I)(5)(c), or as a last resort (I)(5)(d); or

(b) After review and a determination by the Department that sufficient funds are available for reallocation, the Department will publish via its web site or blast email the availability

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of reallocated funds and invite requests for reallocation in the form of grant amendment requests to existing CDBG-R projects. After March 8, 2012, the Department may reallocate funds to existing CDBG-R recipients that responded to the Department's request for "Stimulus Amendments" that was dated November 5, 2010.

ⁱ 42 U.S.C. 5301 et seq.