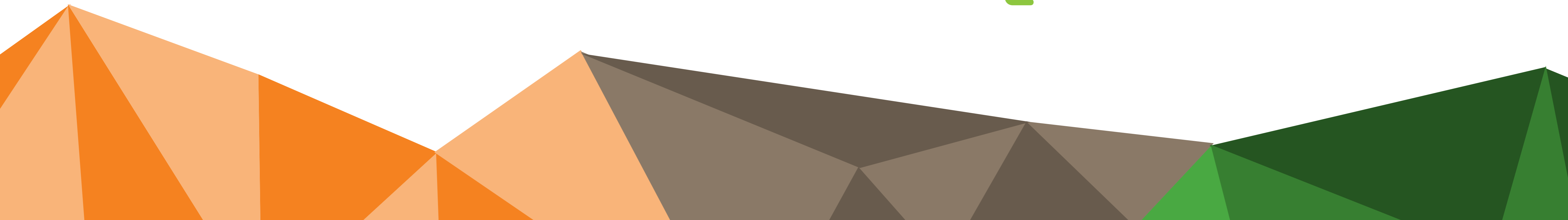




GA Department of Community Affairs

CDBG ECONOMIC DEVELOPMENT



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Goals

- Two best practices in developing your economy
- Three programs to assist in economic development. They are designed to be flexible and catalytic. With these tools you will be able to grow your economy for years to come.





Best Practices

- Walkable Communities
- Workforce Development



Set-Aside Programs Overview

Employee Incentive Program (EIP)

Redevelopment Fund Program (RDF)

Immediate Threat and Danger Program (ITAD)

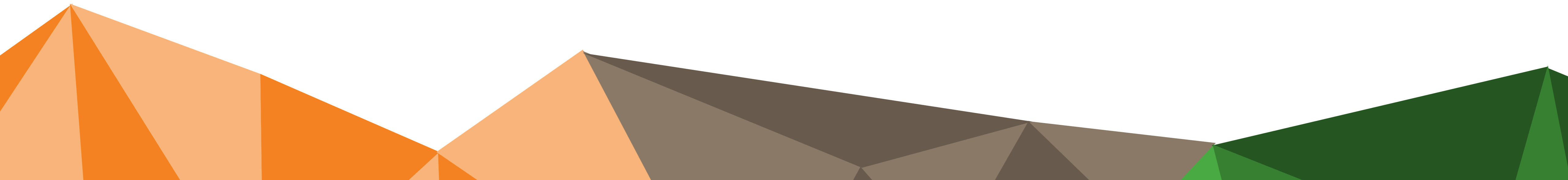


Set-Asides Overview

Local governments can implement a broad range of activities as long as they further a National Objective.

Three National Objectives are:

- Majority benefit to low- and moderate-income persons through services and job creation;
- Prevention or elimination of slum and blight; and
- Immediate Threat & Danger.



Available Funding

CDBG Funds from U.S. Dept. of Housing and Urban
Development (HUD)

HUD Authorization	\$41,000,000
EIP	\$4,000,000 set-aside
RDF	\$1,500,000 set-aside
Immediate Threat + Danger	\$500,000 set-aside

Economic Development Programs

Threshold Based “Competition” Grants

Maximum Grant Amount	\$1,000,000 (250k more than previous years)
Primary Purpose	EIP - Expand employment opportunities for L/M income people RDF – Eliminate Slum and Blight
Low/Moderate Income Benefit	At least 51% of jobs created and/or retained
Eligible Uses	Public facilities, infrastructure, business loans, elimination of Slum and Blight

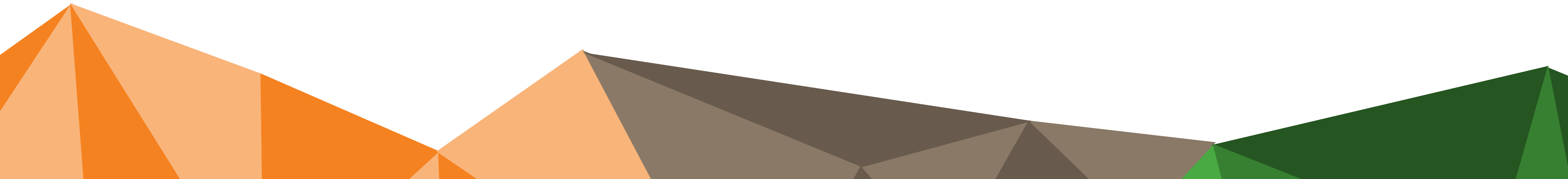
Organization Process



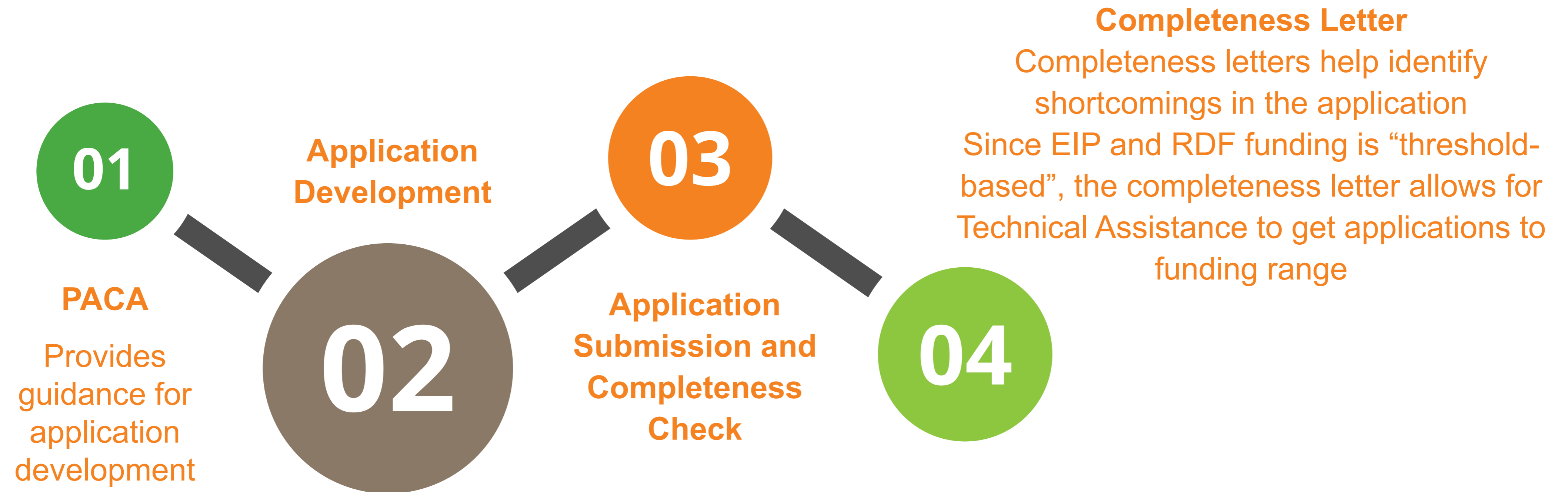
Initial Project Assessment (IPA)

- ✓ The Who, What, Why, When and Where of a Project;
- ✓ Determines and Preserves Eligibility of activities and costs;
- ✓ Enables Pre-Agreement Cost Approval (PACA);
- ✓ Ensures all available funding sources are considered; and
- ✓ Provides an idea how competitive your project might be.

What is an IPA?



What happens after an IPA is submitted?



Rating and Selection Criteria:

□ EIP – 300 Point Threshold

- Demographics
 - 120 maximum points**
 - Determined by County level Census Data
- Feasibility
 - 110 maximum points
 - 27.5 points per level
- Impact
 - 110 maximum points
 - 27.5 points per level
- Strategy
 - 110 maximum points
 - 27.5 points per level
- Match: 1:1 Ratio

□ RDF – 375 Point Threshold

- Demographics
 - 120 maximum points**
 - Determined by County level Census Data
- Feasibility
 - 210 maximum points
 - 52.5 points per level
- Strategy/Innovation
 - 240 maximum points
 - 60 points per level
- Leverage of Additional Resources
 - 30 maximum points
 - 10 points per level

Employee Incentive Program (EIP)



EIP GRANT: Public Infrastructure

Eligible Activities	Ineligible Activities
<ul style="list-style-type: none"><input type="checkbox"/> Public Facilities<input type="checkbox"/> Public Infrastructure<ul style="list-style-type: none"><input type="checkbox"/> Acquisition, Construction, and/or Rehabilitation of:<ul style="list-style-type: none"><input type="checkbox"/> Water;<input type="checkbox"/> Sewer;<input type="checkbox"/> Roads;<input type="checkbox"/> Storm water drainage;<input type="checkbox"/> Rail Spurs;<input type="checkbox"/> Other.	<ul style="list-style-type: none"><input type="checkbox"/> Working Capital<input type="checkbox"/> Refinancing<input type="checkbox"/> Speculative Projects<input type="checkbox"/> Capacity Building<input type="checkbox"/> General Conduct of Government<input type="checkbox"/> Project Not Meeting Federal Guidelines<input type="checkbox"/> Using Federal Funds to relocate businesses (Piracy - There are Restrictions)

EIP Infrastructure Grants

Financial Considerations Include an Assessment of:

- Infrastructure Fund Capacity Analysis (IFCA).
 - Examine financial capacity of local government.
 - Calculate operating and coverage ratios.
- Revolving Loan Fund Capacity.

EIP LOAN: Loan to PRIVATE FOR-PROFIT BUSINESS

Eligible Activities	Ineligible Activities
<ul style="list-style-type: none"><input type="checkbox"/> Acquisition of land and buildings<input type="checkbox"/> New construction<input type="checkbox"/> Renovation to existing buildings<input type="checkbox"/> Acquisition of M&E<input type="checkbox"/> Limited soft costs* <p><i>* Costs directly related to the fixed asset expenditure. Examples include: architectural/engineering costs; installation costs for machinery; and financing costs for bank loans.</i></p>	<ul style="list-style-type: none"><input type="checkbox"/> Working capital<input type="checkbox"/> Capacity building<input type="checkbox"/> Refinancing<input type="checkbox"/> Inventory/receivable financing<input type="checkbox"/> Speculative real estate development<input type="checkbox"/> Relocation costs<input type="checkbox"/> Office equipment, small tools, supplies<input type="checkbox"/> General conduct of government

EIP Direct Loans

- **Loan Terms – Life of the Asset**
 - Up to 15 years for financed real property;
 - Up to 7.5 years for financed personal property;
 - The interest rate is fixed at or below market rates.
- **Security/Collateral**
 - 1st or shared 1st priority mortgage and/or lien position on project costs/uses financed;
 - Personal guaranties from owners (>20% ownership);
 - Corporate guaranties from related companies.
- **Repayment**
 - EIP Loan repayments must capitalize or be placed into a local Revolving Loan Fund (RLF).

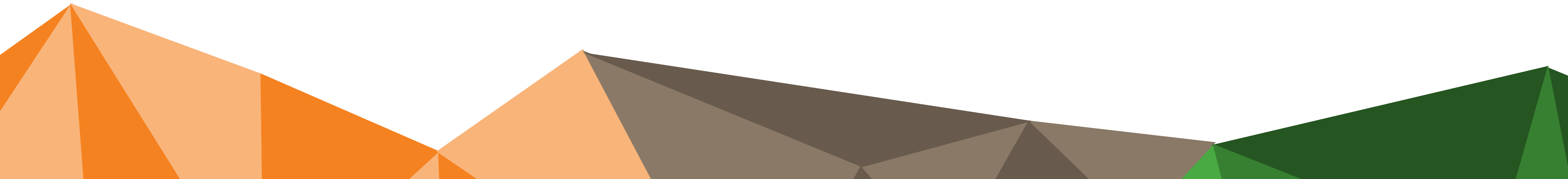
EIP Project Highlight

City of Waynesboro / Hart Dairy Creamery Plant

Waynesboro, Inc.

- Recently awarded \$750,000 in EIP grant funds to assist with the construction of a well and water treatment plant for Hart Dairy and Creamery Waynesboro, Inc.'s new manufacturing and bottling plant within the Waynesboro /Burke County Industrial Park.
- The Company is the nation's sole producer of sustainable, 365-day grass-fed, 100% free-range milk.
- The new facility, creating **199 net, new full-time jobs**, will use state-of-the-art processing to convert raw milk into bottled milk and other dairy products.

EIP: \$750,000
EDA: \$1,474,298
Local: \$1,811,103
Private: \$60 million



Waynesboro - Hart Dairy Creamery





Revelopment Fund Program (RDF)



Redevelopment Fund Program (RDF)

Encourage communities with blighted properties to focus on long-term community development.

Projects must demonstrate the following:

- Resolution of Spot/Area Basis Blight;
- Long-term planning and development efforts of the community;
- Significant impact on the overall project;
- Strong community commitment;
- Ready to Proceed; and
- Completed within 24 months.

Elimination of Slum and Blight

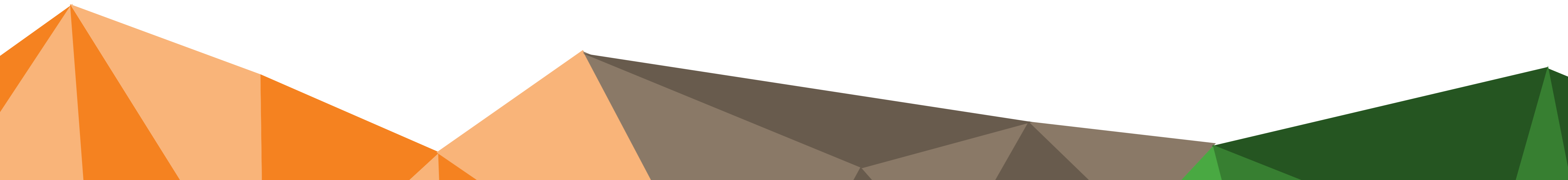
“Spot Basis” vs “Area Basis”

- **Spot Basis**

- Spot basis activities are limited to the extent necessary to eliminate specific conditions detrimental to the public health and safety.

- **Area Basis**

- Area basis activities are delineated by a unit of local government, meets a definition of a blighted, deteriorated, deteriorating or slum area under State of Local law.

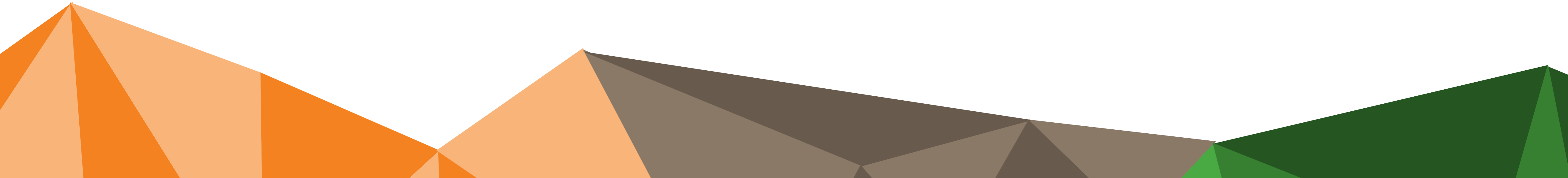


RDF Project Highlight

City of Monroe / Old Monroe Livery Stable

- Awarded \$369,869 in RDF funds to assist with the stabilization and rehabilitation of the old Monroe Livery Stable which is split into three separate spaces that was repurposed into a music hall and event spaces.
- Each of the three divided spaces will serve as unique function, allowing the space to accommodate a variety of uses, including meetings, special events, and small festival events.
- Currently, two sections are called the Wayfarer Music Hall event facility. Enclosed and open-air event space. The third section is rented to Southern Brewing Company.

EIP:	\$369,869
Financing:	\$226,605
Local:	\$9,000
Private:	\$146,771



BEFORE

Monroe - Old Monroe Livery Stable



Monroe - Old Monroe Livery Stable



AFTER

Monroe - Old Monroe Livery Stable



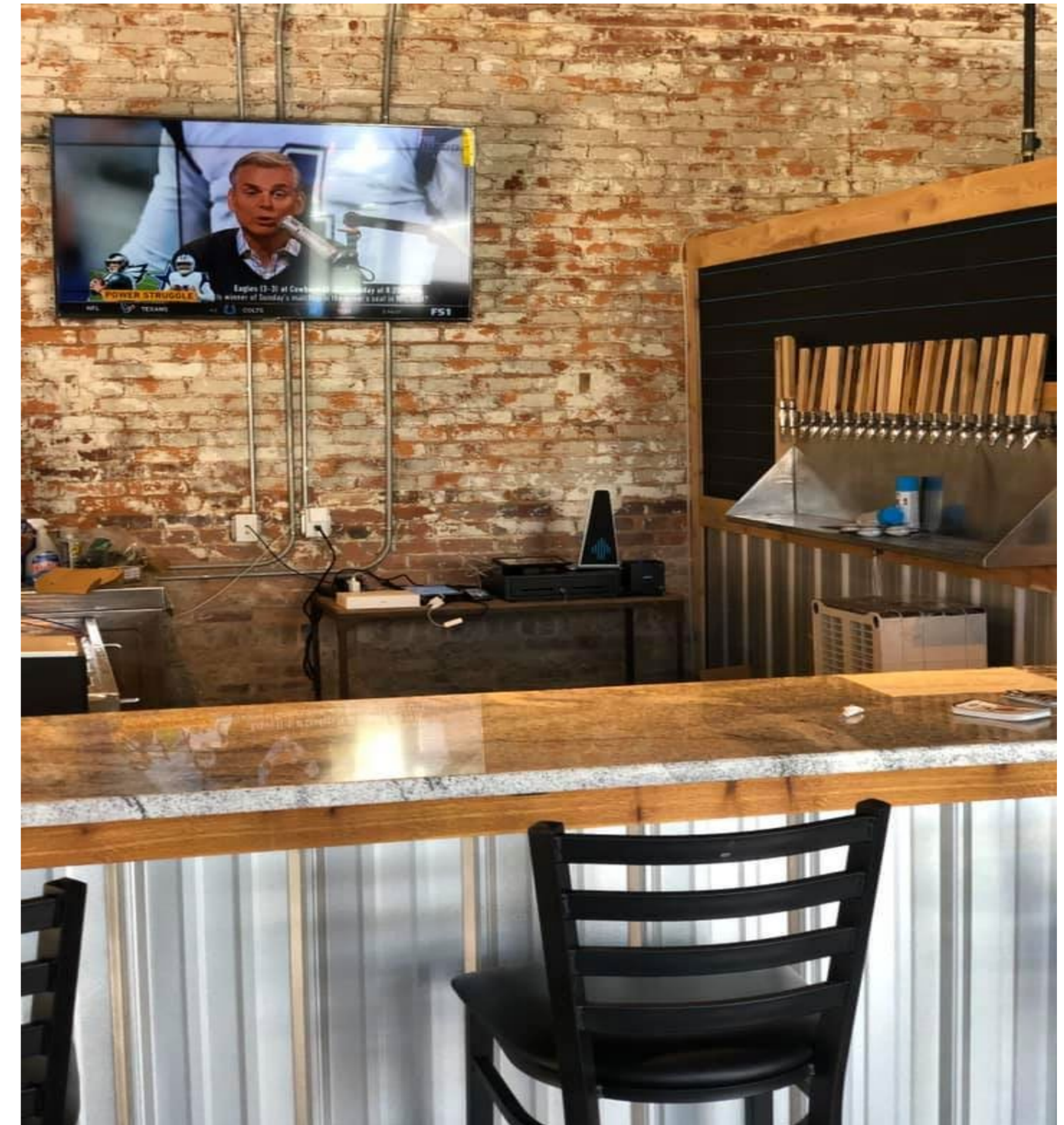
AFTER

Monroe - Old Monroe Livery Stable



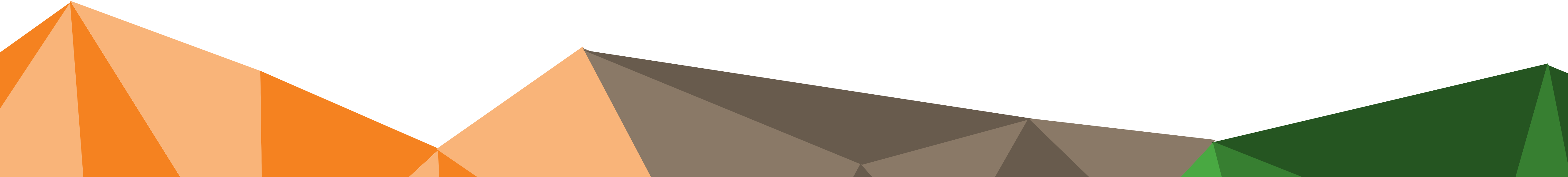
AFTER

Monroe - Old Monroe Livery Stable



CDBG ED Applications

✓ Engage Pertinent Partner

- Local Government
 - Development Authority
 - Engineer/Architect
 - Business Contact
 - Grant Writer/Administrator
 - DCA Community Services Representative
 - Other federal/state programs
 - Owner
 - Railroad (if applicable)
 - Operator (if applicable)
 - Tenant (if applicable)
- 

What are we seeing?

Lack of sufficient documentation

- ❑ Company/Personal Financial Information
- ❑ Source of committed funds (where is the money actually coming from – Company Equity, Loan, Etc.)
- ❑ Insufficient PER/PAR
- ❑ Insufficient evidence of Slum and Blight

Failure to disclose potential difficulties

- ❑ Conflicts of Interest
- ❑ Acquisition/Relocation
- ❑ Environmental Concerns

Deficiencies in Administration

- ❑ Davis-Bacon: Surveys, Interviews, Wage Rates
- ❑ Lack of communication between engineers, administrators, and the community

Immediate Threat & Danger Program (ITAD)



Immediate Threat & Danger Program (ITAD)

The ITAD Program is intended to address situations which are urgent and unique. These situations should typically occur due to state or federally declared disasters. Applicants can apply for \$50,000.

The review criteria for ITAD grants include:

- The circumstances are particularly urgent and unique;
- The condition must be of recent origin or have recently become urgent (recent origin is defined as a condition which developed or become critical within 18 months of application);
- The conditions pose a serious and immediate threat to health or welfare of the community; and
- Other financial resources are not available to meet the described needs.



Thanks!

Any questions?

You can find me at: nick.mulkey@dca.ga.gov