

COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM

FFY 2019/SFY 2020 Method of Distribution

As outlined in Title I of the Housing and Community Development Act, the primary goal of the CDBG Program is the development of viable communities, by providing decent housing and suitable living environments and by expanding economic opportunities, principally for persons of low- and moderate-incomes. In addition to the national program goals and objectives outlined by this Act, the State has designed its CDBG program to do the following:

- Address community priorities;
- Ensure fairness in the treatment of all applications;
- Promote the development of affordable housing;
- Assist communities in preserving and developing basic infrastructure and public facilities; and
- Support economic development activities that principally benefit low- and moderate-income persons through job training and job creation.

The State does not intend to impose any geographic restrictions in the method of distribution. State CDBG funds serve communities throughout the state, excluding Georgia's entitlement communities that receive funds directly from HUD. Eligible applicants are units of general-purpose local government, excluding those cities and counties eligible to participate in the urban counties or metropolitan cities "CDBG Entitlement Program" of HUD.

Eligible activities must meet the national objectives for the program: benefit low- and moderate-income persons, prevention or elimination of slums or blight, or address community development needs having a particular urgency because existing conditions pose a serious and immediate threat to the health or welfare of the community for which other funding is not available. Activities include public facilities (such as streets, water and sewer facilities, parks and community buildings), public services, housing rehabilitation, economic development and job training, and other activities eligible under the Housing and Community Development Act.

At least 70 percent of CDBG funds allocated to local governments will be used for activities that primarily benefit low- and moderate-income persons. The Georgia CDBG program is comprised of the following:

- (a) The Annual Competition
- (b) The Immediate Threat and Danger Grant Program
- (c) The Employment Incentive Program (EIP)
- (d) The Redevelopment Fund
- (e) The Loan Guarantee Program (Section 108)
- (f) 2018 Innovative Grant Program

National Objectives Requirements

Each activity funded under the Community Development Block Grant (CDBG) Program must meet at least one of the three National Objectives and the applicant is responsible for selecting and documenting how each activity addresses a National Objective. The three objectives are:

1. Benefit to low- and moderate-income persons;

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2. Prevention or elimination of slum or blight; and
3. Meeting community development needs having a particular urgency.

Proposed Programs

A) Annual Competition

In the Annual Competition, eligible local governments may apply for either a Single-Activity or Multi-Activity Program. A Single-Activity Application must be structured to address problems within one of the following three areas: (a) housing, (b) public facilities, or (c) economic development. A Multi-Activity Application must involve two or more activities that address community development needs in a comprehensive manner within more than one of the areas listed above. Both the Single Activity and Multi-activity grant applications may qualify for Revitalization Area bonus points.

Revitalization Area Incentives

The State will continue the Revitalization Area Incentive for the development of comprehensive community revitalization strategies. The incentive rewards innovative local strategies and recognizes that no one strategy or design will work for Georgia's diverse communities. Applicants must show their commitment to targeted areas by developing a local investment program geographically aimed at census block groups of 20 percent or greater poverty and by incorporating a locally driven collaborative approach to community and economic development.

Communities opting to develop and implement these strategies will be given the opportunity to apply every year (during the three-year designation period as long as timeliness criteria are met) and receive bonus points for the Annual Competition. This incentive entitles the communities to obtain approval of budget line items for limited planning monies that will be used towards the assessment and remediation of blighted sites or brownfields. Revitalization strategies developed by applicants must demonstrate sustainable coordination with key stakeholders, businesses and community residents in the targeted areas.

B) Immediate Threat and Danger (ITAD)

The Immediate Threat and Danger Program must address an event or situation that has a particular urgency and uniqueness that adversely affects or affects a community and its citizens and where other financial resources are not available to meet such needs. The State certifies that the activity meets the immediate needs of the community because the existing condition poses a threat to the health or welfare of the community and other financial resources are unavailable. More information is available at this website:

<https://dca.ga.gov/community-economic-development/funding-programs/community-development-block-grants-cdbg/immediate>

C) Employment Incentive Program (EIP)

The Employment Incentive Program (EIP) must provide for the creation and/or retention of jobs, or job training, principally for persons who are low- and moderate-income. Typically, this includes loans to private for-profit entities or the provision of infrastructure improvements.

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More information is available at this DCA website:

<https://dca.ga.gov/community-economic-development/funding-programs/community-development-block-grants-cdbg/employment>

D) The Redevelopment Fund

The Redevelopment Fund is targeted to projects that will leverage private sector investments in blighted downtown commercial and industrial areas as well as other geographic areas with community development needs. Projects that meet the slum and blight national objective, either a spot or area basis, are investment opportunities the State will take into consideration for funding. More information is available at this DCA website:

<https://dca.ga.gov/community-economic-development/funding-programs/community-development-block-grants-cdbg-0>

E) Loan Guarantee Program (Section 108)

The CDBG Loan Guarantee Program (Section 108 Program) is an economic and community development financing tool authorized under Section 108 of Title I of the Housing and Community Development Act of 1974, as amended. The program provides a method of assisting non-entitlement local governments with certain unique and large-scale economic development projects that cannot proceed without the loan guarantee. In order to be eligible a project must meet all applicable CDBG requirements and result in significant employment opportunities and/or benefits for low- and moderate-income persons. Projects that are eligible for financing under existing federal, state, regional or local programs will generally not be considered for guarantee assistance unless the programs would fail to fully meet a project's need. More information is available at this DCA website:

<https://dca.ga.gov/community-economic-development/funding-programs/community-development-block-grants-cdbg/cdbg-section>

F) Innovative Grant Program

The Department is committed to providing communities with the financial resources to adequately address local needs and to make an impact; even transformational changes. As an additional resource to help local governments meet this challenge, using funding from the FY 2018 and FY 2019 funding years, DCA will include an Innovative Grant program to reward local governments that can implement projects that will result in transformational change. More information will be available at this DCA website:

<https://dca.ga.gov/community-economic-development/funding-programs/community-development-block-grants-cdbg>.

Grant Award Amounts

Maximum Grant Amounts

Annual Competition: Single Activity	\$750,000
Annual Competition: Multi Activity	\$1,000,000
Immediate Threat and Danger Program	\$50,000

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Employment Incentive Program	\$750,000
The Redevelopment Fund	\$750,000
Innovative Set-Aside	\$2,000,000

Note that the maximum grant amount for the EIP or the ITAD Program may be increased. See specific program descriptions for details.

Compliance Criteria

Eligible Activities

The eligible activities under Georgia's CDBG program are those activities identified in the Housing and Community Development Act of 1974, as amended. However, to be eligible for competition and/or award under the CDBG Annual Competition, the State has determined that each activity must be eligible under the Act and not less than 70% of its CDBG cost must benefit low- and moderate-income persons. (This provision does not apply to the Immediate Threat and Danger Grant Program, the CDBG Loan Guarantee Program, the Employment Incentive Program, or the Redevelopment Fund).

Restrictions on Eligibility for Competition and Award

Regular Annual Competition Restrictions

- A) Only one single- or multi-activity application per general purpose local government, whether individually or jointly submitted, shall be eligible for competition.
- B) Only one single- or multi-activity award may be received by any general purpose local government.
- C) No recipient of a single- or multi-activity award shall be eligible to apply for or receive another single- or multi-activity award from the next fiscal year's except for recipients applying for activities within a DCA-approved Revitalization Area who may apply annually, provided that the proposed CDBG project is located within the approved RAS designated area.

Local governments that receive designations for annual eligibility under item C above must show substantial progress in implementing and spending prior grants in order to receive subsequent awards. Criteria to be considered in measuring "substantial progress" include, but shall not be limited to, percentage of funds obligated and/or expended from prior grants.

- D) This restriction under item C above does not apply to the Immediate Threat and Danger Program, the Employment Incentive Program, the CDBG Loan Guarantee Program, or the Redevelopment Fund. In addition, communities designated by the Georgia Environmental Finance Authority (GEFA) as a "Water First Community," designated by DCA as a "PlanFirst" community, or designated by DCA as a Georgia Initiative for Community Housing ("GICH") community may apply annually as described in the *Applicants' Manual*.

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Water First communities must propose water improvements as the primary purpose of the grant in order to apply annually and GICH communities must propose housing as a component of the grant in order to apply annually. DCA may impose other restrictions such as progress requirements or requirements for current and active participation in the programs noted here in paragraph D. These requirements will be described in the *Applicants' Manual*.

- E) Recipients of prior CDBG funding must resolve all outstanding audits, monitoring findings and/or other program exceptions that involve a violation of federal, state or local law or regulation prior to award of or submission of any application to the State or by the applicable deadline as stated in the *Applicants' Manual*. In addition, recipients who fail to substantially meet their proposed accomplishments in their current CDBG project or have missed significant deadlines imposed by the State or other applicable agencies may be penalized in the subsequent year's Annual Competition. New applicants for funding must also be in compliance with federal, state, and local law or regulation prior to award of or submission of any application to the State or by the applicable deadline as stated in the *Applicants' Manual*.
- F) Paragraph C, above, shall not apply in the case of two or more counties applying together to carry out a project of regional impact. Such applications, however, which are not actually regional in nature (which could have been submitted by only one county), will be rejected.
- G) All CDBG recipients are expected to expend one hundred percent (100%) of all funds within twenty-four (24) months from the date of the grant award. The State reserves the right to recapture all unobligated funds after the expired period and impose restriction on future applications to the State for funding.

A) Annual Competition

Completeness and Threshold Review

The purpose of the completeness and threshold review is to ascertain at the earliest possible stage of application review the following concerning a proposed CDBG project: 1) if an application contains deficiencies which are administrative in nature, such as missing forms or original signatures; 2) project eligibility under federal law and regulation; 3) project eligibility under state law and regulation; 4) project eligibility under the current Consolidated Plan/Action Plan and Method of Distribution; and 5) adherence to CDBG *Applicants' Manual* requirements.

If an application contains deficiencies which are administrative in nature, DCA may request correction for such deficiencies for a limited period of time as specified by the *Applicants' Manual*. This completeness request period cannot be used to modify a submitted application or provide documents or reports that were not in existence prior to the application deadline. Applicants may not submit additional items for the purpose of

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increasing or further supporting the application's score.

In order to meet DCA's threshold standards, applicants must be in full compliance with the State's Local Government Audit Act, the Service Delivery Strategy Act (HB 489), and maintain Qualified Local Government status. Additionally, the following reports must have been submitted and be deemed in compliance: Government Management Indicators Survey (GOMI) and the Report of Local Government Finances (RLGF). In addition, the Language Access Plan (LAP) Certification and all other certifications required by the *Applicants' Manual* must be complete and appropriately documented. Local RLFs must also be in compliance with all DCA reporting requirements and standards. Other threshold requirements may be established regarding activities such as environmental review and professional procurement as described by the *Applicants' Manual*. Deadlines for compliance with the threshold requirements will be established by the *Applicants' Manual*, and DCA may give a period of time in order to cure any threshold deficiencies.

Applications that are incomplete or do not meet threshold requirements within the required time periods will not be considered for review.

Rating and Ranking System for the Regular Annual Competition

Single- or Multi-Activity applications will be rated separately to assign points for Feasibility, Strategy, Need, and Impact. All applicants will be compared to each other to establish demographics scores.

Applications will be rated and scored against each of the following factors, using any additional and/or supplemental information, data, analyses, documentation, commitments, assurances, etc. as may be required or requested by DCA for purposes of evaluating, rating, and selecting applicants under this program. The maximum score is 545 points.

Categories	Maximum Points
Demographic Need - absolute number in poverty	30
Demographic Need - percent of poverty persons	30
Demographic Need - median household income	30
Program Feasibility	100
Program Strategy	100
Program Need	100
Project Impact	100
Leverage of Additional Resources	25
Bonus points for Revitalization Area Activities	20
Bonus points for Readiness to Proceed	5
Bonus points for Return of RLF Funds	5
Maximum Total Points	545

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A) Demographic Need - absolute number of people in poverty:

Applicants will be compared in terms of the number of persons in the entire jurisdiction whose incomes are below the poverty level. Scores will be obtained by dividing each applicant's number of persons in poverty by the greatest number of persons in poverty of any applicant in the group and multiplying by 30.

B) Demographic Need - percent of people in poverty:

Applications will be compared in terms of the percentage of population below the poverty level in the entire jurisdiction. Scores will be obtained by dividing each applicant's percentage of persons in poverty by the highest percentage of persons in poverty of any applicant in the group and multiplying by 30.

C) Demographic Need - median household income:

Applicants will be compared in terms of their median household income for the entire jurisdiction. Scores will be obtained by dividing each applicant's median household income into the lowest median household income of any applicant in the group and multiplying by 30.

D) Program Strategy:

Applicants will be compared in terms of the following factors: 1) an analysis of the community development needs of the jurisdiction (e.g., public facility, housing, and other community development needs); 2) the discussion of the alternative target areas considered within the jurisdiction, including the rationale for the target area selected in relation to the jurisdiction's community development needs, the alternative target areas considered, and the DCA Concentration Maps for housing deficiencies, minority, and low- and moderate-income areas; 3) an analysis of the community development needs of the target area chosen, the strategic alternatives considered in addressing those needs, and the efforts that the applicant has made or will make to address the identified problems; 4) an analysis of the alternatives considered to address the project needs identified in the application; 5) the proposed solution to the project needs and the degree to which the proposed solution matches the identified project needs, and its consistency with a locally adopted plan; and 6) the commitment by the applicant to maintain and operate the proposed project, facility or system, including an analysis of the steps taken by the applicant to adopt practices, programs, policies or ordinances to prevent the reoccurrence of the identified problem (copies of these local practices, programs, policies or ordinances should be included in the application when applicable to document local action on identified problems or for further explanation of the local strategies planned or underway to address the identified problems).

All applications will include a detailed approach to addressing the target area's community development needs using the proposed CDBG funding along with other near-term sources of funding and other resources. Resources could include, for example, local code enforcement efforts as well as the implementation of other local ordinances. The application should demonstrate how CDBG funding, along with other efforts, will lead to transformative results within a reasonable timeframe. (See Criterion 3 above.)

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Points will be awarded, in accordance with the levels below, by a review panel based on how well the applicant, compared to others, addresses the strategy factors.

- Up to 10 points in increments of five points assigned by team for an analysis of the community development needs of the jurisdiction (Criterion 1)
- Up to 15 points in increments of five points assigned by team for alternative target areas considered within the jurisdiction, including the rationale for the target area selected in relation to the jurisdiction's community development needs, the alternative target areas considered, and the DCA Concentration Maps for housing deficiencies, minority, and low- and moderate-income areas (Criterion 2)
- Up to 15 points in increments of five points assigned by team for an analysis of the target area's community development needs, the plans/strategies to address those needs, and the efforts that the applicant has made or will make to address the identified problems (Criterion 3)
- Up to 15 points in increments of five points assigned by team for an analysis of the alternatives considered to address the project needs identified in the application (Criterion 4)
- Up to 15 points in increments of five points assigned by team for the proposed solution to the project needs and the degree to which the proposed project needs solution matches the identified project needs, and its consistency with a locally adopted plan (Criterion 5)
- Up to 15 points in increments of five points assigned by team for the commitment by the applicant to maintain and operate the proposed project, facility or system, including an analysis of the steps taken by the applicant to adopt practices, programs, policies or ordinances to prevent the reoccurrence of the identified problem (copies of these local practices, programs, policies or ordinances should be included in the application when applicable to document local action on identified problems or for further explanation of local strategies planned or underway to address the identified problems). (Criterion 6)
- Up to 15 points in increments of five points for the adequacy of the maps provided, including identification of structures in the target area, housing conditions (applicable to housing projects only), topographic map, and Concentration Maps. (Criterion 1-6)

Note that the review panel has the discretion to assign 0 points to the Strategy category when a National Objective is not met, the project is otherwise ineligible, or the lack of equivalence between the target area boundaries and the area of benefit results in an ineligible project, when, for example, an area of benefit boundary that is larger or smaller than the target area boundary reduces the low- to moderate-income benefit below 70 percent.

E) Program Feasibility:

The Feasibility criterion is designed to test for items beyond the Threshold requirements that are critical in carrying out the project in a timely manner, within budget, in compliance with HUD's requirements, and that establish clear standards for project implementation, such as complete engineering and architectural reports and consistency across narratives, budgets, and cost estimates. Applicants will be compared in terms of project feasibility. The

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following factors are considered: an analysis of such items as 1) verification and reasonableness of cost; 2) documentation that all project financing sources needed for the project will be available; 3) documentation that preliminary engineering, architectural, site plans and preliminary work-write ups have been prepared and support the proposed project; 4) adequacy of planning for any required property that must be available for the project; 5) adequacy of planning for compliance with applicable state and federal laws, and 6) adequacy of methodology to establish target area demographics.

Points for feasibility will be awarded by a review panel, in accordance with the levels below, based on how well each applicant, compared to others, addresses the feasibility factors.

- Up to 20 points in increments of five points for reasonable and verified project costs, commitment of all project financing sources needed for the project, and reasonableness of professional related expenses and adherence to the current *Applicants' Manual* budget standards
- ***For Single Activity public infrastructure applications***, up to 40 points in increments of five points for a complete Preliminary Engineering/Architectural Report (PER/PAR) in accordance with the current *Applicants' Manual* requirements.
- ***For Housing and Multi-Activity applications***, up to 40 points in increments of five points will be assigned for submission of housing unit information (e.g., verification of ownership, preliminary work write-ups, photographs, etc.) and, if applicable, PER/PAR reports in accordance with the current *Applicants' Manual* and *Rehab Manual*.
- Up to 15 points in increments of one point for adequacy of planning for operational needs of the proposed project. Review criteria will vary depending on the project type (e.g., building projects will be reviewed based on sustainability of operations; water and sewer projects will be reviewed based on proven demand for services to be provided; housing applications will be reviewed based on practices and policies that enhance homeownership skills).
- Up to 5 points in increments of one point for description/discussion of the federal requirements (e.g., Uniform Act, NEPA/Historic Preservation, AFFH, Section 3, Labor Standards,
- Up to 20 points in increments of five points for an adequate survey methodology that includes: 1) Correctly completed DCA-6; 2) Detailed survey method; 3) Survey form using the most recent income standards; 4) Use of a random number generator or 100 percent survey method; 5) Table of survey results. Note that the review panel may award 0 points if the required benefit to low- to moderate income people is not demonstrated.

Note that the review panel has the discretion to assign 0 points to the Feasibility category when a National Objective is not met, or the project is otherwise ineligible.

F) Program Need

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The purpose of the Need score is to assess the living conditions of target area residents. Critical to this assessment is the level of need that is documented in the application. Without documentation, the described need, regardless of how dire, will not receive points. In addition, any applicant that scores 0 points on this criterion will be ineligible for funding. A high need is defined as significant health and safety issues and a low need is defined as minimal health and safety issues or amenity issues only. The quality of the need documentation is critical in establishing the level of need. See the following examples of need documentation generally arranged from strongest level of documentation to a basic level of documentation:

Strongest need documentation	Relevant Consent Orders
	Lab results and other tests
	Lease cancellations (for Building projects)
	Inspections reports (for Building projects)
	Photographs when keyed and dated
	Work write-ups
	Line Inspection Reports (video/smoke)
	Water pressure tests
Moderate need documentation	News articles
	Work orders/invoices
	Third party letters
	Fire reports
	Public hearing comments
	Prior citizen complaints
Basic need documentation	Resident letters
	Survey comments
	Homeowner letters (for Housing projects)

After assessing the quality of documentation, the review panels must assess the level of need that is described and documented. Generally, the following levels of need are described from highest to lowest along with corresponding points:

1. Extremely high level of need described and documented—100 points. These projects will provide evidence of the highest level of need in their peer group, i.e., water applications compared to water applications, etc. For infrastructure projects, applications will demonstrate significant health and safety issues for residents in the target area. For housing, applicants will demonstrate significant health and safety issues for housing residents and lack of decent, safe and sanitary accommodations. For building projects, applicants will document significant health and safety issues in existing facilities, the potential loss of existing facilities, or very high demand for the service to be provided.

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2. High level of need described and documented—75 points. Important health and safety issues described and documented.
3. Moderate level of need described and documented—50 points. Moderate health and safety issues described and documented.
4. Low level of need described and documented—25 points. Low health and safety issues described and documented.
5. Lowest level of need described and documented—0 points. Lowest health and safety issues described and documented.

G) Program Impact:

The purpose of the Impact score is to gauge the positive result that is expected once the project is completed. This criterion is a combination of objective factors and qualitative factors in order to be able to compare similar projects against each other. The following factors will be considered: 1) the number of persons benefiting; 2) the cost per person benefiting (the cost per person is calculated by dividing the total CDBG grant by the total number of people benefiting, i.e., the total population of the target area or the total number of projected clientele to be served); 3) the project's impact on the benefiting population's quality of life, living environment or opportunities for economic advancement; and 4) the impact of the project on the identified need or problem.

Points for Impact will be awarded by a review panel, in accordance with the levels below, based on how well each applicant, compared to others, addresses the impact factors.

1. Cost per person benefitting compared to other similar applications. Based on percentile rank x 30.
2. The extent to which the described project needs are resolved. If the project is phased, the extent of need resolved refers to the current phase. (Applicants should explain and justify all phasing, especially when 100% of the identical need is not met.) For housing projects, because target area housing units are almost never 100 percent addressed with CDBG funds alone, documentation must be provided that gives details regarding how other units will be addressed. Up to a total of 70 points as follows: 1) all needs resolved or otherwise addressed via phasing or other concrete and specific near-term efforts (e.g., funding applications submitted, programs initiated, etc.) —70 points; 2) needs partially resolved or otherwise addressed—35 points; 3) needs minimally addressed or proposed solution is unrelated to the need described—0 points.

H) Leverage of Additional Resources:

Leverage includes additional resources committed to and directly related to the project, including cash above the required minimum cash match amount, the purchase of equipment and furnishings with non-CDBG funds, and additional grants and loans from other

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sources. Only items that would not otherwise have been provided will be counted. A “reasonable” value must be assigned to donated and “in-kind” items. Up to 25 points can be assigned for leverage of additional resources.

The leverage score will be calculated as follows:

- 1) Total dollar value of leverage for each applicant will be calculated and then divided by the total population of the applicant in order to obtain a per capita leverage figure reflective of each applicant's relative effort.
 - 2) Applications will be assigned to one of five groups:
 - Multi-activity
 - Housing
 - Economic Development
 - Water and/or Sewer
 - Other Public Facilities
 - 3) The applications will then be ranked within these groups, based on per capita leverage amounts, from no leverage (no points) to highest per capita leverage and points assigned based on the percentile ranking. If no applicant within any of the groups listed above has \$0 leverage, a proxy score of \$0 will be inserted to insure that if leverage is provided by the applicant a score greater than \$0 will result.
 - 4) Up to 25 points can be assigned for leverage of additional resources. The ranking will be established using the range of applicants' per capita leverage amounts (from 0 to the highest per capita leverage) and calculating a percentile score for each applicant's per capita leverage amount within the range. This percentile score will be multiplied times 25 to establish the points for per capita leverage. For example, if an applicant's per capita leverage amount is \$300 and if \$300 represents a percentile score of 50 percent, the leverage points will be 12.5 ($.50 \times 25 = 12.5$).
- I) Bonus points for Revitalization Area Activities:
- Points will be awarded for the utilization of existing state redevelopment programs, initiatives and incentives in eligible areas. Following receipt of a designation, a CDBG applicant may be awarded up to 20 points for activities occurring within a DCA-approved Area as follows:
- Revitalization Area Threshold Requirement (5 Bonus Points): In order to be eligible for Revitalization Area designation and bonus points, a local government must establish a local redevelopment area and plan pursuant to 36- 61-1 et seq. within a Census Block area with a poverty rate of 20% or greater. Additionally, the local government must describe the activities it will undertake to promote economic empowerment through meaningful job creation for the unemployed and low- and moderate-income residents as well as activities to promote the substantial revitalization of the area.
 - Local Redevelopment Tools: (maximum of 5 Bonus Points) Points may be earned

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through the use of such tools as State Enterprise Zones, Tax Allocation Districts, Community or Business Improvement Districts, or other geographically targeted tax or investment programs within the eligible area. In order to receive these points, the applicant must provide as proof the resolution or ordinance creating the redevelopment tools for which bonus points are sought.

- Investment Partnerships: (maximum of 5 Bonus Points): Points may be earned through the incorporation into the local program of certain job creation/retention, revitalization, residential improvement or social service funding programs geographically targeted to the areas of eligibility. Various programs including public programs chartered by the State of Georgia, GHFA, the U.S. Department of Treasury, the SBA, the USDA, the Federal Home Loan Bank, the TVA, HUD, and DOL. The leveraging of private funds from various philanthropic, non-profit and/or faith-based organizations will also be rewarded. In order to receive these points, the applicant must provide documentation showing a firm, long-term commitment by investment partners or a long-term commitment by the applicant to use investment partners as part of their Revitalization Area strategy. A long-term commitment by the applicant may be demonstrated by past use of investment partners, plans to incorporate investment partners in its current CDBG project, and the necessary local capacity to use investment partners on an ongoing basis.
- Collaboration: (maximum of 5 Bonus Points): Points may be earned through the demonstration that initiatives will be created and/or undertaken within the eligible area by private for-profit and not-for-profit community stakeholders. Such stakeholders may include local lending institutions, community or neighborhood-housing organizations, community-based development organizations, community development corporations, community development entities, and other similar organizations. In order to receive these points, the applicant must show that the collaborative stakeholder organizations have a firm commitment to the community, have taken responsibility for carrying out one or more aspects of a Revitalization Area strategy, have sound financial and administrative practices, and the ability to carry out the functions for which they are taking responsibility. Such evidence will include letters of commitment, agreements, programmatic material, articles of incorporation and registration from the Secretary of State, audited financial statements or financial reviews, budgets, IRS determination letter for 501(c) 3 statuses, or other evidence of capacity and commitment. Nonprofits that receive \$25,000 or more in direct or pass-through federal funding during a single fiscal year are usually required to have an audit.

Note: If approved by HUD and the State, applicants may pursue benefits under HUD's comprehensive revitalization approach [24 CFR Part 570.483(e) (5)] that confers certain benefits including the possibility that some additional activities will carry the presumption of low- and moderate-income benefit.

- Revitalization Area Designation: Revitalization Areas will generally be designated or reauthorized through a separate designation process as outlined in the Revitalization Area Strategy Manual, on RAS Forms 1 and 2, and at

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www.dca.ga.gov. Communities may also request designation within an annual round application. However, communities seeking designation are strongly encouraged to meet with DCA as soon as possible to discuss their request for designation. Applicants who fail to obtain designation (and bonus points) will have their applications ranked and rated as either a regular single- activity or multi-activity competition as appropriate.

- 1) Area Strategy Plan and Map – A community that wishes to take advantage of the Revitalization incentives of the CDBG program must first submit a properly adopted Redevelopment Plan for the proposed area that meets the requirements of the Georgia Urban Redevelopment Act pursuant to O.C.G.A. 36-61-1 et seq. Such plan should include a map of the proposed revitalization area indicating that the area is composed of one or more census block groups with a 20 percent or greater poverty rate.
- 2) Map Requirements: Applications shall contain three copies of a map of the revitalization area. Such map shall be prepared in accordance with the minimum map standards and specifications as outlined in the CDBG Application Manual.

Strategy Plan Requirements:

- 1) Citizen Participation –Along with the area map and description submitted, the locality must provide evidence that a local citizens’ participation process was used that not only meets the requirements of 24 CFR 91.115 and 24 CFR 570.486(a), but also demonstrates that local residents fully support the proposed strategy. Such evidence may include, but is not limited to, minutes and advertisements of public meetings, advisory committee lists and minutes, letters of support from participating organizations and signed petitions from area residents.
- 2) Local Revitalization Area designation is valid for three years at which time the sponsoring entity must reapply for designation with DCA. If the community desires to alter the boundaries of an approved Revitalization Area in the interim, an amended map and any additional pertinent information must be submitted to DCA for approval.
- 3) Applications for designation must include an assessment of the economic conditions of the proposed area.
- 4) Each year, designated Revitalization Areas must submit a performance report to DCA that includes the activities and projects undertaken in the area and information on the economic conditions of the revitalization strategy area.
- 5) There is no limit to the number of revitalization areas a community may designate, although parcels within a single designated area must be contiguous.

J. Bonus Points for Readiness to Proceed

A maximum of 5 bonus points may be earned through the demonstration of a project’s

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readiness to proceed. Points may be earned through the documentation in the application that: the environmental review is completed (5 points).

K. Bonus Points for closing EIP/RDF Local Revolving Loan Fund and Returning Funds

Five points may be earned through the closing and returning of all funds in the community's EIP/RDF Local Revolving Loan Fund. These points may only be applied to the community's next Annual Competition CDBG application, which must be submitted within two program years from the date of the closing of the RLF. If an Annual Competition CDBG application is not submitted within this time frame, these bonus points will expire.

In order to receive the points, a locality must return all RLF assets to the state to remove itself from the administrative requirements of the RLF program. This will generally require that a locality "sell" its loan receivables and return all cash on hand to DCA. Any assets returned to the state will be added to the state's existing CDBG allocation or used to capitalize a statewide revolving loan fund and used to fund additional economic development projects.

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 percentage of funds benefiting low- and moderate-income persons will be given priority.

Matching Requirements for the Annual Competition

All awards under the Annual Competition (except for single-activity housing grants) have the following minimum match requirements.

Even though cash match is not required for single-activity housing grants, single-activity housing applicants (as well as Multi-Activity applicants) are required to document and submit evidence of homeowner participation as a threshold requirement. Amounts over and above homeowner participation amounts will be counted as leverage provided all requirements for leverage as outlined in the *CDBG Applicants' Manual* are met. Homeowner participation will not be counted as leverage for single-activity housing applicants. For Multi-Activity housing applicants, the match requirements outlined below are applicable and homeowner participation may count toward cash match.

CDBG Grant Funds

- 0% match requirement for \$300,000 and less
- 5% match requirement for \$300,001 to \$750,000
- 10% match requirement for \$750,001 to \$1,000,000

The match amount must be cash (not "in-kind") and can be from any public or non-public source. Within certain limitations, applicants may count the costs of preparing their CDBG

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Annual Competition application towards their required cash match.

B) Employment Incentive Program

The Employment Incentive Program (EIP) is intended to facilitate and enhance job creation and/or retention, principally for low- and moderate-income persons, by providing a flexible and expedient funding cycle that is responsive to expanding economic opportunities at the local level.

Any activities identified in Section 105 of the Housing and Community Development Act of 1974, as amended, are eligible. For purposes of the Employment Incentive Program, activities are eligible only to the extent that the funded activity creates tangible employment principally for low- and moderate-income persons. In addition, proposed activities must be based on firm written commitments from eligible subrecipients. The proposed activity may not be speculative in nature. NOTE: For purposes of the EIP program, the term “subrecipient” should generally be interpreted as “business.” However, in some cases where EIP funds are to be passed through a local development authority, the development authority itself would also be a “sub-recipient” subject to the same rules and regulations as the benefiting business.

Examples of eligible activities, which may be funded, include, but are not limited to, the following:

- 1) Activities carried out by units of general local government or public or private nonprofit subrecipients including: a.) acquisition of real property; b) acquisition, construction, reconstruction, rehabilitation, or installation of (except for buildings for the general conduct of government) public facilities, site improvements, and utilities, and c) commercial or industrial buildings, structures and other real property improvements.
- 2) Provision of direct assistance to private for-profit entities, when the assistance is appropriate to carry out an economic development project. However, unless such assistance has been approved by DCA for use in or in conjunction with a DCA-approved “secondary market” program that would fund CDBG-eligible activities with private rather than public funds, such assistance may not be in the form of outright grants, guarantees, or technical assistance. In addition, financial assistance to private for-profit entities must be made contingent upon firm commitments of financial participation from other private sources such as banks or the private for-profit entities themselves. Such assistance must also create or retain permanent jobs principally for low- and moderate-income persons.
- 3) Provision of assistance to local development entities and other local nonprofit corporations to fund facilities that assist low- and moderate-income persons to acquire employment, the employment skills, and/or basic educational training to become more effective participants in the local economy. Eligibility for such activities will be limited to “new” activities that have not previously been undertaken by the unit of general local government or local development entity.

For each activity funded under the Employment Incentive Program, at least 51% of all jobs to be created or retained because of the EIP project must be documented to be either

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“available to” or “taken by” or retained by persons defined as low- and moderate-income by DCA. Prior to project close-out, at least 51% of all jobs created must be documented to have been “taken by” persons defined as low and moderate income.

For an activity or project that retains jobs, the unit of local government and proposed subrecipient must document that jobs would actually be lost without the EIP assistance and that at least 51% of the total existing jobs are currently held by low- and moderate-income persons.

For employment skill enhancement and/or basic educational training activities/ services, at least 51% of the recipients of such services must be documented to have been low- and moderate-income persons at the time such services were provided. Grant amounts under this program will generally not exceed \$750,000 per award. The maximum grant amount may be increased if warranted by extraordinary public benefit to be achieved by a particular project.

Funds Set-aside for the EIP Program

Up to five million (\$5,000,000) dollars from the FFY 2019 allocation to the State for the CDBG Program will be set-aside for this program.

Funds remaining in the set-aside at the end of the fiscal year may be returned to an “active status” and may be used to fund EIP applications under a subsequent fiscal year or transferred to any of the other funding categories or for State Administration, subject to the limitations of the Housing and Community Development Act. In addition, the Commissioner of DCA may adjust the EIP program set-aside periodically during the 2019 Program Year based on demand for the set-aside.

EIP Application Procedures

The application procedure for the Employment Incentive Program includes an initial project assessment and application phase. Local governments may submit applications for consideration at any time regardless of whether an initial project assessment has been approved. The purpose of the initial project assessment is to determine eligibility of a proposed project and the possible competitiveness under the funding criteria outlined below. While an initial assessment is not required, DCA strongly encourages potential applicants to contact DCA to arrange an initial project assessment meeting prior to submitting an application.

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 lead applicant. Applications for the EIP program must be submitted in conformance with the format and applicable instructions specified by DCA. The locality submitting the EIP application must hold a public hearing in accordance with the requirements of Georgia’s CDBG Program Regulations.

Rating and Review Procedures for the EIP Program

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Upon its receipt, an application shall be rated 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 that contain insufficient information or documentation to be evaluated and rated may be returned to the locality for further information.

The staff may conduct site visits and hold discussions with applicants and proposed sub-recipients for the purposes of confirming and evaluating information contained in the pre-application or application. Staff may also consult with other appropriate government and private entities in the course of reviewing and evaluating information contained in pre-applications and applications.

The scores obtained for the various selection factors will be totaled and applicants with scores of at least 300 points that meet all appropriate funding criteria, that conform to the objectives of Title I of the Community Development Act of 1974, as amended, and that can be carried out in compliance with all applicable federal, state or local law, regulations or requirements will be funded until funds are exhausted. In cases where fundable applications exceed available funds, the applicant with the highest number of jobs benefiting low and moderate-income persons will be given priority. EIP applications will be rated and scored against each of the following factors:

Review Factor Maximum Points Available

Demographic Need	120 points
Program Feasibility	110 points
Program Impact	110 points
Program Strategy	110 points
Total Available Points	450 points

A. Demographic Need (120 points)

- Absolute Number of People in Poverty (40 points)

All eligible local governments will be compared in terms of the absolute number of people whose incomes are below the poverty level. Individual scores will be obtained by dividing each government's absolute number of persons in poverty by the greatest number of persons in poverty of any eligible local government and multiplying by 40.

- Percent of People in Poverty (40 points)

All eligible local governments will be compared in terms of the percentage of people whose incomes are below the poverty level. Individual scores will be obtained by dividing each government's percentage of persons in poverty by the highest percentage of persons in poverty of any eligible local government and multiplying by 40.

- Median Household Income (40 points)

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All eligible local governments will be compared in terms of their median household income. Individual scores will be obtained by dividing each government's median household income into the lowest median household income of any eligible local government and multiplying by 40. Demographic scores will be based on the latest available data, consistent as of the same point in time for each factor. Scores will be based on county data.

B. Program Feasibility (110 points)

The following factors will be considered:

- Organizational status of the business
- The past credit history of the business
- The business' historical sales and financial performance
- Viability of the business model
- Management capacity
- The reasonableness of the business' financial and market projections and assumptions
- An assessment of the business management and development team's ability to carry out the project as proposed
- The proposed project's compliance with the federal appropriateness requirements including underwriting and public benefit (For direct loans this requires the complete disclosure of sub-recipients' financial situation)
- Verification of project costs
- Verification of project financing sources
- Adequacy and reasonableness of the job commitment
- Completeness of any needed engineering plans and specifications
- Documentation that the project can be carried out in accordance with federal, state, and local laws, regulations, and permitting requirements
- Verification of control of any required property

Points for feasibility will be awarded by a staff review panel, in accordance with the levels below, based on how well the applicant addresses the feasibility factors.

Level One: Poor	0.0
Level Two: Below Average	27.5
Level Three: Average	55.0
Level Four: Good	82.5
Level Five: Excellent	110.0

C. Program Impact (110 points)

The following factors will be considered:

- Number of jobs created and/or retained

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- EIP cost per job
- Availability of jobs to low- and moderate-income persons
- Quality of jobs and employee benefits
- Project's impact on local unemployment rates

Note that DCA will adhere to the following minimum HUD standards:

Individual Activity HUD Standards:

The following individual activity standards apply to any activity subject to these standards:

- For an activity that creates or retains jobs, the use of CDBG funds cannot exceed *\$50,000 per full-time equivalent job* or
- For an activity that provides goods or services to residents of an area, the amount of CDBG funds provided for the activity cannot exceed *\$1,000 per L/M person served*.

Aggregate HUD Standards:

Activities that are subject to the Public Benefit standards and pass the individual activity tests outlined above also must generally, in the aggregate, either:

- Create or retain at least *one full-time equivalent, permanent job per \$35,000* of CDBG funds used for all such activities or
- Provide goods or services to residents of an area, such that the number of L/M income persons residing in the area served by the assisted businesses amounts to at least *one L/M income person per \$350* of CDBG funds used for all such activities.

A staff review panel will award points for impact, in accordance with the levels below, based on how well the applicant addresses the impact factors.

- | | |
|----------------------------|-------|
| • Level One: Poor | 0.0 |
| • Level Two: Below Average | 27.5 |
| • Level Three: Average | 55.0 |
| • Level Four: Good | 82.5 |
| • Level Five: Excellent | 110.0 |

D. Program Strategy (110 points)

The following factors will be considered:

- The ratio of private funds to EIP funds (To receive maximum points, a minimum ratio of at least 1 to 1 is generally required)
- Documentation that the public benefits to be achieved are reasonable and, to the extent practicable, EIP funds will not substitute for other available funds;
- Adequacy of financing strategy (adequacy of equity injection, collateral, and

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- loan terms)
- Relationship between the subrecipient's infrastructure needs and the size and capacity of any infrastructure to be provided
- Validity of subrecipient's commitment to fulfill hiring and investment commitments (including whether the subrecipient has agreed to provide a letter of credit or other surety to "bond" its performance)
- Local government's financial condition, as applicable
- Project's conformance to local planning and development strategy and compliance with the Georgia Planning Act
- Project's conformance to federal, state, and local laws and regulations
- Relationship to overall objectives of the EIP and CDBG Program, including the extent of benefit to persons of low- and moderate-income

A staff review panel will award points, in accordance with the levels below, based on how well the applicant addresses the strategy factors.

- | | |
|----------------------------|-------|
| • Level One: Poor | 0.0 |
| • Level Two: Below Average | 27.5 |
| • Level Three: Average | 55.0 |
| • Level Four: Good | 82.5 |
| • Level Five: Excellent | 110.0 |

Special Provisions for EIP Capitalized Local Revolving Loan Funds

DCA may permit localities which have or will receive revenue (principal, interest or other payments) from EIP or other CDBG loans or leases to retain that revenue. This can be approved so long as it is used for the same activity that generated the revenue and also used in accordance with the requirements of this regulation and any other applicable federal, state, or local law, regulation, contract, guidance manual or memoranda.

For localities that will retain program revenue, DCA will require that such revenue be deposited into a separate revolving loan fund (RLF) account that bears the local government's name and used only to carry out specific Title I eligible activities. The RLF must be created by a local resolution and implemented by local policies and procedures approved by DCA.

Localities allowed to retain program revenue must ensure that the RLF is adequately managed. DCA will categorize the RLF as being adequately managed so long as the following responsibilities are being met:

- a) Maintenance of an accounting and financial management system that complies with generally accepted accounting principles and DCA's guidelines for RLF financial management systems
- b) Compliance with DCA's reporting requirements for local RLFs
- c) Operation of the local RLF in accordance with DCA approved policies, procedures, and federal, state, and local law, regulation, contracts, guidance manuals and memoranda

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- d) Maintenance of a loan review and selection committee with the capacity to review and analyze loan requests and determine whether such requests represent prudent investments as defined by generally accepted underwriting criteria
- e) Maintenance of a loan packaging and structuring capacity that meets appropriate underwriting standards for security and documentation
- f) Maintenance of a loan servicing and monitoring capacity which ensures that loan payments are collected, that loan covenants are enforced, and that loan security is maintained
- g) Maintenance of a loan portfolio which represents investments in businesses engaged in sound business purposes that have demonstrated tangible employment of low- and moderate-income persons as defined by DCA
- h) Attendance at DCA-sponsored training workshops that will be held periodically for purposes of training local RLF administrators

To assist with the financing of a local RLF program's administrative cost, DCA will allow (on an annual basis) the greater of 6% or \$2,500 of interest earned by the RLF to be used for administration and audit costs. In certain foreclosure and/or hardship situations, DCA may allow additional amounts to be expended for administrative, audit, or legal costs.

Localities allowed to retain program revenue must also ensure that the RLF is utilized in a timely and efficient manner. DCA will categorize a RLF as being adequately utilized so long as the following criteria are met:

- A) The RLF is used to continue the same activity which generated the program revenue; and
- B) The RLF's cash balance shall not exceed \$125,000 or 30% of total RLF assets, whichever is greater.

Should a locality be unable to utilize the RLF in accordance with items a) and b) above, the locality may request DCA to waive the provisions. DCA may grant waivers when it is determined that sufficient future activity is probable or the locality is taking steps to ensure future activity.

C) The Redevelopment Fund

The Redevelopment Fund provides flexible financial assistance to local governments to assist them in implementing challenging economic and community development projects that cannot be undertaken with existing public sector grant and loan programs. The Redevelopment Fund will reward locally initiated public/private partnerships by providing financing to leverage private sector investments in commercial, downtown and industrial redevelopment and revitalization projects that need Redevelopment Fund investment to proceed.

While all projects funded under the Redevelopment Fund that create or retain jobs must make 51% of the jobs available to low- and moderate-income persons, the Redevelopment Fund will allow projects to be approved using an "eliminating slums or blight" national objective. The "slum or blight" emphasis will allow smaller scale projects (in downtowns,

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blighted industrial areas, etc.) to be competitive for Redevelopment Fund financing.

The Redevelopment Fund may support and extend DCA's existing CDBG programs in order to allow redevelopment projects with "challenging economics" to be made competitive for DCA, private and other public funding investments.

Applicable Law and Regulation

Title I of the Housing and Community Development Act of 1974, as amended; the federal implementing regulations applicable to the State Community Development Block Grant Program (24 CFR Part 570); and DCA's Program Regulations and guidelines for the Georgia State Community Development Block Grant (CDBG) Program and the Redevelopment Fund, as amended.

Eligible Activities

Eligible activities under the Redevelopment Fund are those identified in Title I of the Housing and Community Development Act of 1974, as amended; and all eligible activities under DCA's EIP, CDBG, and CDBG Loan Guarantee (Section 108) program. Activities are eligible to the extent that the funded activity meets the slum or blight national objective. When justified by benefits or need, the Commissioner of DCA may approve projects on a case by case basis based on any CDBG program national objective. Proposed activities must be based on firm written commitments from local governments and eligible subrecipients. NOTE: For the Redevelopment Fund, the term "sub-recipient" may generally be interpreted as a business or corporation. However, in cases where Redevelopment Funds are to be loaned to or passed through a local development authority, the development authority itself would also be a "sub-recipient" subject to the same rules and regulations as a benefiting business or corporation.

Funding

Up to \$3,000,000 or three percent (3%) (whichever is greater) from each federal fiscal year's allocation to DCA for the CDBG Program will be set-aside for this program.

Funds remaining in the set-aside at the end of the fiscal year may be returned to an "active status" and may be used to fund Redevelopment Fund applications under a subsequent fiscal year or transferred to any of the other funding categories or for state administration, subject to the limitations of the Housing and Community Development Act. In addition, the Commissioner of DCA may adjust the RDF program set-aside periodically during the 2019 Program Year based on demand for the set-aside.

Certain Redevelopment Fund activities may generate program income that may be returned to the Department in accordance with the provisions contained in 24 CFR Part 570.489(e) and (f). Any Redevelopment Fund program income returned to the Department will be held in a separate state revolving loan fund account that will be established to support Redevelopment Fund activities. The state revolving loan fund's administrative and eligibility requirements are identical in all respects to those for the Redevelopment Fund set-aside; however, any program income in the revolving fund will be disbursed before and prior to any funds from the Redevelopment set-aside.

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Grant Amount

The grant amount is up to \$750,000. In cases of projects with exceptional public benefits or need, the Commissioner of DCA may raise the allowable grant amount.

Application Procedures

The application procedure for the Redevelopment Fund Program includes an initial project assessment and application phase. Local governments may submit applications for consideration at any time regardless of whether an initial project assessment has been approved. The purpose of the initial project assessment is to determine eligibility of a proposed project and the possible competitiveness under the funding criteria outlined below. While an initial assessment is not required, DCA strongly encourages potential applicants to contact DCA to arrange an initial project assessment meeting prior to submitting an application.

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 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. DCA strongly encourages potential applicants to contact DCA to arrange an initial project assessment meeting prior to submitting an application. The purpose of the initial project assessment process is to evaluate a proposed project to determine if the proposal meets the funding threshold outlined below.

Applications for the Redevelopment Fund must be submitted in conformance with the format and applicable instructions specified by DCA.

Rating and Review Procedure

Applications will be rated and points awarded based on the following point system. In order to be funded, an application must achieve a minimum score of 375:

<u>Factor</u>	<u>Maximum Points</u>
1. Demographic Need	120
2. Project Feasibility	210
3. Project Strategy and Innovation	240
4. <u>Leverage of Additional Resources</u>	30
Total Maximum Points	600

A) Factor 1: Demographic Need

Demographic Need points will be calculated by DCA based on three factors. Submission of data with respect to “Demographic Need” is not required. The number and percentage of persons in poverty will be based on the most recent Census data that is consistent as of

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the same point of time for all applicants. Median household income will be based on the most recent available data that is consistent as of the same point of time for all applicants.

For purposes of comparing data, applicants shall be divided into two groups: Cities and Counties. Joint applicants comprised of all cities shall be assigned to the city group and joint applicants including one or more counties shall be assigned to the county group.

- Absolute number of people in poverty: Applicants will be compared in terms of the number of persons whose incomes are below the poverty level. Scores will be obtained by dividing each applicant's number of persons in poverty by the greatest number of persons in poverty of any eligible local government and multiplying by 40.
- Percent of people in poverty: Applicants will be compared in terms of the percentage of population below the poverty level. Scores will be obtained by dividing each applicant's percentage of persons in poverty by the highest percentage of persons in poverty of any eligible local government and multiplying by 40.
- Median household income: Applicants will be compared in terms of their median household income. Scores will be obtained by dividing each applicant's median household income into the lowest median household income of any eligible local government and multiplying by 40.

B) 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; and conformance with applicable underwriting and review requirements contained in 24 CFR Part 570.

Points for feasibility will be awarded by a DCA staff review panel as follows:

Level One (Poor)	-0-
Level Two (Fair)	52.5
Level Three (Good)	105.0
Level Four (Very Good)	157.5
Level Five (Excellent)	210.0

C) 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 a national

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objective of the CDBG Program; documentation that the project complies with all local ordinances, state law and state regulations. Points will be awarded by a DCA staff review panel as follows:

Level One (Poor)	-0-
Level Two (Fair)	60.0
Level Three (Good)	120.0
Level Four (Very Good)	180.0
Level Five (Excellent)	240.0

D) Factor 4: Leverage

Leverage points will be 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). The "leverage ratio" of other private or public funds will be the criterion considered. 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. Points will be awarded by a DCA staff review panel as follows:

Level One (Poor)	-0-
Level Two (Fair)	7.5
Level Three (Good)	15.0
Level Four (Very Good)	22.5
Level Five (Excellent)	30.0

D) **The Immediate Threat and Danger Program**

Up to \$400,000 from each federal fiscal year's allocation to DCA for CDBG will be set-aside for this program. The Immediate Threat and Danger Program is intended to respond to events or situations which have a particular urgency and uniqueness which adversely affect or impact the health or welfare of the community and its citizens and where other financial resources are not available to meet such need. To be considered, the event or situation must have a sense of urgency and be of recent origin or have recently become urgent. Recent origin is defined as a condition that has developed or become critical generally within 18 months of application. Ample description of the cause of the threat and probable ramifications must be provided. Grant amounts under this program generally cannot exceed \$50,000.

Generally, a grant awarded under this program cannot be more than 50% of the project cost. The applicant (local government) must provide at least 10% of the project cost. These requirements may be waived in extraordinary circumstances. In case of a "major disaster,"

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the Commissioner will determine the extent of DCA involvement. The Commissioner may waive the maximum grant amount and other requirements in case of a "major disaster."

Application and Review Procedures

Applications can be submitted at any time and funds will be awarded to eligible applicants who meet the threshold described above, as long as funds remain in the set-aside amount. Applications must include a certification that other financial resources are not available to meet the identified needs; the situation poses a serious and immediate threat, and identifies the other sources of project funding.

Upon receipt of a request for assistance, DCA staff will review the application for completeness and degree of urgency. Staff may visit the locality to inspect the problem cited by the applicant and may consult with other appropriate state, federal or local agencies to determine the extent of the threat prior to funding decisions. After staff recommendations, the Commissioner, using the same criteria and based on staff recommendations, will approve or deny the request and transmit the decision to the local government.

E) Loan Guarantee Program (Section 108)

The CDBG Loan Guarantee Program (Section 108 Program) is an economic and community development financing tool authorized under Section 108 of Title I of the Housing and Community Development Act of 1974, as amended. The program provides a method of assisting non-entitlement local governments with certain unique and large-scale economic development projects that cannot proceed without the loan guarantee. In order to be eligible a project must meet all applicable CDBG requirements and result in significant employment opportunities and/or benefits for low- and moderate-income persons. Projects that are eligible for financing under existing federal, state, regional or local programs will generally not be considered for guarantee assistance unless the programs would fail to fully meet a project's need.

Unlike the traditional CDBG or EIP Program, the Section 108 Program does not operate through assistance from the Department of Community Affairs (DCA). Rather, funds are raised through DCA's "Pledge of Grants" to the U.S. Department of Housing and Urban Development (HUD) in order to obtain a federal guarantee of notes issued by the local government. The federally guaranteed notes are sold into private markets through public offerings conducted by HUD. By approving the project, a State pledges its future CDBG funds as the ultimate repayment source should a Section 108 loan default. The State's participation in the Section 108 program does not involve a pledge of Georgia's full faith and credit nor does it commit any funding to the local government. HUD makes the ultimate approval or denial of the federal guarantee.

Since CDBG funds are an essential and critical resource for Georgia's non-entitlement local governments, DCA will use conservative rating, selection and underwriting criteria in evaluating requests for the State's concurrence and Pledge of Grants. Only those projects that DCA determines can generate sufficient revenue from project resources to debt service all obligations will be competitive under the State's Section 108 rating and selection system.

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Maximum Loan Guarantee Amount for Specific Projects:

The maximum Loan Guarantee amount is \$5,000,000. In the interest of limiting exposure and promoting a diversified portfolio, DCA reserves the right to limit the amounts “pledged” to any one unit of local government or business interest.

Total Allocation Available to DCA:

DCA may set-aside a multi-year, cumulative total of up to twenty percent (20%) of its most recent CDBG allocations plus any CDBG program income for Pledge of Grants that will be used as security for notes and other obligations issued by units of non-entitlement local government pursuant to Section 108 of the Housing and Community Development Act of 1974, as amended.

For projects that would provide extraordinary public benefit, job creation, and private investment, the DCA Board of Directors may approve allocation and loan amounts that exceed the twenty percent (20%) set-aside and/or maximum loan guarantee amounts. However, in no event may the amounts pledged exceed the limits contained in CFR Part 570.705(a) or up to five (5) times the amount of its last CDBG grant less the amounts of any unpaid balances previously guaranteed.

These Pledge of Grants do not immediately reduce the State’s non-entitlement CDBG allocations, but rather create an obligation on the part of the State to use its CDBG funds to make payments on behalf of local governments that default on their loan payments to note holders. For any notes backed by the State’s Pledges, DCA will require appropriate covenants that transfer an appropriate share of the risk to the local government and sub-recipient business.

Soft Costs and Fees

Local governments interested in obtaining Section 108 financing must cover their own application preparation and administration costs in order to be competitive. Certain underwriting and issuance costs required by HUD in order to participate in the program are allowable and will not affect an application’s competitiveness; however, all “soft costs” not necessary to cover HUD-required underwriting and issuance costs are not eligible for inclusion under Section 108 financing and must be paid from non-Section 108 sources. Limited technical assistance will be available from DCA on the preparation of a pre-application and application.

Eligible Activities

Eligible activities under the Section 108 program are those identified in 24 CFR Part 570.703 which include (but are not limited to):

- Acquisition of improved or unimproved real property in fee or by long-term lease, including acquisition for economic development purposes
- Rehabilitation of real property owned or acquired by the public entity or its designated public agency

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- Payment of interest on obligations guaranteed under the 108 Program
- Clearance, demolition and removal, including movement of structures to other sites, of buildings and improvements on real property acquired or rehabilitated pursuant to program rules
- Site preparation, including construction, reconstruction, or installation of public and other site improvements, utilities, or facilities (other than buildings), which is related to the redevelopment or use of the real property acquired or rehabilitated pursuant to activities a and b of this section, or for an economic development purpose
- Payment of issuance, underwriting, servicing, trust administration and other costs associated with private sector financing of debt obligations under the 108 program.
- The acquisition, construction, reconstruction, rehabilitation or installation of commercial or industrial buildings, structures, and other real property equipment and improvements, including railroad spurs or similar extensions. Such activities may be carried out by the recipient or public or private nonprofit sub-recipients
- The provision of assistance to a private for-profit business, including, but not limited to, grants, loans, loan guarantees, interest supplements, technical assistance, and other forms of support, for any activity where the assistance is appropriate to carry out an economic development project, excluding those described as ineligible in CFR Part 570.207(a). In selecting businesses to assist under this authority, the recipient shall minimize, to the extent practicable, displacement of existing businesses and jobs in neighborhoods
- A debt service reserve to be used in accordance with requirements specified in the contract entered into pursuant to CFR Part 570.705(b)(1)
- Acquisition, construction, reconstruction, rehabilitation, or installation of public facilities (except for buildings for the general conduct of government), public streets, sidewalks, and other site improvements and public utilities

For each activity funded under the 108 Program, at least seventy percent (70%) of all proposed beneficiaries and/or jobs to be created or retained as a result of the 108 project must be documented to be created for and able to be "taken by" or retained by persons defined as low- and moderate-income by DCA. Before project closeout, at least 70% of all jobs created must be documented to have been "taken by" persons defined as low- and moderate-income.

For projects that would provide extraordinary public benefit, job creation, and private investment, the Department may approve a slightly reduced low- and moderate-income benefit threshold. However, in no event may a specific project's low- and moderate- income benefit level fall below fifty-one (51%) or a level that the Department determines could cause the State to fall below the mandated program-wide low- and moderate- income benefit levels contained at CFR Part 570.484.

Application Procedures

Local governments interested in applying to HUD for a loan guarantee must first apply to DCA in order to obtain the State's concurrence and Pledge of Grants.

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The application procedure for the Section 108 Program includes a pre-application and final application phase. Final applications may only be submitted following a written invitation from DCA. The purpose of the pre-application will be to underwrite, evaluate and score a proposed project to determine if the proposed project meets the requirements for the State's concurrence and Pledge of Grants. The purpose of the final application will be for DCA to approve the final form of the local government's application to HUD and negotiate any local certifications, credit enhancements and other understandings required as a condition of the State's Pledge of Grants approval. The final application shall be submitted to DCA for review, approval and transmission to HUD for their review.

Local governments may submit pre-applications for consideration at any time. Pre-applications and 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 lead applicant. Pre-applications and applications for the 108 Program must be submitted in conformance with the format and applicable instructions specified by DCA Section 108 pre-application and application manuals.

Rating and Selection Process

Upon receipt of a pre-application under this program, staff will review the pre-application for completeness and for evaluation against the various rating and selection factors. For purposes of this program, the rating and selection factors shall be those specified in this section and any additional and/or supplemental information, data, analyses, documentation, commitments, assurances, etc. as may be required or requested by DCA for purposes of evaluating, rating, and selecting applicants under this program. Applications that contain insufficient information or documentation to be evaluated may be returned to the locality without further review.

The staff may conduct site visits and hold discussions with applicants and proposed sub-recipients for the purposes of confirming and evaluating information contained in the pre-application or application. The staff may consult with other appropriate government and private entities in the course of reviewing and evaluating information contained in pre-applications and applications. The scores obtained for the various selection factors will be totaled and only those applicants with scores of at least 325 points will be considered for a Pledge of Grants.

Selection System for Section 108 Applications

Section 108 Applications will be rated and scored against each of the following factors:

Review Factors	Maximum Points Available
Demographic Need	90 points
Program Feasibility	120 points
Program Impact	120 points
Program Strategy	120 points

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<u>Bonus (for Credit Enhancement)</u>	<u>25 points</u>
Total Available Points	475 points

A) Demographic Need (90 points)

- Absolute Number of People in Poverty (30 points)

All eligible local governments will be compared in terms of the absolute number of people whose incomes are below the poverty level. Individual scores will be obtained by dividing each government's absolute number of persons in poverty by the greatest number of persons in poverty of any eligible local government and multiplying by 30.

- Percent of People in Poverty (30 points)

All eligible local governments will be compared in terms of the percentage of people whose incomes are below the poverty level. Individual scores will be obtained by dividing each government's percentage of persons in poverty by the highest percentage of persons in poverty of any eligible local government and multiplying by 30.

- Median household Income (30 points)

All eligible local governments will be compared in terms of their median household income. Individual scores will be obtained by dividing each government's median household income into the lowest median household income of any eligible local government and multiplying by 30.

Demographic scores will be based on the latest available data, consistent as of the same point in time for each factor. Scores will be based on county data.

B) Program Feasibility (120 points)

The following factors will be considered:

- Local government's financial condition
- Local social-economic conditions and need
- Organizational status of development agency or sub-recipient business
 - 1) Reputable history for business and all related entities
 - 2) Credit History
 - 3) Litigation
 - 4) Government Findings/Sanctions
- Is the proposed business or development concept/product/service proven or does the proposal represent an untried business model
- Does the proposed Section 108 investment/purpose contain the basis for its repayment
- Is the development agency's or sub-recipient business' historical performance and standing secure in the following areas: capital management, debt capacity, management character & experience, collateral value, economic and market conditions

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- Is the development agency's or sub-recipient business' proposed development or business plan reasonable and does it use reasonable assumptions in the following areas: capital investment; debt service capacity, management ability, collateral value, industry analysis, response to future economic and market conditions
- For real-estate projects, does the proposed development team have a successful record of accomplishment, Developer / Contractor / Architect / Leasing Agent / Property Manager / Syndicator / Construction Manager / Interim and Permanent Lenders
- Does the proposed project comply with the CDBG regulations and guidelines for "appropriateness", underwriting, and public benefit
- Are all project costs verified through either original source documents, architectural and engineering reports, or an MAI or other certified appraisal acceptable to DCA
- Is the balance of all financing sources verified and committed
- Is all required real-estate available, have clear title, and under proper option
- Is the development agency's or sub-recipient's investment and job commitment letter in the proper format
- Are all needed architectural plans, engineering reports, plans, and specifications completed and approved by appropriate authorities
- Can the project be carried out in accordance with all applicable federal, state, and local law, regulation and permitting requirements

Feasibility points will be awarded by a DCA staff review panel, in accordance with the levels below, based on how well the applicant addresses the impact factors:

• Level One	(poor)	00.0
• Level Two	(below average)	30.0
• Level Three	(average)	60.0
• Level Four	(good)	90.0
• Level Five	(excellent)	120.0

C) Program Impact (120 points)

The following factors will be considered:

- Number of jobs created and/or retained
- Section 108 cost per job
- Availability of jobs to low/mod income persons
- Quality of jobs and employee benefits (health, retirement, leave, etc.)
- Project's impact on local unemployment rates
- The project's impact on blighting conditions that threaten public health and safety or impede economic development

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Points for impact will be awarded by a staff review panel, in accordance with the levels below, based on how well the applicant addresses the impact factors:

Level One	(poor)	00.0
Level Two	(below average)	30.0
Level Three	(average)	60.0
Level Four	(good)	90.0
Level Five	(excellent)	120.0

D) Program Strategy (120 points)

The following factors will be considered:

- Documentation that the proposed project is not eligible under existing federal, state, regional or local economic development financing programs or else the programs would fail to fully meet the project's need.
- Documentation that the proposed project represents a unique, large-scale project that will further the objectives of Title I of the Housing and Community Development Act.
- Documentation that the local government will assign certain responsibilities under 108 to the State to insure efficient credit monitoring, sub-recipient loan servicing and 108 loan payments.
- The ratio of private equity and investment to Section 108 funds.
- Documentation that the sub-recipient business or development agency will generate sufficient revenue and that sufficient credit enhancements are in place to reasonably insure that the Section 108 loan can be amortized without any risk to future CDBG allocations
- Documentation that the public benefits to be achieved is reasonable and to the extent, practicable Section 108 funds will not substitute for other available funds
- Adequacy of financing strategy – repayment ability, rate, term (maximum consideration for terms less than 10 years), type (maximum consideration for permanent financing the applicants can provide will be most competitive), and collateral and security
- Validity of sub-recipient's commitment to fulfill hiring and investment commitments
- Project's conformance to: i) local and regional plans; ii) service delivery strategy and iii) the Georgia Planning Act
- Project's conformance to federal, state, and local laws and regulations
- Relationship to overall objectives of the Section 108 and CDBG Program, including the extent of benefit to persons of low and moderate income

Strategy points will be awarded by a staff review panel, in accordance with the levels below, based on how well the applicant addresses the strategy factors:

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Level One	(poor)	00.0
Level Two	(below average)	30.0
Level Three	(average)	60.0
Level Four	(good)	90.0
Level Five	(excellent)	120.0

E) Bonus for Pledge of Assets and/or Credit Enhancement (25 points)

Localities, which have a local Revolving Loan fund (RLF) capitalized with EIP or CDBG proceeds, federal Economic Development Initiative (EDI) or Brownfield (BEDI) grants or other assets, may, at their discretion, pledge those assets as a “loan loss reserve” or other security or credit enhancement in order to boost the competitiveness of their 108 application. Likewise, borrowers may also receive bonus points for agreeing to provide other credit enhancements such as stand-by letters of credit, guarantees or other recourse instruments. The consideration will consist of a maximum of an extra 25 points for use in the State’s Section 108 “Pledge of Grants” decision.

Invitation to Submit a Final Application

The points received by a pre-applicant on the rating factors will be totaled. In order to receive an invitation to submit a final application, a pre-application must receive at least 325 points. In cases where fundable pre-applications exceed available funds, the pre-applicant with the highest number of jobs benefiting low- and moderate-income persons will be given priority.

Final Application Funding Determination

Final applications are invited only for those projects that meet the pre-application threshold requirements. The locality submitting the Section 108 final application must hold public hearing(s) in accordance with the requirements of HUD and Georgia's CDBG program.

Final applications for the Section 108 Program must be submitted to DCA in conformance with CFR Part 570.704 and the format and applicable instructions specified by DCA and HUD. The final application review will ensure that all appropriate funding criteria have been considered, and the overall benefits to be achieved warrant the State’s concurrence, acceptance of the responsibilities outlined in CFR Part 570.710 and “Pledge of Grants.”

Upon approval by DCA, the Final Application will be placed in its final form by the applicant local government and submitted to DCA for transmission to HUD for their review with assistance from DCA. It should be noted that DCA reserves the right to ask local governments to submit their applications without the State’s Pledge of Grants in cases where the final security requirements or other issues are unknown. In such cases, the State’s Pledge of Grants would be forthcoming to HUD upon the successful negotiation of a security arrangement and repayment schedule acceptable to the State.

CDBG Loan Guarantee Performance Thresholds

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Recipients of prior CDBG funding with outstanding audit, monitoring findings and/or other program exceptions, which involve a violation of federal, state or local law or regulation and/or have failed to substantially meet their proposed accomplishments in their current CDBG or EIP projects are ineligible for 108 consideration. Local governments and businesses that default on a loan payment under the 108 program shall be sanctioned and immediately become ineligible to compete for or receive any DCA grant or loan until the State is “made whole” in regards to its CDBG loss. In addition, applicants must comply with their reporting under the Georgia Planning Act, the Service Delivery Strategy Law (H.B. 489), the Georgia Solid Waste Management Act, the Local Governments Audit Act and the DCA Local Government Finance Report requirements.

F) Innovative Grant Program

The Community Development Block Grant Program (CDBG) is the cornerstone of states’ efforts to address the economic and community development needs of towns and rural areas. It is also the most flexible source of federal assistance to address a wide range of community development needs that stabilize and grow communities.

As an effective conduit to funnel resources to help rebuild and invest in our nation’s communities, Georgia’s non-entitlement local governments have used CDBG for a variety of traditional infrastructure activities, including roads and bridges, drinking water systems, sanitary sewer systems, safe streets and sidewalks (curb, gutter, and street pavement), installation of utilities, improved drainage systems to prevent flooding and installation or reconstruction of public improvements to support affordable housing developments. Our cities and counties have also used CDBG for economic development activities that create and retain jobs that ultimately improve the quality of life for low- and moderate-income persons. Housing rehabilitation is also among the many additional activities undertaken through the CDBG program, as are public improvements such as senior centers and construction and support of rural health care facilities.

The Department is committed to providing communities with the financial resources to adequately address local needs and to make an impact; even transformational changes. As an additional resource to help local governments meet this challenge, using funding from the FY 2018 and FY 2019 funding years, DCA will include an Innovative Grant program to reward local governments that can implement projects that will result in transformational change.

The purpose of the Innovative Grant Program set-aside is to encourage projects that will result in transformational changes. While transformational means different things to different people, for the purposes of this grant set-aside, DCA is defining transformational as an individual or series of activities that will support long-term, systemic and sustainable change. This definition is broad enough to allow Georgia’s local governments flexibility in defining what could be transformational.

DCA recognizes that transformational change cannot occur overnight or without sustainable financial resources. In order to provide communities that can demonstrate their vision, strategy

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and commitment to transformational change, DCA will provide financial resources to help kick start change.

To support transformational change, for FFY 2018 and FFY 2019, \$2,000,000 will be set-aside for the Innovative Grant Competition from each year—total set-aside of \$4,000,000. Local governments eligible for the State’s non-entitlement CDBG program can apply for up to \$2,000,000 from the \$4,000,000 pool. Similar set-asides may be made available in future years

The Innovative Grant Program requires that applicants submit preliminary applications (pre-applications.) This pre-application process will allow applicants and DCA to assess the potential competitiveness of a proposed project prior to initiating the sometimes expensive and time-consuming process of developing a full application.

Activities which are eligible under the Housing and Community Development Act of 1974, as amended, and the HUD implementing regulations applicable to the State CDBG Program are eligible for funding under this special set-aside.

Goals

Potential projects can look to one or more of the following goals:

- 1) Provide a service to previously unserved or underserved low- and moderate-income persons or group.
- 2) Use unique or original strategies that will produce traditional CDBG projects at a lower CDBG cost.
- 3) Encouragement of initiative, resourcefulness and creativity in addressing problems intrinsic to low- and moderate-income persons.
- 4) Coordination of private profit and nonprofit, federal, state and local public resources in unique ways or which have not traditionally been coordinated in order to address problems intrinsic to low- and moderate-income persons or groups.
- 5) Use ‘community revitalization’ strategies to create partnerships among federal, state, and local governments, and their related agencies, the private sector, community organizations, and local residents to alleviate blight and create opportunities in economically distressed areas.
- 6) In an effort to coordinate existing resources to create innovative public-private partnerships, the Innovative Grant Program encourages local governments to use a ‘community revitalization’ strategy in developing grant applications. This strategy, which is generally not eligible under the regular round competition, allows local governments to take a different approach to rebuilding communities by addressing the problems of disinvestment, job loss, and blight in non-

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entitlement downtowns. This strategy will allow certain downtown revitalization and microenterprise projects to be eligible under this competition.

Rating and Review Procedure

Applications will be rated and points awarded based on the following point system.

<u>Factor</u>	<u>Maximum Points</u>
1. Project Feasibility	110
2. Project Strategy and Innovation	240
3. Leverage of Additional Resources	30
Total Maximum Points	380

B) Factor 1: 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; and conformance with applicable underwriting and review requirements contained in 24 CFR Part 570.

Points for feasibility will be awarded by a DCA staff review panel as follows:

Level One (Poor)	-0-
Level Two (Fair)	27.5
Level Three (Average)	55.0
Level Four (Good)	82.5
Level Five (Excellent)	110.0

C) Factor 2: Strategy and Innovation

Applicants will be compared in terms of program strategy and innovation. The following factors are considered: 1) an analysis of alternative solutions to address the identified problems and the costs of those solutions compared to the alternative chosen; 2) the extent of benefit to persons of low- and moderate- income; 3) the projects' support of comprehensive community or neighborhood conservation, stabilization, and revitalization in addition to the degree of the resident's support and involvement; and 4) the extent of the project's support for the goals of the Innovative Grant Set-Aside as outlined in items 1-6 in the Goals section above. Points will be awarded by a DCA staff review panel as follows:

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Level One (Poor)	-0-
Level Two (Fair)	60.0
Level Three (Average)	120.0
Level Four (Good)	180.0
Level Five (Excellent)	240.0

D) Factor 4: Leverage

Leverage includes additional resources committed to and directly related to the project, including cash above the required minimum cash match amount, the purchase of equipment and furnishings with non-CDBG funds, and additional grants and loans from other sources. A “reasonable” value must be assigned to donated and “in-kind” items. Up to 30 points can be assigned for leverage of additional resources.

The leverage score will be calculated as follows:

Total dollar value of leverage for each applicant will be calculated and then divided by the total population of the applicant in order to obtain a per capita leverage figure reflective of each applicant's relative effort. The applications will then be ranked based on per capita leverage amounts, from no leverage (no points) to highest per capita leverage and points assigned based on the percentile ranking. If no applicant has \$0 leverage, a proxy score of \$0 will be inserted to ensure that if leverage is provided by the applicant a score greater than \$0 will result.

Up to 30 points can be assigned for leverage of additional resources. The ranking will be established using the range of applicants' per capita leverage amounts (from 0 to the highest per capita leverage) and calculating a percentile score for each applicant's per capita leverage amount within the range. This percentile score will be multiplied times 30 to establish the points for per capita leverage.

For example, if an applicant's per capita leverage amount is \$300 and if \$300 represents a percentile score of 50 percent, the leverage points will be 15 ($.50 \times 30 = 15$).

Deadlines for Preliminary and Full Applications

To participate in the Innovative Grant funding cycle, all preliminary applications must be submitted to DCA by May 31, 2019. Full applications must be submitted to DCA by August 31, 2019. All applications must be U.S.P.O. postmarked no later than the dated indicated or be hand delivered no later than the close of business on each of the two deadline dates. Applications that are mailed must be sent by certified or registered mail. An original and three (3) copies are required.

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Administrative Secretary
c/o Community Finance Division
Georgia Department of Community Affairs
60 Executive Park South, N.E.
Atlanta, Georgia 30329-2231

Preliminary Applications (Pre-applications)

The purpose of the preliminary application is for the applicant to notify DCA of its interest in making a formal application and for DCA to determine if a proposed application meets the intent of the set-aside, and is eligible for funding. After review of preliminary applications, applications that are determined to meet the intent of the Innovative Round as being transformative, will be invited to submit full applications. DCA may provide comments to applicants intended to strengthen competitive applications. Staff may also conduct site visits and hold discussions with applicants for the purpose of confirming and evaluating information contained in the pre-application. In addition, staff may also consult other appropriate public and private entities in the course of evaluating preliminary applications.

While it is expected that only one annual Innovative Grant competition will be held, DCA reserves the right to hold additional competitions in the event the entire set-aside is not awarded.

Final Applications

At the completion of the review of preliminary applications, DCA shall select preliminary applicants to submit a full and final application for further competition. As previously indicated, a deadline of August 31, 2019 has been established by DCA for receipt of the final application.

It is anticipated that review and recommendations will be completed by September 30, 2019.

All awards under the Innovated Grant Set-Aside have a minimum match requirement of 15% of the amount of the grant request.

G) Program Income Policy

Locally generated program income is generally retained at the local level and must be utilized to continue the same activity from which they were derived, in accordance with the Housing and Community Development Act, as amended and HUD regulations.

The section above describing the Special Provisions for the Employment Incentive Program discusses situations in which local RLF assets created by the EIP Program may be returned to the state. Any assets so returned will be added to the state's existing CDBG allocation for the Regular Annual Competition, used for CDBG Loan Guarantee Program, used for

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the Redevelopment Fund, or used to capitalize a statewide RLF used to fund additional economic and community development projects.

H) Reallocated & Recapture Funds

HUD reallocated funds are those funds that HUD has recaptured from direct HUD- funded grantees and reallocated to the State. State recaptured funds are funds the State receives back from a State CDBG Recipient because of a CDBG deobligation or termination.

Any such funds received by the State will be distributed by the State in the same manner as regular CDBG funds. At the discretion of the Commissioner, they may be used to fund additional Regular Annual Competition projects, for any of the set-aside programs, for the CDBG Loan Guarantee Program, or for State Administration, subject to the limitations set of the Housing and Community Development Act, as amended and this Plan.

I) Reallocation of Remaining Funds

In the event 2019 Program Year Funds set-aside for the Annual Competition, the Redevelopment Fund, the Employment Incentive Program (EIP), or the Immediate Threat and Danger Program, or the 2018 Innovative Grant Program are not awarded by the end of the fiscal year, they may be utilized for funding additional Regular Annual Competition grants, Redevelopment Fund, EIP grants, the Immediate Threat and Danger grants, or for State Administration, subject to the limitations of the Housing and Community Development Act, as amended.

J) Monitoring

To insure that each recipient of CDBG funds operates in compliance with applicable federal laws and regulations, DCA conducts frequent on-site monitoring of every grant award. DCA follows a monitoring strategy that closely reviews government activities and provides extensive technical assistance to prevent compliance problems. All required compliance requirements are described in the CDBG Recipient's Manual.

Pre-funding site visits are made to each potential grant recipient. Once grants are awarded, DCA conducts an initial "start-up" visit to assess the capacity and needs of each recipient. In addition, all recipients are encouraged to attend a workshop for extensive training and provided a program manual to utilize for implementing their projects. Recipients must constantly monitor performance to ensure that time schedules are being met, projected milestones are being accomplished, and other performance goals are being achieved in accordance with the approved application.

Each grant recipient is monitored several times each year by trained DCA staff. A monitoring report is completed for the following compliance areas:

- Environmental
- Eligibility
- Fair Housing

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- Section 3
- Civil Rights and Equal Opportunity
- Financial and Audit
- Federal Labor Standards
- Acquisition and Relocation, Section 104(d)
- Interim and Final Audit
- Final Benefit Count
- Housing Rehabilitation Standards and Policies
- Lead Based Paint Hazard Reduction Regulations
- Citizen Participation
- Professional Procurement
- Construction Procurement

In the event that DCA staff identifies compliance problems, the Chief Elected Official is notified and a deadline is set for a response and possible corrective actions. DCA maintains a monitoring status system to insure timely resolution of findings. Prior to formal close-out of each grant, a final check is made to be sure all monitoring has been completed and any finding is resolved satisfactorily.

Float-Funded Activities

The State does not propose to provide CDBG Float-funded activities during SFY 2020 using an allocation of FFY 2019 funds. However, if the State proposes such an activity, the appropriate program will be implemented in accordance with applicable HUD regulations found at 24 CFR 92.209-92.211.

SUMMARY OF PROPOSED CDBG FUNDING ALLOCATION FFY 2019/SFY 2020

PROGRAMS	Immediate Threat & Danger Program	<i>Up to \$400,000</i>
	The Redevelopment Fund	<i>Up to \$3,000,000</i>
	Employment Incentive Program	<i>Up to \$5,000,000</i>

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Innovative Grant Program	<i>Up to \$1,000,000 from the FFY 2018 CDBG Award and up to \$1,000,000 from the 2019 CDBG Award. Total up to \$2,000,000.</i>
Annual Competition	<i>Balance of HUD Allocation after administration and technical assistance</i>

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