

Community Development Block Grant

CDBG Grant Application Handbook FFY 2011



**State of Alaska
Sean Parnell, Governor**

**Department of Commerce, Community, and Economic Development
Susan K. Bell, Commissioner**

Division of Community and Regional Affairs

Community Development Block Grant Program
FFY 2011 Distribution Schedule

Grant Application letter Distributed September 2, 2011
to Eligible Applicants

Completed Applications Due to DCCED Fairbanks Office..... December 2, 2011

IMPORTANT: See Notes on Page 20-21 for Application Submission Details.

Award Announcement March 2012

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Application Packet & Appendix Packet

Yellow Appendix Packet
.... ALL Appendices

Note: Applicants are required to fill out the yellow Appendix Packet and attach it to the CDBG Application for submittal.

**Department of Commerce, Community, and Economic Development
Division of Community and Regional Affairs**

**Community Development Block Grant Program
Grant Administrators**

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211 Cushman Street
Fairbanks, AK 99701-4639**

*Note: Applications may
only be submitted
to the Fairbanks
Office.*

I.

Overview: How to use the Application Handbook

This Grant Application Handbook is designed to provide information about the State of Alaska Small Cities **Community Development Block Grant (CDBG) Program** and to provide instructions and forms for preparing and submitting a funding request. This 2011 funding cycle begins on September 2, 2011 with distribution of the letter notifying eligible applicants of the availability of this Handbook, the Application and Appendix Packet. Instructions for the Application Packet can be found in Chapter IV. Completed Application Packets **must be received** in the **Fairbanks office** of the Department of Commerce, Community & Economic Development, 211 Cushman Street, Fairbanks, Alaska 99701-4639, by **4:30 p.m. December 2, 2011**. All necessary documents for a complete application must be received in the Fairbanks office by this deadline. Applicants must submit **an original and five copies of the application, the appendices, and all attachments**.

The CDBG Program is a flexible source of competitive funding for a broad range of community development activities. Grant funding is available for three categories of projects:

- ✓ **Community Development**
- ✓ **Planning**
- ✓ **Special Economic Development**

An applicant may apply for a maximum amount of **\$850,000** in grant funds during a single annual competition to address eligible community needs.

The Grant Application Handbook is divided into four chapters:

- I. Overview**
- II. CDBG Grant Program Summary**
- III. Grant Selection, Award, and Project Initiation**
- IV. Application Instructions, Requirements, Rating Criteria, and Application Packet, plus Appendices**

The CDBG Grant Program Summary chapter is intended to provide applicants with basic information about the CDBG Program including mission, goals, objectives, funding availability, eligibility guidelines, and special requirements and funding limitations. Prospective applicants should use this information to determine compatibility between CDBG Program priorities and activities for which funding is being sought.

The Grant Selection, Award, and Project Initiation chapter describes the steps involved in the grant selection, how awards are made, and the process for initiating project grant agreements. With this information, prospective applicants will be able to plan their implementation schedules in anticipation of receiving a CDBG grant award. **Please note: If you plan to submit a CDBG funding request, all work on the project, unless exempt from environmental review requirements, must stop at the time of application for CDBG funding. If funded, there are federal requirements that must be met before work starts on an activity. You may not incur or spend anticipated CDBG funds or matching funds before appropriate clearances are given.**

The Application Instructions, Requirements, Rating Criteria, and Forms chapter provides the information needed to complete the Application Packet, including the narratives, forms, and

certifications. Step-by-step instructions for completing the application component are included along with a description of the requirements and rating criteria used to evaluate the responses.

The Appendices contain reference information needed to complete the various steps in the application process. Step-by-step instructions for completing each appendix are included. The yellow Appendix Packet should be filled out and appropriate pages attached to the application you will be submitting. Please submit the pages with original signatures.

- Appendix A** provides an Authority to Participate form.
- Appendix B1** provides information for determining benefit to Low and Moderate Income persons.
- Appendix B2** provides Job Creation/Retention forms for applicable projects.
- Appendix B3** provides tables for determining LMI percentages and income levels by community and/or district.
- Appendix C** Statement of Assurances and Certifications, provides a list of federal and state requirements which may apply to the applicant's project and which are referenced in the Authority to Participate form.
- Appendix D** provides Environmental Review information.
- Appendix E** provides a Joint Application Agreement for use if appropriate.
- Appendix F** provides a Cooperative Application Agreement for use if appropriate.
- Appendix G** provides a listing of Potential Project Permit Requirements.
- Appendix H** provides a disclosure form for Section 102 of the HUD Reform Act.
- Appendix I** provides a form for certifying compliance with the Americans with Disabilities Act.

To obtain additional information about the program, or to request assistance when attempting to complete an application, contact any of the Block Grant Staff listed on page 3 of this Grant Application Handbook.

II.

CDBG Grant Program Summary

A. PROGRAM MISSION

The overall mission of the State of Alaska Community Development Block Grant Program is to enhance the quality of life for low and moderate income residents, particularly in rural Alaska. The CDBG Program fulfills this mission by acting upon its defined goals and objectives.

B. PROGRAM GOALS

The goals of the program are to:

- ✧ Ensure that the State's CDBG funds will be used to principally benefit low and moderate income persons.
- ✧ Provide financial resources to communities for public facilities, planning, and special economic development activities which encourage community self-sufficiency, reduce or eliminate conditions which are detrimental to the health and safety of local residents, and reduce the costs of essential community services.
- ✧ Provide capital to assist in the creation or retention of jobs that primarily benefit low and moderate income persons.

Title I of the Housing and Community Development Act of 1974, as amended through October 1996, identifies the three National Objectives listed below. The State of Alaska has chosen to consider only those projects which meet the first objective.

- ✧ principally benefit persons of low and moderate income;
- ✧ prevent or eliminate slums or blight; or
- ✧ meet urgent community development needs which pose a serious and immediate threat to public health or safety.

C. PROGRAM OBJECTIVES

The following objectives guide distribution and use of funds:

- ✧ To support activities which provide a substantial or direct benefit to low and moderate income persons.
- ✧ To support activities which eliminate clear and imminent threats to public health and safety.

- ❖ To support local efforts toward solving public facility problems by constructing, upgrading, or reducing operational/maintenance costs of essential community facilities.
- ❖ To support activities which demonstrate the potential for long-term positive impact.
- ❖ To support activities which encourage local community efforts to combine and coordinate CDBG funds with other available private and public resources whenever possible.
- ❖ To support activities which will result in business development and job creation or retention which principally benefit low and moderate income persons.

D. ESTIMATED AMOUNT OF FUNDS AVAILABLE AND DISTRIBUTION

It is estimated that the State of Alaska will distribute approximately \$2.4 Million in federal Small Cities Community Development Block Grant funds from the Federal Fiscal Year 2011 CDBG allocation. These funds will be distributed on a competitive grant basis to highly rated applicants.

The funds available under the competitive grant program will be targeted toward Community Development activities and Planning activities which address health and safety needs of low and moderate income residents or which support future community/economic development and community self-sufficiency.

Note: There is a statutory limitation on the amount of Planning funds which the Department may award each year.

E. ELIGIBLE APPLICANTS

For CDBG Grant Applications, eligible applicants are:

Any municipal government entity as defined by Title 29 of the Alaska Statutes, i.e., home rule, first, second, and third class boroughs, unified municipalities, and first and second class cities, which exercise powers consistent with the proposed project, **except the Municipality of Anchorage.**

An eligible applicant, as defined above, may submit a CDBG Grant Application in cooperation with a non-municipal entity such as a non-profit corporation organized under AS 10.20, which is in good standing with the State of Alaska, or a Native Village Council, if the proposed project will principally benefit low and moderate income residents of the municipal government entity. A Cooperative Agreement (see Appendix F) would be required between all parties.

Two or more eligible applicants, as defined above, may submit a joint CDBG Grant Application if they have identified a mutual need which may be addressed more appropriately jointly rather than individually. A Joint Application Agreement (see Appendix E) would be required between all parties.

F. ELIGIBLE PROJECT CATEGORIES & ACTIVITIES

The State of Alaska CDBG Grant Program may be used to fund projects in three categories: **Community Development, Planning, and Special Economic Development.** The following summary, identifying the common types of eligible activities in each category, is for general reference only. A complete list of eligible and ineligible activities can be found in Title I of the Housing and Community Development Act of 1974, as amended.

Each applicant is expected to consult with CDBG Program staff about project eligibility and structure prior to submission of an application. It is important that applications be submitted under the appropriate category.

Community Development

Under Section 105(a)(2),(4), (5), (7), (14) & (15), CDBG grant funds may be used for acquisition, construction, reconstruction or installation of public facilities and improvements such as health clinics, daycare centers, shelters for the homeless, water and sewer systems, solid waste disposal facilities, flood and drainage facilities, docks and harbors, and electrical distribution lines, fuel and gas distribution systems; transportation improvements including local service roads, trails, airports, barge facilities or subsistence access areas; removal of architectural barriers which bar handicapped and elderly persons from accessing public facilities and

structures; acquisition or disposition of real property; clearance, demolition, or removal of buildings and improvements. This category also includes acquisition, design, construction, or rehabilitation of fire protection facilities, and purchase of fire protection equipment.

Community Development activities do not include the purchase of any personal property or any equipment unless it is attached to a facility or building and considered an "integral structural feature". Fire protection equipment is the only exception.

Planning

Under Section 105(a)(12), CDBG grant funds may be used for conducting studies; collecting data; preparing analyses; preparing plans and identifying actions which will implement plans; conducting marketing and feasibility studies; preparing community economic development plans; preparing community land use plans; preparing capital impro-

vement plans; or conducting updates of any of the above.

Planning activities do not include engineering, architectural, and design costs related to a specific project activity. These activities may be eligible under the Community Development category.

Special Economic Development

Preface: The purpose of this preface is to distinguish the concept of "Economic Development" from the term "*Special Economic Development*" as used in the CDBG Program. "Economic Development" can be interpreted very broadly to include all endeavors aimed at sustaining or increasing the level of business activity in a community. Under this broad concept, most CDBG activities could be viewed as economic development activities. For example, the level of business activity in a community could be helped through development of a community economic development plan; improvements to the public infrastructure; better housing; or enhanced public services. *These types of activities do not meet the definition of Special Economic Development under the CDBG Program. Do not use this broad interpretation as you determine under which of the three broad funding categories (Community Development, Planning, or Special Economic Development) you should submit your CDBG application.*

The term "*Special Economic Development*" is used in the CDBG Program to identify economic development activities described in Section 105(a) (14) and (17) of Title I of the Housing and Community Development Act (HCDA) of 1974 as amended. *The definition provided below must be used when you determine which CDBG activity is appropriate for your application.*

Under Section 105(a)(14) CDBG grant funds may be used for commercial or industrial improvements carried out by the grantee or a non-profit sub-recipient, including acquisition, construction, reconstruction, rehabilitation, or installation of commercial or industrial buildings, structures, and other real property equipment and improvements.

Under Section 105(a)(17), CDBG funds may be used for assistance (through the eligible applicant) to an *identified* private for-profit entity or entities, *when the assistance is appropriate*, for an economic development activity which **creates or retains jobs for low and moderate income persons; or assists businesses that provide goods or services needed by and affordable to low and moderate income residents.** All proposed Special ED activities *must* do one of those two things.

If your project is not for the purpose of acquisition, construction, reconstruction, rehabilitation, or installation of commercial or industrial buildings, structures, and other real property equipment and improvements, OR it is not for the purpose of providing assistance to an identified private for-profit entity IT IS NOT appropriate to submit it

under the Special Economic Development category. Any activity carried out under this project must be carried out in a neighborhood consisting of predominantly low and moderate income persons; involve facilities designed to be used predominantly by low and moderate income persons; or involve the long-term employment of persons the majority of whom are low and moderate income. In addition, your project must adhere to the Guidelines and Objectives for Evaluating Project Costs and Financial Requirements and the Public Benefit Standards identified on the following pages.

Special Economic Development Activities DO NOT include public facilities and improvements carried out to support or benefit a private for-profit business. These activities may be eligible under the Community Development Category. Special Economic Development Activities DO NOT include planning for economic development projects including conducting market surveys, developing individual commercial or industrial project plans and identifying actions to complete those plans. These activities may be eligible under the Planning category.

The examples provided under each of the three funding categories are for general information only and are not intended to be all-inclusive. Each community is encouraged to consult with CDBG Program staff about project eligibility and structure.

Guidelines & Objectives for Evaluating Project Costs & Financial Requirements:

The CDBG economic development regulations set forth financial underwriting guidelines for Special Economic Development projects. Applicants are expected to conduct some form of basic financial underwriting before proposing to provide CDBG assistance to a for-profit business.

The following guidelines are provided to assist the applicant and the State in evaluating and selecting project activities to be carried out for economic development purposes. Specifically, these guidelines are applicable to activities eligible for CDBG assistance under section 105(a)(14) & (17) of the Act and economic development activities eligible under section 105(a)(15) of the Act which are part of a community economic development project. The underwriting guidelines are designed to provide the applicant with a framework for financially underwriting and selecting CDBG assisted economic development projects which are financially viable and will make the most effective use of CDBG funds. The underwriting guidelines will ensure that the project costs are reasonable; that all sources of project financing are committed; that to the extent practicable, CDBG funds are not substituted for non-Federal financial support; that the project is financially feasible; that to the extent practicable, the return on owner's equity investment will not be unreasonably high; and that to the extent practicable, CDBG funds are disbursed on a prorata basis with other finances provided to the project.

Public Benefit Standards:

The CDBG economic development regulations also establish specific levels of public benefit that must be achieved by CDBG assisted economic development activities. These standards have been established to ensure that the public benefit provided by an economic development activity is appropriate relative to the amount of CDBG assistance provided. Thus, compliance with the public benefit standards, for all intents and purposes, replaces the previously required "appropriate" determination for CDBG financial assistance to for-profit businesses.

Standards for Evaluating Public Benefit:

The applicant is responsible for making sure that at least a minimum level of public benefit is obtained from the expenditure of CDBG funds under the categories of eligibility governed by these standards. The standards set forth below identify the types of public benefit that will be recognized for this purpose and the minimum level of each that must be obtained for the amount of CDBG funds used. These standards are applicable to activities that are eligible for CDBG assistance under section 105(a)(14) and (17) of the Act (Special Economic Development activities). Certain public facilities and improvements eligible under section 105(a)(2) of the Act, which are undertaken for economic development purposes, are also subject to these standards, as specified at 570.208(a)(4)(vi)(F)(2). The use of public benefit standards is mandatory.

The public benefit regulations contain standards for assessing both individual economic development activities and the aggregate amount of such activities undertaken by the State in the course of each annual grant for States.

Standards for Individual Activities:

Any activity subject to these standards which falls into one or more of the following categories will be considered to provide insufficient public benefit, and therefore may under no circumstances be assisted with CDBG funds.

- 1) The amount of CDBG assistance exceeds either of the following, as applicable:
 - a) \$50,000 per full-time equivalent, permanent job created or retained; or
 - b) \$1000 per low and moderate income person to which goods or services are provided by the activity.

- 2) The activity consists of or includes any of the following:
 - a) General promotion of the community as a whole (as opposed to the promotion of specific areas and programs);
 - b) Assistance to professional sports teams;
 - c) Assistance to privately-owned recreational facilities that serve a predominantly higher-income clientele, where the recreational benefit to users or members clearly outweigh employment or other benefits to low and moderate income persons;
 - d) Acquisition of land for which the specific proposed use has not yet been identified;
 - e) Assistance to a for-profit business while that business or any other business owned by the same person(s) or entity(ies) is the subject of unresolved findings or noncompliance relating to previous CDBG assistance provided by the recipient.

Applying the Individual Activity Standards:

Where an activity is expected both to create or retain jobs and to provide goods or services to residents of an area, it will be disqualified only if the amount of CDBG assistance exceeds both of the amounts below:

- a) \$50,000 per full-time equivalent permanent job created or retained; or
- b) \$1000 per low and moderate income person to which goods or services are provided.

Standards for Activities in the Aggregate:

Activities covered by these standards must, in the aggregate, either:

- a) Create or retain at least one full-time equivalent, permanent job per \$35,000 of CDBG funds used; or
- b) Provide goods or services to residents of an area, such that the number of low and moderate income persons residing in the areas served by the assisted businesses amounts to at least one low and moderate income person per \$350 of CDBG funds used.

Applying the Aggregate Standards:

The State shall apply the aggregate standards identified above to all funds distributed for applicable activities from each annual grant. The State shall apply the aggregate standards to the number of jobs to be created/retained or to the number of persons residing in the area (as applicable) for each project, as determined at the time the funds are obligated to activities. Where an activity is expected to both create or retain jobs and to provide goods or services to residents of an area, the State may elect to count the activity under either the jobs standard or the area residents standard, but not both.

Documentation:

The State and its grantees must maintain sufficient records to demonstrate the level of public benefit, based on the above standards, that is actually achieved upon completion of the CDBG assisted economic development activity(ies) and how that compares to the level of such benefit anticipated when the CDBG assistance was obligated. If a State grant recipient's actual results show a pattern of substantial variation from anticipated results, the state and its recipient are expected to take those actions reasonably within their respective control to improve the accuracy of the projections. If the actual results demonstrate that the state has failed the public benefit standards, HUD may require the State to meet more stringent standards in future years as appropriate.

If, after the grantee enters into a contract to provide assistance to a project, the scope or financial elements of the project change to the extent that a significant contract amendment is appropriate, the project should be reevaluated under these and the recipients guidelines. If the reevaluation of the project indicates that the financial elements and public benefit to be derived have also substantially changed, then the recipient should make appropriate adjustment in the amount, type, terms, or conditions of CDBG assistance which has been offered. If the amount of CDBG assistance provided to the project is increased, the amended project must still comply with the public benefit standards identified in this section.

G. INELIGIBLE PROJECT ACTIVITIES

The following activities are not eligible for CDBG funding:

- Equipment:** The purchase or repair of motor vehicles, equipment (including computer equipment), personal property, or furnishings not permanently attached to a building is ineligible except when such vehicles or equipment are utilized for fire protection.
- Government Buildings:** Government buildings such as **courthouses, city halls, borough administrative buildings, city offices** and other buildings used for the **general conduct of government** are not eligible for CDBG assistance **except for the removal of architectural barriers.**
- Regular Government Operations:** CDBG funds may not be used to fund the ongoing responsibilities of general local government.

- ☒ **Maintenance and Operation:** CDBG funds may not be used for operation and maintenance expenses of public or community facilities.
- ☒ **Political Activities:** CDBG funds may not be used to finance the use of facilities or equipment for political purposes or to engage in other partisan political activities.

The above listing of ineligible activities is not intended to be considered all-inclusive. Please contact Block Grant staff if you have any question about project eligibility or the correct funding category.

H. SPECIAL REQUIREMENTS & FUNDING LIMITATIONS

The following special requirements and funding limitations apply to CDBG Grant Applications. Actions necessary to address these special requirements are detailed in the Appendices or the application packet instructions as appropriate.

- ✓ **Minimum Benefit:** Each CDBG grant activity proposed must meet the National Objective of benefiting populations or targeting areas which consist of at least 51% Low and Moderate Income persons, as defined by census data and the Department of Commerce, Community, and Economic Development. See Appendix B1 - B3 for detailed instructions and forms to use in determining if your project meets this requirement for serving at least 51% Low and Moderate Income persons. **Your project cannot be considered for funding if this requirement is not satisfied. You must submit Appendix B1 - B3 with your application as appropriate.**
- ✓ **Public Benefit Standards:** Each CDBG grant activity proposed under Section 105(a)(14) and (17) and some activities proposed under Section 105(a)(2) of the Housing & Community Development Act of 1974 as amended in 1992, must ensure that a minimum level of public benefit is obtained from expenditure of CDBG funds. These public benefit standards are identified both on a State-wide basis and on an individual project basis on Page 10, 11, 12 of this Handbook.
- ✓ **Single Purpose Projects:** CDBG funds will address **single purpose projects** only. If more than one activity is proposed, each must directly relate to the single need identified and will be required to address that need.
- ✓ **Adequate Funding Requirement:** CDBG funds will be targeted toward projects which demonstrate, at the time of application, that adequate funding to complete the project is both available and documented. If CDBG funds are awarded contingent upon the applicant receiving funding from another source, at the time of the contingent award, the applicant will be given a time frame within which to secure additional funding or risk loss of the CDBG award. The time frame designated will be at the discretion of Block Grant staff.
- ✓ **Phased Projects:** CDBG will fund **phased projects only one time**. CDBG will only consider funding projects which demonstrate, at time of application, **that adequate funding to complete the project is secured** and that there is **a direct benefit to low and moderate income residents** as a result of CDBG participation. Planning requests which may later identify a need for implementation funds are not considered phased projects.
- ✓ **Priority Consideration:** It should also be noted that applicants which applied for and received CDBG funding for project design, engineering, feasibility, and/or planning within two years prior to the application for implementation, may receive priority consideration for funding.

- ✓ **Past Recipients:** A past recipient of CDBG funds may not be considered for award of additional CDBG funds until: (a) a minimum of 75% of the non-administrative funds have been expended and reported to DCCED and, in the judgment of the Department, the previously funded project is substantially complete; or (b) the project is complete and all reporting requirements met. Applicants with prior year grants are encouraged to verify expenditure levels with CDBG Program staff. Review of applications by the Application Selection Committee (ASC) from past recipients who fail to meet the above requirements is at the discretion of the CDBG Program staff. Expenditure levels will be computed based on expenditures reported as of November 30, 2011.
- ✓ **Maximum Number of Applications:** An eligible applicant may submit only one CDBG Grant Application in response to this solicitation.
- ✓ **Maximum Grant Amount:** An eligible applicant may apply for a maximum of \$850,000 in CDBG funds in response to this solicitation.
- ✓ **Administrative Cost Limit:** An applicant may apply for not more than **5% of its total CDBG project budget** for administrative costs. DCCED reserves the right to negotiate a lesser amount. All requests for administrative costs must be explained and documented in the budget section of the application.
- ✓ **Resolution with Certifications of Compliance:** Each applicant must pass a resolution **within a six-month period prior to acceptance of the CDBG application, authorizing submittal of the CDBG application** and certifying compliance with specific applicable state and federal requirements. See Appendix A, Authority to Participate Form.
- ✓ **Statement of Assurances & Certifications:** Each applicant's Chief Elected Official or other authorized certifying official must sign and submit with the application a Statement of Assurances and Certifications. See Appendix C, Statement of Assurances & Certifications.
- ✓ **Citizen Participation Plan & Public Hearing:** Each applicant **must** hold at least two public hearings. The first shall be held within **six months prior to the original acceptance date of the application**, with the purpose of reviewing the community's development and housing needs, accepting proposals and citizen views and comments on the proposed project, and electing to seek CDBG funding for the chosen project. You are required to provide citizens information regarding the full range of activities the CDBG program will fund, as well as the amount of funding available. **Documentation of this public hearing, in the form of meeting minutes which include confirmation that the public had the opportunity to comment and propose CDBG projects, must be submitted with the CDBG application.** See Application Packet Instructions (page 3) for detailed instructions on meeting this requirement.

A second public hearing must be held during the term of the project to review program performance. You must provide reasonable notice of both hearings, and they must be held at a time and location convenient to potential or actual beneficiaries, with accommodations for the handicapped. Additionally, public hearings must be conducted in a manner to meet the needs of non-English speaking residents where a significant number of non-English speaking residents can reasonably be expected to participate. Additional public hearings may be required in the event of a substantial change in purpose, scope, location or beneficiaries of the project. You

must provide documentation of all public hearings related to the CDBG activity in the form of meeting minutes submitted to the state.

- ✓ **Building Code & Standards Enforcement:** Each CDBG grant activity which includes construction, renovation, rehabilitation, expansion, or modification of buildings and facilities for public or commercial purposes must be designed to comply with pertinent state and federal building standards and codes. Applicants are encouraged to comply with provisions of the Department's *Grant Recipient Construction Manual*. The Department reserves the right to review and require modification of construction plans for compliance with these standards. Applicants will be required to submit evidence of State Fire Marshal approval of plans.
- ✓ **Davis-Bacon Wage Requirements:** Each CDBG grant activity which includes construction, renovation, rehabilitation, expansion or modification of buildings and facilities for public or commercial purposes, site development, major equipment installation or other similar activity which involves the use of **contracted labor**, must comply with Davis-Bacon and other federal labor standards requirements. All contracted labor must be paid the prevailing wage rate issued by the U.S. Department of Labor for the specific geographic region in which the project is located. Davis-Bacon wage decisions are established by the DOL (Department of Labor) and may be accessed on-line at no cost at: www.wdol.gov. See Application Packet Instructions for further instructions on meeting labor requirements.
- ✓ **Insurance:** Each CDBG grant activity must be covered by any necessary liability insurance. In addition, a Grantee shall provide and maintain Workers' Compensation Insurance as required by AS 23.30 for all employees engaged in work under any CDBG Grant Agreement. A Grantee shall require any contractor to provide and maintain Workers' Compensation Insurance for its employees as required by AS 23.30. A Grantee shall require any contractor hired to work on the project be licensed, bonded and insured for at least the amount of the project and if appropriate provide and maintain Professional Liability Insurance. Evidence of insurance coverage will be requested once a project is awarded CDBG funds.
- ✓ **Environmental Review Requirements:** Each CDBG grant activity must obtain appropriate environmental clearances as required by 24 CFR Part 58 of NEPA and all related laws and authorities. The Department will make a determination regarding the environmental requirements of each project and notify each grantee about appropriate procedures after notification of award. **Any cash match funding identified in a CDBG application for use on this project may not be expended prior to the release date on the Notice of Removal of Grant Conditions per environmental review** which grantees will receive from DCCED after any award is made and the environmental requirements are completed. **Do not plan for a project to be underway at the time of application for CDBG funding or before the CDBG environmental review process is completed even if other funding is being used.**
- ✓ **Leverage:** Each applicant for CDBG grant funds will be required to provide some matching funds if the application is to receive the maximum points in project review. Ideally, a minimum of 25% match will be provided from other sources. **The source of all matching funds, whether cash or in-kind, must be identified and documented in the application in order for the applicant to receive the maximum points in review.**

- ✓ **Site Control:** Each CDBG grant activity which involves the use of real property requires the grant applicant to document that he has the enforceable right to use the real property. This documentation may be in the form of a deed, lease (usually for not less than twenty years), easement, or similar formally executed document. See Application Packet Instructions for detailed instructions on meeting this requirement.
- ✓ **Displacement:** Each CDBG grant activity involving the acquisition, demolition, or rehabilitation of real property or displacement of persons for a project or program with HUD financial assistance will be required to follow the requirements stated under section 104(d) of the Housing and Community Development Act of 1974, as amended and the implementing regulations of 24 CFR part 42, which requires a residential antidisplacement and relocation assistance plan. For guidance contact Fairbanks Block Grant Staff.
- ✓ **HUD Reform Act, Section 102:** Each applicant for CDBG funds must make certain disclosures if the applicant receives at least \$200,000 in federal funds *from any source* during the fiscal year in which the CDBG application is made. See Appendix H, which must be completed and submitted with your CDBG application. Applicants must disclose:
 - Assistance from other government sources in connection with the project;
 - The financial interests of persons in the project; and
 - The expected sources and uses of funds that are to be made available for the project or activity.
- ✓ **ADA Certification:** Each applicant's authorized representative must sign and submit with the application an ADA Certification, stating compliance with the requirements of the Americans with Disabilities Act. See Appendix I, ADA Certification.
- ✓ **Audit Requirements:** The financial management system of a unit of general local government which receives CDBG funds must provide for audits in accordance with the requirements of 24 CFR Part 85. A Grantee which receives CDBG funds must provide for audits in accordance with the requirements of OMB Circular A-133.

All applicants must submit a copy of their most recent audit including management letters and any other reports received with the audit. If findings are identified, please describe how they have been resolved or what the current status is. If an audit has not been done, a copy of the entity's most recent certified financial statement must be submitted.
- ✓ **IRS Liens/Judgments:** A municipality may not be awarded CDBG funds if they have any unresolved federal tax liens or court judgments filed against them. If an applicant has a repayment agreement in place to resolve tax liens or judgments, they must provide documentation of such an agreement.
- ✓ **Section 3 Reporting:** Section 3 is a provision of the Housing and Urban Development Act of 1968. The purpose of Section 3 is to ensure that employment and other economic opportunities generated by certain HUD financial assistance shall, to the greatest extent feasible, and consistent with existing Federal, State and local laws and regulations, be directed to low- and

very low income persons. Successful applicants must document actions taken to comply with the employment, training and contracting requirements of Section 3 and submit periodic reports to grants staff.

- ✓ **DUNS & CCR:** All recipients are required to have or obtain a Dun and Bradstreet (DUNS) number and to register with the Central Contractor Registration (CCR). If the City/Borough is already registered and have a DUNS and CCR number, please submit this information. If the City/Borough has not, registration information for the CCR can be found at: <http://www.ccr.gov/startregistration.aspx>. DUNS number registration information can be obtained at: http://www.grants.gov/applicants/request_duns_number.jsp.

III.

Grant Selection, Award, & Project Initiation

A. GRANT SELECTION

The application selection process consists of two stages: threshold review, and project rating and selection. During the threshold review process, staff screens all applications for eligibility without awarding points. An application must meet all of the threshold review requirements in order to qualify for the second stage of the selection process. The Department reserves the right, but is under no obligation to solicit and/or accept information which is not included as part of the originally submitted application packet. The Application Checklist included on page 37 of this Handbook may be used by an applicant to assure that the application meets threshold requirements and to assist in preparing a complete application. If a “yes” answer can be provided to each question, the application will most likely pass threshold review and be eligible for rating and selection at stage two. The project rating and selection process, stage two, will be conducted by a review team, the Application Selection Committee (ASC), using the criteria described below and detailed in the rating criteria section of Chapter IV. The ASC reserves the right to some flexibility in making specific funding recommendations, if those recommendations, in the opinion of the majority of ASC members, best serve the interest of the program and the program recipients. **It should be noted that applicants which applied for and received CDBG funding for project design, engineering, feasibility, and/or planning within two years prior to the application for implementation, will receive priority consideration for funding.**

Applications will be evaluated and assigned points by the ASC based on the following:

Project Description and Selection Process.....	15 Points
Project Plan/Readiness.....	25 Points
Project Impact	25 Points
Budget/Match/In-Kind.....	25 Points
Administrative Capabilities	10 Points
Total Maximum Score	100 Points

B. GRANT AWARD

When the rating process by the ASC is complete, applications will be listed in rank order. Of the funds available under the competitive grant program, the majority of project funds will be targeted toward **Community Development** activities and **Planning** activities which address health and safety issues for low and moderate income persons.

The ASC will make funding recommendations, within the parameters defined above, to Department management staff who will make final award decisions based upon their judgment of the overall quality of proposed projects and their consistency with the goals and objectives of the CDBG

program. After receiving management approval of funding recommendations, all applicants will receive written notification of the rating process results.

An applicant may appeal the notification of the rating results to the Director of the Division of Community and Regional Affairs. The only basis for an appeal is non-adherence by the Department to the grant selection and award procedures as identified herein. Appeals must be received by the Department in writing within thirty days of the date of notification of rating results, and must clearly state the basis for the appeal. The appeal will be reviewed by the Director and a final determination will be made within thirty days of the Director's receipt of the written appeal. The decision of the Director, provided to the applicant in writing, is final and conclusive.

C. GRANT INITIATION

Following notification of project selection, a grant agreement is negotiated and prepared for each funded project. **Notification of project selection does not imply approval of all activities, specific costs proposed, or proposed timelines.** During the grant negotiation period, proposed activities, additional resources, administrative costs, and other aspects of the project which were identified during the rating process will be discussed and resolved.

Grants consisting of less than the amount originally requested may be awarded at the discretion of the ASC and department management staff. Individual grants will be awarded only in amounts appropriate to the scope of the identified project; the proposed project activities; and the needs, resources, and administrative capabilities of the applicant.

The grant agreement, once negotiated, is the legal document which governs the administration of the grant and includes:

- ✓ The amount of CDBG funds provided, as well as the amount and source of other funds committed to the project;
- ✓ A detailed project description outlining the scope of work to be completed;
- ✓ A detailed budget for implementation of project activities;
- ✓ The schedule for implementation of project activities;
- ✓ The general and special terms and conditions associated with the grant.

CDBG grant agreements are administered on a **cost reimbursable** basis. Applicants should be aware that if awarded a CDBG grant, the grantee will be expected to pay for expenses as they are incurred and submit a billing at the end of each month for reimbursement by the Department. This requires that the grantee have the cash resources to cover at least 30 to 45 days cash needs.

No matching funds may be contracted, committed or spent before the Environmental Review process is completed and approved by this Department. No CDBG funds will be released until the grant agreement has been fully executed, and other contingencies which may be outlined are resolved.

IV.

Application Instructions, Requirements, Rating Criteria and Application Forms

A. SUGGESTIONS FOR PROJECT DEVELOPMENT

Since this CDBG grant application process is competitive, each prospective applicant is advised to carefully consider whether CDBG funding is the most suitable resource to address the community's needs. Ideally, the process encourages a high level of involvement and commitment by members of the applicant community. To assist communities, CDBG Program staff have identified several steps which may help to build competitive proposals. Applicants may wish to consider these suggestions when applying for a competitive CDBG grant:

- ✓ **Read the Application Handbook** to determine if your community is eligible to apply for funding;
- ✓ **Read the Application Handbook** to determine if your project is eligible for CDBG funding;
- ✓ **Review the Low and Moderate Income Information and Tables** in Appendix B1 - B3 and complete the appropriate pages to determine if and how your project meets the requirement of benefiting at least 51% Low and Moderate Income persons. Your project cannot be considered for funding and will not pass threshold review if this requirement is not satisfied;
- ✓ **Establish a citizen participation process** which will help you determine the community development priorities of local citizens, especially low and moderate income persons;
- ✓ **Decide whether or not to apply for funding** after having reviewed community priorities and compared those with CDBG eligible activities; examine application guidelines; and consult with CDBG Program staff before proceeding with development of a CDBG application;
- ✓ **Collect preliminary data** related to need, urgency, other possible funding sources available as leverage, community demographics, and financial condition of the applicant;
- ✓ **Develop a plan** for preparing the application which identifies the tasks to be completed, the individual(s) who will be responsible, and the timeframes which must be met;
- ✓ **Review the draft proposal** with citizen groups and other community leaders.

Once these steps are complete, an applicant is ready to prepare the CDBG application.

B. APPLICATION INSTRUCTIONS & REQUIREMENTS

1. Application Packet

Each applicant is expected to consult with CDBG Program staff about project eligibility and structure prior to submission of an application. It is important that applications be submitted under the appropriate category (Community Development, Planning, or Special Economic Development).

Communities are advised to determine which project funding category is most appropriate for the project they are proposing and indicate that funding category on the Application Form.

In addition to the application packet, a yellow Appendix Packet is included in each set. This Appendix packet must be filled out in its entirety and submitted with the application.

Please use the Application Form provided, adding pages if needed. Minimum font size used in your application should be at least size 12. Please insert supplemental information (designs, comprehensive plans, etc.) in appendices attached to the back of your application and clearly identify them. Please do not submit your application in a 3 ring binder.

2. Application Submission Details

This 2011 funding cycle begins on September 2, 2011 with distribution of the letter notifying eligible applicants of the availability of this Handbook, the Application Packet and Appendix Packet. Completed applications **must be received in the Fairbanks office** of the Department of Commerce, Community, and Economic Development, 211 Cushman Street, Fairbanks, Alaska 99701-4639, by **4:30 p.m., December 2, 2011**. It is important that you send your application early enough to guarantee its **receipt in DCCED's Fairbanks office** by the deadline date. **NOTE: DCCED staff will no longer be able to retrieve packages from the airport or other locations. If you send your application by plane or a manner other than the US Postal Service, please arrange for delivery of the application to 211 Cushman Street, Fairbanks, Alaska 99701-4639 by 4:30 P.M. on December 2, 2011.**

NOTE: Facsimile (fax) copies will not be accepted unless the applicant has received prior approval from Janet Davis. The only condition under which facsimile copies will be considered is poor weather conditions which prohibit transportation of mail from a community for at least several days prior to the submission deadline. The existence of poor weather must be confirmed by the postal service or the appropriate flight service and provided to DCCED for verification. Poor planning or procrastination in mailing the application packet on the part of the applicant is **not** an acceptable reason to authorize the acceptance of a facsimile application. Contact Janet Davis at 451-2746 if you have any questions regarding facsimile copies.

Applicants must submit **an original and five copies of the application, the appendices, and all attachments. Only one copy of the audit or certified financial statement is required.** Applications must be submitted on the CDBG Application Packet provided or an identical copy of these forms. Applications must be signed by the applicant's highest elected official or other authorized certifying officer of the applicant.

3. Application Components: Instructions & Requirements

The CDBG Application Packet consists of narrative responses to requests for information about the proposed project, project budgets, and an Appendix Packet which must be completed and submitted with the application. Applicants are advised to use the Application Checklist to verify that all components of the application are complete and attached to the packet prior to submission to DCCED.

NOTE: *Before preparing a CDBG Application Packet, applicants are advised to determine whether their proposed project will meet the National Objective of benefiting at least 51% Low and Moderate Income persons. Refer to Appendix B1 - B3 and complete the forms found therein to make that determination. No CDBG applications may be considered for funding until this requirement is met.*

STEP #1:

Determining Minimum Benefit for Low and Moderate Income

Each proposed CDBG grant activity must meet the National Objective of benefiting populations or targeting areas which consist of at least 51% Low and Moderate Income persons, as defined by census data and the Department of Commerce, Community, and Economic Development. Appendix B provides detailed instructions and forms to complete which will help you in determining *if* and *how* your project meets this requirement, and *how to document* that fact. **Your project cannot be considered for funding and will not pass beyond threshold review if this requirement is not satisfied.**

Activities considered to benefit Low and Moderate Income persons are divided into four categories as outlined below. Again, the applicant must determine under which activity their project falls:

1. Area-Wide Benefit
2. Limited Clientele
3. Housing
4. Job Creation or Retention

Note: *Special Economic Development Projects must meet the LMI benefit through Job Creation or Retention.*

Each proposed activity must fall under one of the above categories in order to be considered for funding. The applicant must determine under which category their project meets the requirement to serve at least 51% Low and Moderate Income persons by reviewing the information provided below and completing and submitting the forms found in Appendix B:

1. Area-Wide Benefit: The basic rule for Area-Wide Benefit is as follows:

An activity, the benefits of which are available to all residents in a particular area or areas, where at least 51% of the residents are Low and Moderate Income persons, qualifies as an area-wide benefit. An activity which serves an area that is not primarily residential in character shall not qualify under area-wide benefit.

In order to meet this criteria, the applicant must identify the area or areas to be served by the activity (i.e., the entire community or a specific area within a community, such as a subdivision, etc.). The area identified must be the entire area which will be served by the project. In some cases a project may be proposed which serves more than one community. You must identify specifically which community or communities will benefit. Once the area to be served by the project is identified, the applicant must determine if that area is principally Low and Moderate Income. There are two ways to accomplish this:

- a. If the project will serve the entire community, review the data in Part 1 of Appendix B3 and determine whether your community has a Low and Moderate Income percentage of 51% or more. If it does, then you have met the requirement to serve principally low and moderate income persons.
- b. If the project will not serve the entire community or if the data in Part 1 of Appendix B3 does not reflect that at least 51% of the community residents are Low and Moderate Income, you will need to conduct a survey of the area to be served by the project. **Contact your DCCED Regional Office or Block Grant Staff for survey methodology which must be utilized.**

Note: *If the project will serve more than one community, you must contact the Block Grant staff (page 3) for an LMI determination.*

2. Limited Clientele: The basic rule for Limited Clientele is as follows:

A Limited Clientele activity is one which benefits a specific group of people rather than all the residents of a particular area.

To qualify under this category, the activity must meet one of the following tests:

- a. Benefit a clientele who are generally presumed to be principally Low and Moderate Income persons as identified below:

- | | |
|----------------------------|--|
| ✓ Abused children | ✓ Elderly persons |
| ✓ Battered spouses | ✓ Homeless persons |
| ✓ Severely disabled adults | ✓ Illiterate adults |
| ✓ Migrant farm workers | ✓ Persons living with the disease AIDS |

OR

- b. Require information on family size and income so that it is evident that at least 51% of the clientele are persons whose family income does not exceed the Low and Moderate Income limit as defined by census data in Part 2 of Appendix B3; **OR**
- c. Have income eligibility requirements which limit the activity exclusively to Low and Moderate Income persons; **OR**
- d. Be of such a nature and location that it may be concluded that the activity's clientele will primarily be Low and Moderate Income persons.

Limited Clientele activities include:

- ✓ construction of a senior center
- ✓ construction of domestic violence center
- ✓ construction of job training facilities for severely disabled adults

Limited clientele activities also include special projects directed to removal of material and architectural barriers which restrict the mobility and accessibility of elderly or handicapped persons to publicly owned and privately owned non-residential buildings, facilities, and improvements, and common areas of residential structures containing more than one dwelling unit. The removal of material and architectural barriers must be in conjunction with a renovation project on the facility.

- 3. Housing Activities:** *Note: The State of Alaska CDBG program does not target housing activities although they are eligible under the CDBG guidelines.* This is an activity which adds or improves permanent residential structures. The housing may be either owner- or renter-occupied units in either one-family or multi-family structures. Upon completion, at least 51% of the units of a project must be occupied by Low and Moderate Income persons. Renter units occupied by Low and Moderate Income persons must be at affordable rents.

Examples of potentially eligible housing activities include:

- ✓ Acquisition of property for permanent housing
- ✓ Rehabilitation of permanent housing
- ✓ Conversion of non-residential structures into permanent housing
- ✓ Eligible activities connected with new housing construction (e.g., site improvements and “soft costs”)

- 4. Job Creation or Retention Activities:** A job activity is one which creates or retains *permanent* jobs, at least 51% of which are either *held by* Low and Moderate Income persons, or *considered to be available to* Low and Moderate Income persons. Jobs which are created only during the construction of a CDBG project do not count toward job creation. *Note: If a project that meets the job creation benefit is located in a primarily residential area, you must show that you meet the area benefit as well. (Section 1).*

Jobs are considered to be “available to” Low and Moderate Income persons only when both the following conditions are met:

- a. There are no prerequisites for filling such jobs, i.e. special skills (requiring one year or more training), or work experience or education beyond high school; or the applicant agrees to hire unqualified persons and train them; *AND*
- b. The local government takes actions which ensure that Low and Moderate Income persons receive “first consideration” for filling such jobs. Principles involved in providing “first consideration” include the applicant using hiring practices which in all likelihood will result in hire of over 51% Low and Moderate Income persons; the applicant seriously considering a sufficient number of Low and Moderate Income applicants; and the applicant considering the distance from the residence of Low and Moderate Income applicants to the job site, so that Low and Moderate Income residents may be seriously considered for hire.

In counting **Job Creation**, the following policies apply:

- a. Part-time jobs must be converted to full-time equivalent;
- b. Only permanent jobs count; temporary jobs may not be included;
- c. All permanent jobs created by the activity must be counted even if the activity has multiple sources of funding;
- d. Jobs indirectly created by an assisted activity (i.e. trickle-down jobs) may not be counted;

AND

- e. Jobs from different employers may not be aggregated. However, in certain cases such as where CDBG funds are used to acquire, develop, or improve real property (i.e. a business incubator or an industrial park), jobs may be aggregated for all the employers located on the property, provided employers are not otherwise assisted with CDBG funds.

In counting **Job Retention**, the following policies apply:

- a. Retained jobs are considered to involve the employment of Low and Moderate Income persons if 51% of such jobs are known to be held by Low and Moderate Income persons when CDBG assistance is provided; *AND/OR*
- b. Such jobs can reasonably be expected to become available to Low and Moderate income within two years; *AND/OR*
- c. There is clear and objective evidence that permanent jobs will be lost without CDBG assistance. "Clear and objective" evidence that jobs will be lost may include such evidence as a notice issued by the employer to affected employees; a public announcement by the employer; or relevant financial records.

If your proposed project meets the national objective of serving at least 51% Low and Moderate Income persons **solely** on the basis of Job Creation or Retention, you must submit the Job Creation/Retention Certification included in Appendix B2.

Again, each activity proposed must fall under one of the above categories (**Area-Wide, Limited Clientele, Housing Activity, or Jobs Creation/Retention**) in order to be considered for funding. The applicant must determine under which category their project meets the requirement to serve at least 51% Low and Moderate Income persons by reviewing the above information and completing and submitting the forms found in Appendix B1 - B3.

STEP #2: Project Description & Selection/Citizen Participation Plan

The **Project Description** should describe the issues(s) which will be addressed by the project proposal. The narrative should first identify existing conditions and the nature of the proposed project. It should cover all aspects of the issues which are objectively measurable or quantifiable and should reference source documents and their location within the application (i.e. Attachment I, II, etc.)

The **Selection/Citizen Participation Plan** should identify how and why the community chose this project. As required by Section 104 (a)(3) of the Housing and Community Development Act, **communities must provide citizens**, especially Low and Moderate Income citizens, an adequate **opportunity for meaningful involvement in the planning and development of the CDBG application**. All applicants are required to “identify their community development and housing needs, including the needs of Low and Moderate Income residents, and the activities to be undertaken to meet such needs.” There is no single recommended procedure for preparing this needs assessment, but it is often satisfied by use of community surveys; community-wide meetings; community profiles which identify the proposed project as a priority; recommendations from committees which have been established for specific purposes; or actual planning documents such as comprehensive community development or economic development plans. **Community support for the proposed project must be demonstrated.**

At a minimum, applicants must attach copies of minutes of at least one public hearing (held within six months of acceptance of the application) **which shows that citizens had the opportunity to comment on the proposed project**. The purpose of this meeting must be to review the community’s development and housing needs, **accept alternative proposals and citizen views and comments** on the proposed project, and to **approve submission** of the CDBG application. **The minutes must demonstrate that the community supports this project. *It is not adequate to simply have a public hearing. The minutes must reflect that residents were informed about the types of activities CDBG grant funds can be used for and that they had the chance to comment on what type of project the City applied for.***

A **second public hearing** must be held during the term of the project to review program performance. You must provide reasonable notice of both hearings, and they must be held at a time and location convenient to potential or actual beneficiaries, with accommodations for the handicapped. Additionally, public hearings must be conducted in a manner to meet the needs of non-English speaking residents where a significant number of non-English speaking residents can reasonably be expected to participate. Additional public hearings may be required in the event of a substantial change in purpose, scope, location or beneficiaries of the project.

STEP #3: Project Plan/Readiness

The **Project Plan/Readiness** should describe the community's plan for implementing the proposed project including timelines, goals, objectives, and expected outcomes. Efforts which the community has undertaken to ensure the success of the project should be identified. Project agreements, design plans, building and other permits, site control, and cooperative/joint agreements which have been obtained should be outlined in detail. Additional information appropriate to include is outlined below:

Building Code & Standards Enforcement: Each CDBG grant activity which includes construction, renovation, rehabilitation, expansion, or modification of buildings and facilities for public or commercial purposes, must be in compliance with pertinent state and federal building codes and standards. Applicants will be required to submit evidence of State Fire Marshal approval of facility plans, as well as compliance with the Grant Recipient Construction Manual which identifies energy standards for construction projects.

Appendix G - Potential Project Permits identifies other permitting requirements and appropriate contacts and should be carefully reviewed.

Appendix D - Environmental Review: Each CDBG grant activity must obtain appropriate environmental clearances as required by 24 CFR Part 58 of NEPA and all related laws and authorities. The Department will make a determination regarding the environmental requirements of each project and notify each grantee about appropriate procedures after notification of award. Projects will be determined by the Department to be either:

1. **EXEMPT** from further Environmental review; *OR*
2. **CATEGORICALLY EXCLUDED** from further environmental review; *OR*
3. Requiring completion and submission of an **ENVIRONMENTAL STATUTORY CHECKLIST** and the **ENVIRONMENTAL ASSESSMENT CHECKLIST** to determine whether the project will or will not have a significant impact on the human environment. Based upon these Checklists, if it is determined that the project will have a potentially significant impact on the human environment, the grant recipient will be required to do an **ENVIRONMENTAL IMPACT STATEMENT (EIS)**. The procedure for completion of an EIS is spelled out in 24 CFR 58 Subparts H and I.

The following activities, subject to HUD regulations, have been designated as **EXEMPT**:

- ✓ Environmental studies or assessments;
- ✓ Planning activities;
- ✓ The payment of reasonable engineering and design costs associated with an eligible activity;
- ✓ Interim assistance awards under provisions for imminent threats of health and safety when the assistance does not result in permanent changes to the environment.

The following activities or any combination thereof, are **CATEGORICALLY EXCLUDED**:

- ✓ Acquisition, construction, reconstruction, rehabilitation, or installation of public facilities and improvements, and authorized economic development activities under the CDBG program provided that continued uses remain without change in scale, size, capacity, location or character;
- ✓ Removal of architectural barriers;
- ✓ Rehabilitation of buildings and improvements, provided that unit density of building occupancy is not increased more than 20%; the project does not involve changes in land use classification; the estimated cost of rehabilitation is less than 75% of the total.

Site Control: Each CDBG grant activity which involves the use of real property requires that the grant applicant document that he has the enforceable right to use the real property. This documentation may be in the form of a deed, lease (usually for not less than twenty years), easement, or similar formally executed document. Because the lack of adequate site control can indefinitely delay the progress of a project, applicants are encouraged to secure and provide as much information as possible regarding land status with their application for funding. If you have questions about site control, contact your nearest DCCED Regional Office for assistance. If you are awarded a CDBG grant through this solicitation, you will be given no more than six months from date of award to show that you have site control.

STEP #4: Project Impact

The **Project Impact** should identify the benefits to the community which will result from the proposed project, especially those which provide a direct benefit to Low and Moderate Income residents. A checklist of potential benefits is provided in the Application Packet although applicants are not limited to the benefits identified within that checklist.

Applicants who apply for Special Economic Development projects *must* also identify the number of jobs to be created and retained as a result of the proposed project as defined by HUD. Refer to pages 24 & 25 of this Handbook for what constitutes a “created” or “retained” job. Copies of completed feasibility or marketing studies should be attached if appropriate and available.

**STEP #5:
Budget: CDBG Request,
Cash Match, In-Kind Contributions, and Total Project Cost**

The Proposed Budget should consist of four parts:

- | |
|---|
| <p>① CDBG Request</p> <p>②+ Cash Match</p> <p>③+ In-Kind Contributions</p> <hr/> <p>④= Total Project Cost</p> |
|---|

Each applicant for CDBG grant funds will be required to provide some matching funds if the application is to receive the maximum points available in project review. Ideally, a minimum of 25% match will be provided from other sources. **The source of all matching funds, whether cash or in-kind, must be identified and documented and their receipt verified in writing if maximum points are to be awarded.**

The four components of the Proposed Budget (CDBG Request, Cash Match, In-Kind Contributions, and Total Project Cost) should identify specifically what funds are required, by line item, under each of the components. **The Proposed Budget should reflect that the CDBG Request, in conjunction with Cash Match and In-Kind Contributions, is sufficient to ensure that the proposed project will be completed in a timely and efficient manner and that the project, in and of itself, will provide a direct benefit to the Low and Moderate income residents of the area.**

Applicants should describe in the Budget Narrative and Computation sections how the CDBG Request, the Cash Match, and the In-Kind Contributions were computed. Each section should include an explanation and a cost estimate for each line item for which funds are requested or identified. Documentation for all costs, including their source and nature, must be included in the Application Packet if the application is to receive the maximum points available in project review.

Applicants are advised to ensure that all potential costs for carrying out the project are identified and outlined in the proposed budget. For example, applicants should consider whether the project will be Force Accounted or Contracted-Out when preparing the proposed budget. Descriptions of both are provided below:

FORCE ACCOUNTED: Force Accounted is a term used to describe a construction project in which a city or borough serves as the contractor and constructs a project “in-house” using local labor. While different kinds of local entities may be legally permitted to use force accounting,

this handbook focuses on the use of force account methods by cities/boroughs. In a force account project, workers are hired directly by the city/borough as public employees. The city/borough bears the final responsibility for hiring and firing employees, setting wages, paying wages, purchasing materials, and all aspects of construction. Two questions should be kept in mind when considering whether or not to use Force Accounting for a construction project. The first is whether or not the city/borough is **capable** of handling the technical aspects and labor requirements of the construction project. The second is whether or not the city/borough and the community have the **commitment** to provide the labor force, training programs, and supportive attitude necessary to successfully complete a force account construction project.

CONTRACTED OUT: Contracted Out is a term used to describe a project in which the city, borough, signs a contract with an outside firm to complete the construction project. Projects which involve construction, remodeling, site development, major equipment installation, or other similar activity which involves the use of **contracted labor and services**, must comply with the Davis-Bacon Wage Act and other federal labor standards requirements. When projects are contracted out, the contractor, not the city/borough, is responsible for hiring and firing employees, determining wages, paying wages, purchasing materials, and all aspects of construction which are part of the contract. There are several different construction contracting options, such as fixed-price, guaranteed maximum-price, design-build, turnkey, and construction management. In computing proposed budgets, applicants should be aware that if a project involves contracted labor or services, provisions of the Davis-Bacon Act will apply. Those provisions are partially outlined below:

- ✓ The Davis-Bacon Act requires that workers receive no less than the prevailing wage being paid for similar work in their locality. All contracted labor must be paid the prevailing wage rate issued by the U.S. Department of Labor for the specific geographic region in which the project is located. The U.S. Department of Labor also issues federal wage determinations for each classification of work. See Application Packet Instructions for further instructions on meeting labor requirements.
- ✓ Davis-Bacon wage rate provisions apply when funds are used for equipment purchases which require installation, and the installation involves “more than an incidental amount” of construction work.
- ✓ Davis-Bacon wage rate provisions do not apply to equipment purchases where the cost of installation is less than 13% of the cost of the equipment.
- ✓ Davis-Bacon wage rate provisions apply to all CDBG construction contracts, alterations, or repair contracts over \$2,000 except for contracts for: rehabilitation or new construction of a residential property that contains less than eight units; apprentices registered in a bona-fide apprenticeship program approved by the Department of Labor or recognized State Apprenticeship Council; trainees employed under a program which has been approved by the Department of Labor; and Force Account employees of a State or political subdivision.
- ✓ Contracting out triggers other Federal Labor Standards requirements. Applicants are encouraged to request a complete Federal Labor Standards compliance packet before

submitting an application, so that they may be fully informed of all the required provisions and how those may affect potential project costs.

Applicants are advised that the maximum amount which may be requested for Administrative Costs is 5% of the amount requested under the CDBG Request component.

Applicants must include an Operation and Maintenance budget for Community Development projects which identifies the long-range plan for financial and physical operation and maintenance of any facility or equipment constructed with or purchased with CDBG funds.

Under no circumstances may costs incurred prior to an award of CDBG funds be eligible for reimbursement through this grant program.

C. RATING CRITERIA

As described previously under the Grant Selection process, applications will be reviewed at two stages: threshold review and project rating and selection. During the threshold review process, staff will screen all applications for eligibility without awarding points. An application must meet all of the threshold review requirements in order to qualify for the second stage of the selection process. The project rating and selection process, stage two, will be conducted by the Application Selection Committee (ASC) using the criteria described below.

Applications will be evaluated and assigned points by the ASC based on the following criteria and considering the following:

CRITERION #1

Maximum
Points
Available

15

Project Description & Selection/ Citizen Participation Plan

- ✓ Did the applicant provide an adequate project description?
- ✓ Did the applicant describe the existing conditions, the nature of the proposed project, and what needs the project will address in the community? Although not required, did the applicant submit photos which show existing conditions?
- ✓ Did the applicant describe how the community decided on this project and why?
- ✓ Is there evidence of an active citizen participation plan which encourages citizen participation, provides reasonable access to public meetings, provides technical assistance to low and moderate income citizens in developing proposals?
- ✓ Did the applicant describe the public participation process and explain how low and moderate income residents had the opportunity to comment?
- ✓ Does this project demonstrate community consensus?
- ✓ Did the applicant attach minutes of at least one public hearing, held within six months of the submission of this application, which verify community consensus? Do the public meeting minutes demonstrate that citizens were asked to prioritize potential CDBG requests and that the majority selected this project?
- ✓ Does the applicant appear to have adopted a community development plan which identifies the proposed project as a community priority?

CRITERION #2

Maximum
Points
Available

25

Project Plan/Readiness

- ✓ Did the applicant provide a clear and reasonable plan for implementing the proposed project?
- ✓ Did the applicant identify specific time lines, goals, objectives, and expected outcomes? Do these appear to be reasonable and achievable?
- ✓ Does the applicant appear to have made substantial efforts to identify and seek other resources besides CDBG to support this project?
- ✓ Has the applicant identified and addressed permitting requirements, site control, State Fire Marshal approvals if appropriate, Energy Standards if appropriate, and Cooperative/Joint Agreements if appropriate?
- ✓ Has the applicant identified other agencies which will be or should be involved with this project?
- ✓ Is the applicant ready to proceed with the proposed project upon notification of award?
- ✓ Has the applicant secured other funds which are needed to complete this project?
- ✓ Has the applicant obtained market assurances if appropriate?

CRITERION #3

Maximum
Points
Available

25

Project Impact

- ✓ Does the applicant provide evidence that the proposed activities will provide a substantial or direct benefit to low and moderate income persons?
- ✓ Does the applicant demonstrate that the proposed activities have the potential for long-term positive impact?
- ✓ Does the proposed project support activities which eliminate clear and imminent threats to public health and safety?
- ✓ Does the proposed project support local efforts toward solving public facility problems by constructing, upgrading, or reducing operational/maintenance costs of essential community facilities?
- ✓ Does the applicant document the specific health and safety needs which will be addressed by this proposed project?
- ✓ Does the applicant identify and document how long these health and safety needs have existed and the extent of the need?
- ✓ Does the applicant demonstrate that the proposed project is economically feasible and will have long-term viability?
- ✓ Does the proposed project support activities which encourage local community efforts to combine and coordinate CDBG funds with other available private and public resources whenever possible?
- ✓ Does the proposed project provide development or encourage development in underdeveloped rural areas?
- ✓ Does the proposed project promote self-sufficiency and diversification in local economies?
- ✓ Does the proposed project make use of local resources and/or improve existing production/delivery capacity?

CRITERION #4

Maximum
Points
Available

25

Budget/Match/In-Kind

- ✓ Has the applicant completed all of the Budget Pages contained in the Application Packet?
- ✓ Has the applicant clearly identified and submitted their proposed budget according to the four budget components (CDBG Request, Cash Match, In-Kind Contributions, and Total Project Cost)?
- ✓ Has the applicant identified whether the proposed project will be Force Accounted or Contracted-Out, if appropriate?
- ✓ Has the applicant included and **documented** matching funds?
- ✓ Are the matching funds at least 25% of the total project cost and has the applicant documented that this match is committed to the project? Has the applicant identified the source and type of this match?
- ✓ Has the applicant identified and documented all In-Kind Contributions including their source and type? Is the amount of the In-Kind Contributions what could be reasonably expected of the community, given their financial position? Does the amount of In-Kind Contributions indicate that the community is committed to making this project happen and willing to contribute significantly to its support? Are the computations for In-Kind Contributions reasonable and supported with documentation?
- ✓ Has the applicant completed the Labor and Fringe Benefits computation chart contained in the Application Packet? Are the proposed wage rates appropriate and reasonable? Are the Fringe Benefits appropriate and reasonable?
- ✓ Has the applicant identified costs and attached price quotes or cost estimates for materials, freight, equipment rental, equipment purchase, contractual, insurance, administration, and other line items for which CDBG funds are requested? Are the costs reasonable and appropriate?
- ✓ Are the administrative costs no more than the maximum 5% of the CDBG request?
- ✓ Is the overall Project Budget reasonable?
- ✓ Does it appear that the applicant can complete this project and provide a benefit to the residents of the area with the funds currently available?

CRITERION #5

Maximum
Points
Available

10

Administrative Capabilities

- ✓ Does the Application Packet and information provided therein support that the applicant has the administrative capability to properly manage CDBG funds and comply with all Federal and State requirements?
- ✓ Has the applicant identified who will have the day-to-day management responsibility and oversight for this project?
- ✓ Does the applicant have the cash resources to administer a cost reimbursable grant or have they identified an alternative course of action which will allow this project to proceed?
- ✓ Has the applicant successfully administered other Federal or State grants which have had similar requirements to the CDBG program? Have they documented that they were successful with those grants?
- ✓ Did the applicant attach a copy of last year's audit or Certified Financial Statement with the Application Packet if appropriate? Does the audit identify findings? Have those findings been satisfactorily resolved? Did the applicant include management letters and any other reports received with their audit?
- ✓ Has the applicant clearly described what Administration costs will be charged to this grant?
- ✓ Did the applicant use the application form provided, adding pages if needed? Was the minimum font size used in the application at least size 12 and easy to read? Was supplemental information (designs, comprehensive plans, etc.) inserted in appendices attached to the back of the application?

Total Maximum Score for all Five Criteria

	Points
Project Description & Selection/Citizen Participation Plan	15
Project Plan/Readiness	25
Project Impact	25
Budget/Match/In-Kind	25
Administrative Capabilities	<u>10</u>

Total Maximum Score 100 Points

Appendix Packet

The yellow Appendix Packet includes Appendices A through I, as well as instructions for completing each appendix. Please complete the required appendices and make sure they are attached to your application. Each application **must** include the appendices to be considered for funding. All appendices must be submitted with the original signature of the applicant's highest elected official or other authorized certifying official.

APPENDIX A:	Authority to Participate
APPENDIX B1:	Determining Benefit to Low and Moderate Income Persons
APPENDIX B2:	Job Creation/Retention Forms
APPENDIX B3:	Low and Moderate Income Tables Part 1: Listing of LMI % by community Part 2: Listing of LMI Income Limits by census district
APPENDIX C:	Statement of Assurances and Certifications
APPENDIX D:	Environmental Review Information
APPENDIX E:	Joint Application Agreement
APPENDIX F:	Cooperative Application Agreement
APPENDIX G:	Potential Project Permit Requirements
APPENDIX H:	Applicant/Recipient Disclosure/Update Report
APPENDIX I:	ADA Certification

Application Checklist

Yes	No	N/A	
<input type="checkbox"/>	<input type="checkbox"/>		Is your project eligible for CDBG funding (see page 8-13)?
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Are previous CDBG projects complete to the degree required (see page 14)?
<input type="checkbox"/>	<input type="checkbox"/>		Will your Application Packet be received by December 2, 2011 at 4:30 p.m. in the Fairbanks DCCED office?
<input type="checkbox"/>	<input type="checkbox"/>		Is your application signed by your highest elected official or an authorized certifying official?
<input type="checkbox"/>	<input type="checkbox"/>		Have you included the Authority to Participate Form, (Appendix A)?
<input type="checkbox"/>	<input type="checkbox"/>		Have you included minutes of a Public Hearing held within six months of application submission which demonstrates community support for the project? Do the minutes show that the CDBG program was explained and discussed? (See page 26).
<input type="checkbox"/>	<input type="checkbox"/>		Have you completed and included Appendix B, Determining Benefit to Low and Moderate Income Persons?
<input type="checkbox"/>	<input type="checkbox"/>		Have you determined that your project meets the requirement to benefit 51% low and moderate income persons?
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	If applicable, have you included the results and all accompanying documentation of your LMI Survey?
<input type="checkbox"/>	<input type="checkbox"/>		Have you included the Statement of Assurances and Certification, (Appendix C)?
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Have you included a Joint Application Agreement, if applicable, (Appendix E)?
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Have you included a Cooperative Application Agreement, if applicable, (Appendix F)?
<input type="checkbox"/>	<input type="checkbox"/>		Have you included the Applicant/Recipient Disclosure/Update Report (Appendix H)?
<input type="checkbox"/>	<input type="checkbox"/>		Have you included the ADA Certification (Appendix I)?
<input type="checkbox"/>	<input type="checkbox"/>		Have you included your most recent audit or certified financial statement? If an audit is attached, have you included any management letters and other reports that pertain to the audit? If findings are identified, have you described how they have been resolved or what the current status is?