



# State of Maine

Community Development Block Grant Program

## 2010 Proposed Program Statement



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and Community Development*

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**2010 PROPOSED PROGRAM STATEMENT  
 19-498 DEPARTMENT OF ECONOMIC AND COMMUNITY DEVELOPMENT  
 CHAPTER 38 COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) PROGRAM**

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The Office of Community Development reserves the right to fund only those applications deemed to be in the best interest of, and that offer definable benefits to, the State of Maine and the Community Development Block Grant Program. Applications will not be funded out of rank order except in instances where a preceding application is deemed ineligible or is withdrawn by the applicant.

**19-498 CMR DEPARTMENT OF ECONOMIC AND COMMUNITY DEVELOPMENT  
CHAPTER 37 COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) PROGRAM  
2009 PROGRAM STATEMENT**

**SUMMARY**

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This Proposed Program Statement describes the method by which 2010 Community Development Block Grant (CDBG) program funds will be distributed. The CDBG program is administered pursuant to 5 M.R.S.A 13073. The 2010 CDBG program is being developed by the Department of Economic and Community Development (DECD) following a review of past programs, a forum with program constituents, and a comprehensive assessment of statewide community and economic development needs. In accordance with the Maine Administrative Procedures Act, DECD will hold a public hearing regarding the development of this Proposed Program Statement on August 21, 2009.

**SECTION 1. PROGRAM OVERVIEW**

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**A. CDBG OBJECTIVES**

All CDBG funded activities must meet one of three National Objectives of the program. These objectives are:

- Benefit to low and moderate income persons;
- Prevention and elimination of slum and blight conditions; and
- Meeting community development needs having a particular urgency.

The Maine CDBG Program serves as a catalyst for local governments to implement programs which meet one of the three National Objectives, and:

- Are part of a long-range community strategy;
- Improve deteriorated residential and business districts and local economic conditions;
- Provide the conditions and incentives for further public and private investments;
- Foster partnerships between groups of municipalities, state and federal entities, mutli-jurisdictional organizations, and the private sector to address common community and economic development problems; and
- Minimize development sprawl consistent with the State of Maine Growth Management Act and support the revitalization of downtown areas.

## **B. METHOD OF DISTRIBUTION**

DECD, through the Office of Community Development (OCD), offers programs to assist municipalities to achieve their community and economic development objectives. The 2010 Proposed Program Statement provides a description of the selection criteria that OCD will use to allocate CDBG funds among communities. Programs are grouped under the four broad categories listed below.

### **1. Community Development**

- a. Housing Assistance Grants
- b. Home Repair Network
- c. Critical Access Ramp Program
- d. Public Infrastructure Grants
- e. Public Facilities Grants
- f. Public Service Grants
- g. Downtown Revitalization Grants
- h. Maine Downtown Center Assistance
- i. Urgent Need Grants

### **2. Economic Development**

- a. Grants to Municipalities for Direct Business Support
- b. Development Fund Loans
- c. Community Enterprise Grants
- d. Non-Profit Development Grants
- e. Interim Financing Program Loans
- f. Section 108 Loan Program (Contingent upon HUD approval)

### **3. Planning**

- a. Community Planning Grants

### **4. Special Projects**

- a. Special Projects Matching Fund
- b. Technical Assistance

## **C. STATE ADMINISTRATION**

**1. General Administration Allocation:** Pursuant to Section 106(d) (3) (A) of the Housing and Community Development Act of 1974, as amended (the Act), the DECD will utilize \$100,000 plus up to 2% of its allotment from the Department of Housing and Urban Development (HUD) to administer Maine's CDBG Program in accordance with Federal and State requirements.

**2. Technical Assistance Administration Allocation:** Pursuant to Section 106(d) (5) of the Act, DECD will utilize 1% of its allotment from HUD to provide technical assistance with Federal and State requirements.

## **D. EXCLUSION OF ENTITLEMENT COMMUNITIES AND COUNTIES**

The entitlement communities of Auburn, Bangor, Biddeford, Lewiston, Portland and all of Cumberland County with the exception of Brunswick, Casco and Frye Island are not eligible to receive State CDBG program funds.

**E. NOTICE – GRANT ADMINISTRATION REQUIREMENT**

Communities must employ a certified CDBG Grant Administrator and in the case of Housing Rehabilitation a certified Rehabilitation Technician (as employees or consultants). The Director, Office of Community Development must approve waivers of this requirement in writing. All planning activities including Community Planning Grants are exempt from this requirement.

**F. PROGRAM TIMEFRAME**

Application deadlines – All applications and Letters of Intent must be received at the physical location of the Office of Community Development by 4:00PM EST on the dates listed below:

<b>Program</b>	<b>Letter of Intent Due Date (All dates are “on or before”)</b>	<b>Application Due Date</b>
Public Facilities	December 4, 2009	January 22, 2010
Public Infrastructure	December 4, 2009	January 22, 2010
Economic Development (Rd 1)	February 12, 2010	March 26, 2010
Economic Development (Rd 2)	May 28, 2010	July 16, 2010
Economic Development (Rd 3)	August 13, 2010	September 24, 2010
Downtown Revitalization	January 22, 2010	March 5, 2010
Community Enterprise	January 22, 2010	March 5, 2010
Housing Assistance	February 19, 2010	April 2, 2010
Public Service	March 19, 2010	April 30, 2010
Non-Profit Development	N/A	March 19, 2010
Community Planning	N/A	May 14, 2010
Urgent Need	N/A	Beginning on March 19, 2010
Interim Financing	N/A	Open – by invitation only
Special Projects Matching Fund	N/A	Open – by invitation only
Development Fund	N/A	First Friday of each month**

**\*\* If the first Friday of the month falls on a holiday or state shutdown day, the DF application will be due by 4:00pm on the next business day.**

## G. PROGRAM BUDGET

FY 2010 Proposed CDBG Budget	\$12,852,382
Administration	355,048
Technical Assistance Administration	128,524
Regional Council Technical Assistance	300,000
Special Projects Matching Fund	109,810
1. Housing Assistance Grants	2,225,000
2. Home Repair Network Program	1,103,000
3. Critical Access Ramp Program	300,000
4. Public Infrastructure Grants	2,250,000
5. Public Facilities Grants	1,300,000
6. Public Service Grants	250,000
7. Downtown Revitalization Grants	600,000
8. Maine Downtown Center	201,000
9. Urgent Need Grants	100,000
Economic Development Program	
Business Assistance Grants *	
Round 1 (March 26, 2010 application date)	800,000
Round 2 (July 16, 2010 application date)	750,000
Round 3 (September 24, 2010 application date)	700,000
Development Fund Loans **	
Community Enterprise Grants	1,050,000
Non-Profit Development Grants	250,000
Interim Financing Program ***	
Section 108 Loan Program ****	
11. Community Planning	80,000

\* Funds will be reserved for each of the three rounds of the Business Assistance Grant Category as stated above. A decision to exceed the amount allocated for rounds 1 and 2 by more than \$100,000 is at the discretion of the OCD Director.

\*\* The Development Fund Program will utilize only repayments from prior DF loans to fund future DF Program applications.

\*\*\* The Interim Financing Program is available on an as needed basis. Funds are loaned against unexpended CDBG program funds at any given point with a 100% guarantee of repayment for a period of not more than 6 months.

\*\*\*\* If a DECD application to HUD for the Section 108 Loan Program is approved, the 2010 Final Program Statement will be amended to include a description of the method for distribution and use of loan repayments to DECD.

## H. THRESHOLD CRITERIA AND REGULATIONS FOR THE CDBG PROGRAM

The following state and federal regulations APPLY TO ALL PROGRAMS

### 1. Federal and State Certification for Local Governments:

All communities applying for CDBG funds must certify that they will:

- Minimize displacement and adhere to a locally adopted displacement policy in compliance with section 104(d) of the Act;
- Take action to affirmatively further fair housing and comply with the provisions of Civil Rights Acts of 1964 and 1968;
- Not attempt to recover certain capital costs of improvements funded in whole or in part with CDBG funds;
- Establish a community development plan;
- Meet all required State and Federal public participation requirements;
- Comply with the Federal requirements of Section 319 of Public Law 101-122 regarding government-wide restriction on lobbying;
- With the exception of administrative or personnel costs, verify that no person who is an employee, agent, consultant, officer, elected officer, or appointed official of State or local government or of any designated public agencies, or subrecipients which are receiving CDBG funding may obtain a financial interest or benefit, have an interest in or benefit from the activity, or have an interest in any contract, subcontract, or agreement with respect to CDBG activities;
- Any person or firm associated with the administration of the CDBG program award is not on the U.S. Department of Labor's Debarred and Suspended Contractor's List; and
- Review the project proposed in the application to ensure it complies with the community's comprehensive plan and/or applicable state and local land use requirements.

### 2. General Requirements:

**(a) Prohibition on Multiple Grants:** Except for the Economic Development Program (EDP), eligible applicants may not apply for, or benefit from, more than one grant per program category in any grant year. Communities participating in multi-jurisdictional applications may submit their own applications for the same program as long as they demonstrate that there will not be a duplication of program activity/benefit.

**(i) Community Enterprise Prohibition -** Communities applying for a Community Enterprise (CE) grant may not apply for, receive, or benefit from a Downtown Revitalization (DR) grant in the same program year.

**(ii) Downtown Revitalization Program Prohibition** - Communities applying for a Downtown Revitalization (DR) grant may not apply for, receive, or benefit from a Community Enterprise (CE) grant in the same program year.

**(iii)** Eligible applicants applying on behalf of a Maine Indian Tribe are permitted to apply in the same 2010 CDBG funding category as long as the eligible applicant will not directly benefit from the tribal CDBG project.

**(b) Prohibition on Subsequent Year Award:** Except for the Economic Development Program (EDP) and designated Public Infrastructure Grant Program (PI) activities, units of general local government and Unorganized Territory that benefited from a 2009 award may not apply again in that specific program until the 2011 program. PI grantees in Activity Group Number 1, as listed in Section 2. E. 3. (a) (1) on Page 21 of this Statement may apply for grants in consecutive years to complete the same project.

**(c) Special Prohibition for Housing Assistance (HA) Grantees:** Communities may not submit a HA application if they have received or benefited from two (2) HA awards (rehabilitation, innovative or a combination) within the five (5) year period prior to the CDBG program year for which applications are being accepted.

**(d) Special Prohibition for Downtown Revitalization (DR) Grantees:** Communities may not submit a DR application if they have received or benefited from two (2) DR awards within the five (5) year period prior to the CDBG program year for which applications are being accepted. **Applications for multi-jurisdictional Downtown Revitalization projects will only be eligible if the downtowns are contiguous and each meets the definition of a downtown as defined in PL 776.**

**(e) Restriction of Grant Awards:** OCD may deny or restrict the award of grants to communities with outstanding audit(s), monitoring findings, or a record of administrative misconduct.

**(f) Past Performance:** In order to be eligible to apply for a 2010 Community Development Block Grant program, communities that received CDBG grants in or prior to 2006 must have finally closed out their grants prior to application due date. Communities that received CDBG grants in 2007 must have conditionally closed their grants prior to application due date. Communities that received CDBG grants in 2008 must have expended 50% of their benefit activity funds prior to application due date. Communities that received 2009 CDBG grants must be under contract with DECD. All Past Performance Criteria will be strictly enforced; however these criteria may be waived for just cause by the Director, OCD in the case of applicants having existing Economic Development program awards where job creation benefit has not been met. Waivers will not be considered for those projects which exceed the final contracted date for job creation by more than 12 months.

**(i) Special Housing Assistance Grant Program (HA) Past Performance Requirement** - Communities are not eligible to apply for a HA grant unless all

prior HA grants are 100% expended and conditionally closed out. 100% expended also requires that no HA funds exist in the housing escrow account.

**(g) Grant Termination:** OCD will terminate a community's grant if progress on the project is not apparent within 6 months, or 3 months in the case of Community Planning Grants, from the date of contract signing. The Director of Office of Community Development may grant waivers for cause.

**(h) Eligible Activities:** Applications will be reviewed to determine that the activities proposed are eligible under Section 105(a) of the Act. Ineligible activities will not be considered.

**(i) Project Benefit:** Letters of Intent and required documentation for all programs with the exception of Non-Profit Development Program, Urgent Need Grant Program, Special Project Matching Fund, Critical Access Ramp Program, SBDC Technical Assistance and Community Planning Grant Program will be reviewed to verify that the proposed activities meet at least one of the CDBG Program national objectives pursuant to section 104(b) 3 of the Act. If the activity does not meet a national objective the application will not be considered for funding and returned to the applicant.

**(j) Repayment of Grant Funds:** Recipients must repay on demand to the State of Maine all funds expended if CDBG program benefits are not achieved as specified in their contract with the DECD.

**(k) Changes in Title 30-A, Subsection 4349-A as amended by PL 776:** Significant changes were made to the "Growth Management Act" by the 119<sup>th</sup> Legislature that affect the award of CDBG grants after January 1, 2001. OCD will provide information separate from the Program Statement outlining these changes and their impact on the award of CDBG grants for "growth related capital investments" as defined in the statute.

**(l) Preference for Communities:** In accordance with MRSA Title 30-A subsection 4349-A (3), OCD is required to give preference in the award of grants to capital investments defined as "growth related" in subsection 4301(5-B) to communities with certified growth management programs or that have adopted a comprehensive plan and implementation strategy consistent with the goals and guidelines of the subchapter. A municipality that does not obtain a certificate or finding of consistency within 4 years after receipt of the first installment of a financial assistance grant or rejection of an offer of financial assistance will receive a low priority.

### **3. Eligible Applicants:**

All units of general local government in Maine, including plantations, except for the entitlement communities of Auburn, Bangor, Biddeford, Lewiston, Portland and all of Cumberland County with the exception of Baldwin, Brunswick, Casco and Frye Island are eligible to apply for and receive State CDBG program funds. County governments may apply on behalf of the Unorganized Territory. Groups of local governments may apply for multi-jurisdictional or joint projects. Multi-jurisdictional applications require designation of one local government as the lead applicant and consent for that designation by each participating local government. Counties may apply for the

Economic Development or Public Service programs on behalf of a collaboration of communities. **Eligible applicants, including counties as defined above may apply for CDBG assistance on behalf of the five Maine Indian Tribes. Maine Indian Tribes are not themselves eligible applicants.**

#### **4. Application Threshold Requirements:**

Incomplete and/or non-conforming applications which do not meet the specifications set forth in the 2010 Program Statement and 2010 CDBG Application Packages will be removed from the scoring process during the threshold review.

#### **5. Financial Commitments as a Threshold Requirement:**

Applications for projects not demonstrating a firm financial commitment as required in the application materials will be removed from the scoring process during the threshold review.

#### **6. Scoring of Applications:**

Applicants will be placed in rank order from highest to lowest according to the final scores determined by the OCD Review Team. All program applications with the exception of the Special Project Matching Fund, Urgent Need Grants, SBDC Technical Assistance, Home Repair Network, Critical Access Ramp Program and Non-Profit Development Grant program will be scored on a 100-point maximum scoring basis with allowance for bonus points where applicable. Final scores will be determined by averaging the scores assigned by members of the 4-person OCD Review Team and adding any applicable community evaluation factors and bonus point totals. Starting at the top of the scoring list, applicants will be invited to proceed to the Project Development Phase as funds allow. **In the event of a tie in any CDBG program scoring process, first consideration will be given to the community that is listed by the Maine State Planning Office as a Service Center; if both applicants meet this definition, the tie will be broken based on the highest Community Evaluation Factor.** An invitation into the Project Development Phase is not a guarantee of funding or permission to obligate funds. Successful communities will receive an amount determined by the OCD for their project.

**(a) Community Evaluation Factor:** A pre-determined community evaluation factor with a maximum point total of 20 will be added to the average review team score for each application for the Housing Assistance, Public Infrastructure and Public Facilities grant programs to determine the final score. The Community Evaluation Factor will be based on pre-determined criteria established by an independent authority for each community in Maine and be published in the 2010 Program Statement.

#### **7. Minimum Score for CDBG Applications to be Considered for Funding:**

Except for the Non-Profit Development Grant Program (NPDG) there is no minimum score for CDBG applications to be considered for funding.

## 8. Project Development Phase:

- (a) Project Planning:** Details of the project including pre-engineering, inspections, cost analysis, feasibility, and/or market studies.
- (b) Management Plan:** Details of the structure and methods established by the community for program management.
- (c) Regulations:** Project Development Phase applications will be reviewed for compliance with State and Federal regulations.
- (d) Project Eligibility:** Verification that proposed activities are eligible under The Act.
- (e) Project Benefit:** Verification that proposed activities meet one of the CDBG Program National Objectives.
- (f) Environmental Review:** Review of project for compliance with State and Federal Environmental Regulations.
- (g) Project Development Phase Requirement:** All communities receiving a CDBG program grant award must complete the project development phase materials as outlined in the Maine CDBG Program materials and handbooks.

## 9. Project Development Phase Timeframe for Completion and OCD Assistance:

The goal of the Project Development Phase is a grant contract for CDBG funds. An OCD Development Program Manager will be assigned to work closely with each community to finalize their project. OCD will rescind the CDBG program award offer if the community is not under contract within six months of the date of the award offer and invitation into the project development phase process. For the Community Planning Grant program OCD will rescind the CDBG program award offer if the community is not under contract within three months of the date of the award offer and invitation into the project development phase process. The Director of the Office of Community Development may grant waivers for just cause.

## SECTION 2. COMMUNITY DEVELOPMENT

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### A. HOUSING ASSISTANCE GRANT PROGRAM

The Housing Assistance Grant (HA) Program provides funding to address housing problems of low-and moderate-income persons.

1. **Special Threshold Criteria and Program Requirements:** Housing Assistance Program (HA) funds will be distributed through an annual grant application selection process.
  - (a) **Special Threshold Requirement for Housing Assistance Applications:** Communities may not submit a HA application if they have received or benefited from two HA awards within the five (5) year period prior to the CDBG program year for which applications are being accepted.
  - (b) **Eligible Housing Assistance Activities:** Eligible HA activities are rehabilitation of occupied or vacant single-family or multi-family housing units, same site replacement housing, relocation assistance, acquisition, alternative housing, energy conservation, code enforcement, conversion of non-residential structures, demolition, down payment assistance, first time homebuyer's programs, historic preservation, lead based paint removal, new housing construction as allowed by HUD regulations, provision of potable water or sewer, removal of architectural barriers and eligible planning activities necessary to complete the Project Development Phase. **Except for general housing rehabilitation activities and well and septic replacement no multi-jurisdictional applications will be accepted in the HA program.**
  - (c) **Matching Funds Requirements:** Applicants for housing activities must provide a match (cash or in-kind) of at least 10 percent of the total HA grant award; except for eligible new housing construction activities which must provide a cash match of at least 20 percent of the total HA grant award.
  - (d) **Maximum HA Grant Amount:** \$250,000
  - (e) **Maximum Housing Assistance Program Per-Unit Costs:** The amount of rehabilitation grants or loans available to participants in the HA Program will be no more than \$30,000 per unit. Additional funds, up to a maximum of \$10,000 may be available in the following cases: replacement housing, Life Safety Code violations, foundation work, inadequate sewage disposal, lack of potable water, removal of lead-based paint, asbestos, radon, or other hazardous material, and accessibility modifications. Except for acquisition/relocation as a combined activity, all other eligible activities under the HA Program are limited to a maximum of \$40,000 per unit assisted/created. Maximum per-unit costs for any housing activity may only be waived by written approval from the

OCD Director. **Public infrastructure is not an eligible HA expense.**

**(f) Maximum Administrative Costs:** The HA Program allows expenditures for general and/or rehabilitation administration. The total general and rehabilitation administration expenditures may not exceed 15% of the grant amount. **Please refer to OCD Policy Statement #2 for more information regarding CDBG administrative costs.**

**(g) Section 8 Housing Quality Standards:** All units assisted or created with HA funds, with the exception of emergency repairs and energy conservation must, at a minimum, meet HUD Section 8 Minimum Housing Quality Standards. This does not apply to projects undertaken to correct specific health and safety issues only, i.e. wells, septic, heating units, removal of hazardous materials, etc.

**(h) Minimum Percentage of LMI Units in New Housing Construction:** A minimum 20% of new units created using HA funding must be reserved for LMI families. In addition, the minimum required percentage of new units reserved for LMI families must be proportional to the percentage of HA funding provided towards the total project cost.

**(i) Administrative Capabilities for Housing Rehabilitation Applicants:** Applicants for HA assistance must demonstrate at the time of submitting the Letter of Intent that they have the capacity to administer the program either through municipal staff that is a Certified CDBG Rehabilitation Technician; or have completed a procurement process under the guidelines of the CDBG program (24 CFR Part 85) to hire a Certified CDBG Rehabilitation Technician subject to award of a HA contract.

**2. Selection Process:** The selection process for all HA applications will consist of three phases; a letter of intent, an application phase and a project development phase.

- (a) Letter of Intent:** All communities wishing to submit a HA application must submit a Letter of Intent to OCD on or before February 19, 2010 according to the requirements set forth in the 2010 Housing Assistance Application Package.
- (b) Application:** The maximum length of an application is **four pages, not counting required attachments**. The application deadline for the HA Program is 4:00PM on April 3, 2010. Each application will be rated in relation to all others in a three-stage process.

**Stage 1: Review Team Analysis** – Members of the four-person OCD Review Team will assign a Review Point Total for each application reviewed. Review Point Totals will consist of the sum of

the three scoring areas below and be determined by the total of each sub-scoring area. A maximum of 80 points is obtainable.

**(i) Impact (30 points):**

\*A description of the specific housing problems to be addressed with HA funds – 10 points

\*How the problems were identified – 10 points

\*How these issues affect LMI persons in the community or region – 10 points

**(ii) Development Strategy (30 points):**

\*A description of the plan proposed to implement the housing project – 10 points

\*How emphasis will be placed on a community based approach using collaborative efforts 10 points

\*Summary of the activities and use of HA funds –10 points

**(iii) Citizen Participation (20 points):**

\*How overall citizen participation process directly relates to identification of solution strategies and application development - 4 points

\*Effective use of any media (newspapers, radio, TV, etc) to further public awareness and participation – 4 points

\*Relevance of listed meeting/hearing activities/comments (not counting required public hearing) on application and project development – 4 points

\*Involvement of potential LMI project beneficiaries in development of the application and project and how the required public hearing relates to the application development and citizen participation process – 4 points

How other local resources (cash and in-kind) are directly related to the project and the establishment of a cash value equivalent for all in-kind commitments – 4 points

**Stage 2: Community Evaluation Factor** – A Community Evaluation Factor with a maximum point total of 20 has been pre-determined by an independent authority for each community in Maine and published in the 2010 Program Statement.

**Stage 3: Final Application Score** – Each application will receive a Final Application Score consisting of the average of the scores assigned by members of the 4-person OCD Review Team added to the pre-determined Community Evaluation Factor. Starting at the top of the scoring list, applicants will be invited to proceed to the Project Development Phase as funds allow. There is no minimum Final Application Score required for an application to be considered for funding.

## **B. HOME REPAIR NETWORK PROGRAM (Limited to the City of Rockland)**

The Home Repair Network Program (HRN) provides funding to address housing problems of low- and moderate-income persons by combining CDBG funding with the Maine State Housing Authority and the United States Department of Agriculture Rural Development Program funding. This program will provide housing rehabilitation services administered on a regional basis throughout Maine, except as stated in 1 (b) below.

**1. Special Threshold Criteria and Certifications:** HRN Program funds will be distributed through a set aside of CDBG funds provided to the City of Rockland as the lead community. The lead community will establish a legally binding contract with each of the participating Maine Community Action Agencies or other approved entity identified for the Home Repair Network delivery system as approved by OCD.

**(a) Eligible Activities:**

(i) Eligible activities under the HRN Program are rehabilitation of occupied or vacant single-family or multi-family housing units, demolition, same site replacement housing, provision of potable water and sewer, removal of lead-based paint, asbestos, radon, or other hazardous material, removal of architectural barriers, and relocation assistance.

**(b) Housing units ineligible for Home Repair Network assistance:**

(i) Housing units located in communities that have current CDBG Housing Rehabilitation programs or the entitlement communities of Auburn, Bangor, Biddeford, Lewiston, Portland and all of Cumberland County with the exception of Baldwin, Brunswick, Casco, Frye Island and Westbrook are not eligible for financial assistance under the HRN program.

**(c) The lead community must certify that each designated program administrator will:**

(i) Provide a match equivalent of 10 percent of their total grant award.

**2. Special Program Requirements:**

**(a) Maximum HRN Grant Amount:** \$1,103,000, with \$150,000 allocated to each of the established regions and \$50,000 allocated to the Franklin County Region.

**(b) Maximum Home Repair Network Program Costs:** The amount of grants or loans available to participants in the HRN Program will be no more than \$30,000 per unit. Additional funds, up to a maximum of \$10,000 may be available in the following cases: replacement housing, Life Safety Code violations, foundation work, inadequate sewage disposal,

lack of potable water, removal of lead-based paint, asbestos, radon or other hazardous material, and accessibility modifications. The maximum of \$40,000 may only be exceeded by written approval from the OCD Director.

**(c) Maximum Administrative Costs:** The HRN Program allows expenditures for general and rehabilitation administration. The total general and rehabilitation administration expenditures may not exceed 15% of the grant amount. The City of Rockland is allowed a maximum of \$3,000 in administrative funding.

**(d) Section 8 Housing Quality Standards:** All units assisted or created with HRN funds must, at a minimum, meet HUD Section 8 Minimum Housing Quality Standards. This does not apply to projects undertaken to correct specific health and safety issues only, i.e. wells, septic, heating units, removal of hazardous materials, etc. In addition, all units must comply with other applicable standards included in the HRN contract.

## **C. CRITICAL ACCESS RAMP PROGRAM (Limited to the Town of Fort Fairfield)**

The Critical Access Ramp Program (CARP) provides funding to address accessibility problems of low- and moderate-income disabled persons through a partnership with Alpha One. This program will provide moveable, reusable ramps administered on a regional basis throughout Maine, except as stated in 1 (b) below.

**1. Special Threshold Criteria and Certifications:** CARP funds will be distributed through a set aside of CDBG funds provided to the Town of Fort Fairfield as the lead community. The lead community will establish a legally binding contract with Alpha One as approved by OCD.

**(a) Eligible Activities:**

(i) Eligible activities under the CARP are construction and installation of moveable, reusable ramps at the residences of disabled low-to-moderate income persons.

**(b) Housing units ineligible for CARP Assistance:**

(i) Housing units located in the entitlement communities of Auburn, Bangor, Biddeford, Lewiston, Portland and all of Cumberland County with the exception of Baldwin, Brunswick, Casco, Frye Island and Westbrook are not eligible for financial assistance under the CARP.

**3. Special Program Requirements:**

**(a) Maximum CARP Grant Amount:** \$300,000.

**(b) Maximum Administrative Costs:** The CARP allows expenditures for general and rehabilitation administration. The total general and rehabilitation administration expenditures may not exceed 15% of the grant amount. The Town of Fort Fairfield is allowed a maximum of \$3,000 in administrative funding.

## D. PUBLIC FACILITIES GRANT PROGRAM

The Public Facilities Grant (PF) Program provides gap funding for local public facility activities, which are part of a community development strategy leading to future public and private investments.

**1. Special Threshold Criteria and Certifications:** PF Program funds will be distributed through an annual grant submission and review process

**(a) Eligible Activities:** Eligible activities in the PF program are construction, acquisition, reconstruction, rehabilitation, site clearance, historic preservation, and relocation assistance **associated with** public facilities projects; eligible planning activities necessary to complete the Project Development Phase.

**(b) Match:** All communities applying for PF funds must certify that they will provide a cash match of at least 25 percent of the total grant award. This match may consist of all non-CDBG loans, grants, endowments, etc contributed to the project.

### 2. Program Activities:

**Activity Breakdown:** Applicants may apply for one or more activities within a specific activity group. Applicants cannot mix activities from different activity groups in an application.

### 4. Special Program Requirements:

#### (a) Maximum PF Grant Amounts

<u>Activity Group Numbers</u>	<u>Maximum Amount</u>
1) Fire Stations	\$350,000
2) Community, child, senior, and health centers, libraries sheltered workshops, homeless shelters, pier/wharf	\$350,000
3) Removal of architectural barriers (as a distinct, stand-alone project)	\$150,000
4) Historic preservation (as a distinct, stand-alone project)	\$150,000
5) Fire fighting equipment, salt/sand storage shed transfer station, parks and recreation facilities, public works garages.	\$ 50,000

**(b) Funding Restrictions:** PF may not be used for the purpose of job creation/retention or housing activities.

**(c) Demonstration of National Objective:** Applicants must demonstrate that the project meets the National Objective of 1) benefiting 51% or greater low/moderate income persons or 2) preventing or eliminating slum

or blighting conditions. Census information, a certified target area survey, or an officially adopted declaration of slum/blight conditions conforming to the requirements of MRSA Title 30-A, Chapter 205, 5202 and HUD must be submitted to OCD. For spot blight activities documentation must be submitted to OCD substantiating the condition of the structure as “blighted.” ***These demonstrations must be made as part of the Letter of Intent and Verification of CDBG National Objective submitted to OCD on or before 4:00pm on Friday December 4, 2009.***

**(d) Requirement for Applications for Removal of Architectural Barriers as a Stand Alone Project:** Communities seeking to assist any existing facility utilized for the conduct of general local government must be a 51% or more low-to-moderate income community.

**(e) Requirements for Applications for Historic Preservation as a Stand Alone Project:** Applicants must submit with the application a letter from the State Historic Preservation Officer endorsing the proposed project and certifying that the facility is currently on or eligible for inclusion on, the National Register of Historic Places.

**(f) Priority for Public Facilities Projects:** Regional Service Centers and Contiguous Census Designated Places and Compact Urban Areas Designated as Regional Service Centers and activities supporting the revitalization of downtown areas will be given priority during the evaluation and selection process for awarding PF program funds. Lists of all service center communities are available from the State Planning Office or OCD.

**4. Selection Process:** The selection process will consist of three phases: a letter of intent, an application phase and a project development phase.

**(a) Letter of Intent and Verification of CDBG National Objective:** All communities wishing to submit a PF application must submit a Letter of Intent and Verification of CDBG National Objective to OCD on or before 4:00PM on Friday December 4, 2009 according to the requirements set forth in the 2010 PF application package.

**(b) Application:** The application deadline for the PF Program is 4:00PM on January 22, 2010. Each application will be rated in relation to all others in a three-stage process.

**Stage 1: Review Team Analysis** – Members of the four-person OCD Review Team will assign a Review Point Total for each application reviewed. Review Point Totals will consist of the sum of the three scoring areas below and be determined by the total of each sub-scoring area. A maximum of 80 points is obtainable.

**(i) Impact (30 points):**

\*A description of the why the project is necessary – 6 points

\*Conditions warranting new construction or renovations, including health and safety concerns– 8 points

\*How these conditions affect LMI persons in the community or region – 8 points

\*Size and make up of user base of facility – 4 points

\*Why PF funds are necessary for project – 4 points

**(ii) Development Strategy (30 points):**

\*A description of the new or renovated facility, including size, design factors, alleviation of health and safety factors, utilities and location – 6 points

\*Specific use of PF funds – 6 points

\*Positive effect on LMI persons – 6 points

\*Project timeline, details of engineering or architectural work completed to date, proposed date for start of construction, tasks remaining prior to project implementation, final commitment of other funds and how PF funds will be expended within a 12 month period – 12 points

**(iii) Citizen Participation (20 points):**

\*How overall citizen participation process directly relates to identification of solution strategies and application development - 4 points

\*Effective use of any media (newspapers, radio, TV, etc) to further public awareness and participation – 4 points

\*Relevance of listed meeting/hearing activities/comments (not counting required public hearing) on application and project development – 4 points

Involvement of potential LMI project beneficiaries in development of the application and project and how the required public hearing relates to the application development and citizen participation process – 4 points

How other local resources (cash and in-kind) are directly related to the project and the establishment of a cash value equivalent for all in-kind commitments – 4 points

**Stage 2: Community Evaluation Factor** – A Community Evaluation Factor with a maximum point total of 20 has been pre-determined by an independent authority for each community in Maine and will be published in the 2009 program Statement.

**Stage 3: Final Application Score** – Each application will receive a Final Application Score consisting of the average of the scores assigned by members of the 4-person OCD Review Team added to the pre-determined Community Evaluation Factor. Starting at the top of the scoring list, applicants will be invited to proceed to the Project Development phase as funds allow. There is no minimum Final Application Score required for an application to be considered for funding.

## E. PUBLIC INFRASTRUCTURE GRANT PROGRAM

The Public Infrastructure Grant (PI) Program provides gap funding for local infrastructure activities, which are part of a community development strategy leading to future public and private investments.

**1. Special Threshold Criteria and Certifications:** PI Program funds will be distributed through an annual grant application submission and review process.

**(a) Eligible Activities:** Eligible activities in the PI Program are construction, acquisition, reconstruction, installation, relocation assistance **associated with** public infrastructure, and public infrastructure limited to supporting construction of fully-funded affordable LMI housing; eligible planning activities necessary to complete the Project Development Phase.

**(b) Match:** All communities applying for PI funds must certify that they will provide a cash match of at least 25 percent of the total grant award. This match may consist of all non-CDBG loans, grants, endowments, etc contributed to the project.

### 2. Program Activities:

**Activity Breakdown:** Applicants may apply for one or more activities within a specific activity group. Applicants cannot mix activities from different activity groups in an application.

### 3. Special Program Requirements:

#### (a) Maximum PI Grant Amounts

<u>Activity Group Numbers</u>	<u>Maximum Amount</u>
1) Water system installation/improvements, sewer system installation/improvements, water/sewer system hookups, storm drainage, utility infrastructure, dams with the main purpose of providing the primary water storage facility for an active water district or municipal system. <b>(Road or street reconstruction is not eligible)</b>	\$500,000
2) Infrastructure in support of new LMI affordable fully financed housing	\$500,000
3) Streets and roads, parking, curbs, gutters	\$100,000

**(b) Funding Restrictions:** PI funds may not be used to assist infrastructure for the purpose of job creation/retention. Job creation/retention infrastructure activities are eligible in the Economic Development Program. With the exception of proposals for infrastructure in support of new housing construction and sewer/water system hookups, no housing activities may be assisted with PI funds.

**(c) Demonstration of National Objective:** Applicants must demonstrate that the project meets the National Objective of 1) benefiting 51% or greater low/moderate income persons or 2) preventing or eliminating slum or blighting conditions. Census information, a certified target area survey,

or an officially adopted declaration of slum/blight conditions conforming to the requirements of MRSA Title 30-A, Chapter 205, 5202 and HUD must be submitted to OCD. ***These demonstrations must be made as part of the Letter of Intent and Verification of CDBG National Objective submitted to OCD on or before 4:00pm on Friday December 4, 2009.***

**(d) Priority for Public Infrastructure Projects:** Regional Service Centers and Contiguous Census Designated Places and Compact Urban Areas Designated as Regional Service Centers and activities supporting the revitalization of downtown areas will be given priority during the evaluation and selection process for awarding PI program funds. Lists of the service center communities are available from the State Planning Office or OCD.

**4. Selection Process:** The selection process will consist of three phases: a letter of intent, application phase and a project development phase.

**(a) Letter of Intent and Verification of CDBG National Objective:**

All communities wishing to submit a PI application must submit a Letter of Intent and Verification of CDBG National Objective to OCD on or before 4:00PM on Friday December 4, 2009 according to the requirements set forth in the 2010 PI application package.

**(b) Application:** The application deadline for the PI Program is 4:00PM on January 22, 2010. Each application will be rated in relation to all others in a three-stage process.

**Stage 1: Review Team Analysis** – Members of the four-person OCD Review Team will assign a Review Point Total for each application reviewed. Review Point Totals will consist of the sum of the three scoring areas below and be determined by the total of each sub-scoring area. A maximum of 80 points is obtainable.

**(i) Impact (30 points):**

\*A description of the why the project is necessary, previous efforts to address needs, and how the project was prioritized locally – 5 points

\*How the infrastructure problems were verified, including studies, testing and record keeping – 6 points

\*How the verified health, safety and welfare conditions affect users and others in the community and region – 6 points

\*Size and demographic make up of user base and target area of projected infrastructure project – 5 points

\*Why PI funds are necessary to fill a funding gap and how other funding sources will work with PI funds to implement the project – 8 points

**(ii) Development Strategy (30 points):**

\*A description of the proposed infrastructure improvements, including size, capacity, design, utilities and fit with existing systems – 6 points

\*Positive impacts on health, safety and welfare of users directly attributable to proposed PI expenditures – 6 points

\*Extent of financial benefits to users from reduced rates, rents and other costs. If financial benefits cannot be quantified, identify other short and long term benefits that will be experienced – 6 points

\* Project timeline: list tasks necessary to begin implementation. Identify work already completed, such as engineering, design and final commitment of other funds. Identify when remaining tasks will be completed. Estimate a project completion date and describe why project timeline is feasible – 12 points

**(iii) Citizen Participation (20 points):**

\*How overall citizen participation process directly relates to identification of solution strategies and application development - 4 points

\*Effective use of any media (newspapers, radio, TV, etc) to further public awareness and participation – 4 points

\*Relevance of listed meeting/hearing activities/comments (not counting required public hearing) on application and project development – 4 points

Involvement of potential LMI project beneficiaries in development of the application and project and how the required public hearing relates to the application development and citizen participation process – 4 points

How other local resources (cash and in-kind) are directly related to the project and the establishment of a cash value equivalent for all in-kind commitments – 4 points

**Stage 2: Community Evaluation Factor** – A Community Evaluation Factor with a maximum point total of 20 has been pre-determined by an independent authority for each community in Maine and published in the 2010 Program Statement.

**Stage 3: Final Application Score** – Each application will receive a Final Application Score consisting of the average of the scores assigned by members of the 4-person OCD Review Team added to the pre-determined Community Evaluation Factor. Starting at the top of the scoring list, applicants will be invited to proceed to the Project Development Phase as funds allow. There is no minimum Final Application Score required for an application to be considered for funding.

## F. PUBLIC SERVICE GRANT PROGRAM

The Public Service Grant (PSG) Program addresses community resource needs by providing funding for operating expenses, equipment, and program materials for public service programs which will benefit low/moderate income (LMI) persons.

**1. Special Threshold Criteria and Certifications:** PSG Program funds will be distributed through an annual grant application selection process.

**(a) Eligible Activities:** Eligible activities include operating and program material expenses for child care, health care, job training, recreation programs, education programs, public safety services, fair housing activities, senior citizen services, homeless services, drug abuse counseling and treatment, and energy conservation counseling and testing; eligible planning activities necessary to complete the Project Development Phase. Structural changes such as construction, renovation, or rehabilitation are **not** eligible for PSG funding.

**(b) Project Benefit:** Eligible PSG projects must provide benefits to one of the groups of persons listed below:

**(i)** Persons who are members of the following groups that are currently presumed by HUD to meet benefit requirements. The presumption may be challenged if there is substantial evidence the group served by the project is most likely not comprised of principally LMI persons;

- Abused Children (Does not include “at-risk” youth)
- Battered Spouses (Does not include all victims of domestic violence)
- Elderly Persons
- Severely Disabled Adults
- Homeless Persons
- Illiterate Adults
- Migrant Farm Workers
- Persons Living with AIDS; or

**(ii)** Participants in a program where 51% or greater of the persons receiving benefit from PSG activities are determined to be LMI; or

**(iii)** Communities designated as 51% or greater LMI by the 2000 U.S. Census and HUD. The purchase of ambulances and other directly related public safety equipment is allowable. The purchase of fire fighting and law enforcement equipment with PS funds is prohibited.

**(c) All communities applying for PSG funds must certify that:**

**(i)** The public service represents a new service to the community; or a quantifiable increase in the level of an existing service;

**(ii)** A match equivalent of 20 percent of the total grant award will be provided; and,

(iii) The activity will meet the need **or** will continue after PSG funding is expended.

## 2. Special Program Requirements:

(a) **Maximum PSG Amount:** \$50,000

**3. Selection Process:** The selection process will consist of three phases – a letter of intent, an application phase and a project development phase.

- a. **Letter of Intent:** All communities wishing to submit a PSG application must submit a Letter of Intent to OCD on or before March 19, 2010 according to the requirements set forth in the 2010 Public Service Application Package.
- b. **Application:** The maximum length of an application is **four pages, not counting required attachments**. The application deadline for the PSG program is 4:00PM on April 30, 2010. Each application will be rated in relation to all others in a two-stage process.

**Stage 1: Review Team Analysis** – Members of the four-person OCD Review Team will assign a Review Point Total for each application reviewed. Review Point Totals will consist of the sum of the four scoring areas below and be determined by the total of each sub-scoring area. A maximum of 100 points is obtainable.

(i) **Impact (30 points):**

\*A description of the scope, magnitude and severity of the identified problems – 8 points

\*Past efforts to deal with the identified problems – 4 points

\*Conditions requiring a new or expanded service – 5 points

\*Issues faced by service providers including capacity, finances and staffing – 6 points

\*Why PSG funds are critical for the project – 7 points

(ii) **Development Strategy (40 points):**

\*A description of the new or expanded service, specific use of PSG funds, including how this service will resolve identified problems, and why this service will be more effective than existing services for the targeted beneficiaries – 8 points

\*How PS funds will be utilized solely to assist LMI persons or a HUD approved Limited Clientele group – 8 points

\*Project timeline, including a start date, tasks completed to date and how PSG funds will be expended in a timely manner – 10 points

\*Capacity and qualifications of the service provider implementing the project, including familiarity with the needs of project beneficiaries, and the experience of the overall PSG grant administrator – 7 points

\*How the public service established or expanded with PSG funding will continue after the PSG funding ends, or there will no longer be a need for these services after the PSG program ends – 7 points

**(iii) Project Leverage (10 points):**

\*Budget Page review – 3 points

\*Matching Funds Table review - 3 points

\*% which all firm commitments exceed minimum 20%

0% - 15% – 0 points

16% - 30% - 2 points

31% - 50% - 3 points

More than 50% – 4 points

**(iv) Citizen Participation (20 points):**

\*How overall citizen participation process directly relates to identification of solution strategies and application development - 4 points

\*Effective use of any media (newspapers, radio, TV, etc) to further public awareness and participation – 4 points

\*Relevance of listed meeting/hearing activities/comments (not counting required public hearing) on application and project development – 4 points

\*Involvement of potential LMI project beneficiaries in development of the application and project and how the required public hearing relates to the application development and citizen participation process – 4 points

\*How other local resources (cash and in-kind) are directly related to the project and the establishment of a cash value equivalent for all in-kind commitments – 4 points

**Stage 2: Final Application Score** – Each application will receive a Final Application Score consisting of the average of the scores assigned by members of the 4-person OCD Review Team. Starting at the top of the scoring list, applicants will be invited to proceed to the Project Development Phase as funds allow. There is no minimum Final Application Score required for an application to be considered for funding.

## G. DOWNTOWN REVITALIZATION GRANT PROGRAM

The Downtown Revitalization Grant (DR) Program provides funds to communities to implement comprehensive, integrated, and innovative solutions to the problems facing their downtown districts. These community revitalization projects must be part of a strategy that targets downtown service and business districts and will lead to future public and private investment. Qualified applicant communities must have a downtown district meeting the definition of PL 776 enacted by the 119<sup>th</sup> legislature.

**1. Special Threshold Criteria and Certifications:** DR Program funds will be distributed through an annual grant application selection process.

**(a) Eligible activities** - include all those eligible under the Public Facilities, Public Infrastructure, Housing Assistance or Community Enterprise programs as relevant to the revitalization of a downtown district; and eligible planning activities necessary to complete the Project Development Phase.

**(b) Multiple Year Award Prohibition** - Communities may not submit a DR application if they have received or benefited from two (2) DR awards within the five (5) year period prior to the CDBG program year for which applications are being accepted.

**(c) Community Enterprise Program Prohibition** - Communities applying for a DR grant may not apply for, receive, or benefit from a Community Enterprise Program (CE) grant in the same program year.

**(d) Match** – All communities applying for DR Program funds must certify that they will provide a cash match equivalent to 25 percent of the total grant award. This match may consist of all non-CDBG loans, grants, endowments, etc. contributed to the project.

### 2. Special Program Requirements

**(a) Planning Requirements:** Applicants must have completed a comprehensive downtown revitalization planning process within the past five years. Communities with plans older than five years must demonstrate that their plans are under active implementation, the action plan remains valid, or have been updated within the past 5 years. The proposed DR activities must be in the plan as recommended actions necessary for downtown revitalization.

**(b) Maximum DR Award:** \$500,000

**(i) Bonus Points for Applicants with Maine Downtown Center Designation:** Applicants will receive three bonus points if they have been designated as a Main Street Maine Community by the Maine Downtown Center or one bonus point if they have been designated as a Maine Downtown Network Community.

**(c) Demonstration of National Objective:** Applicants must demonstrate that the project meets the National Objective of 1) benefiting 51% or greater low/moderate income persons or 2) preventing or eliminating slum

or blighting conditions. Census information, a certified target area survey, or an officially adopted declaration of slum/blight conditions conforming to the requirements of MRSA Title 30-A, Chapter 205, 5202 and HUD must be submitted to OCD. ***These demonstrations must be made as part of the Letter of Intent and Verification of CDBG National Objective submitted to OCD on or before 4:00pm on Friday January 15, 2010.***

**3. Selection Process** – The selection process will consist of three phases: a letter of intent, an application phase and a project development phase.

**(a) Letter of Intent and Verification of CDBG National Objective:**

All communities wishing to submit a DR application must submit a Letter of Intent and Verification of CDBG National Objective to OCD on or before 4:00PM on Friday January 22, 2010 according to the requirements set forth in the 2010 DR application package.

**(b) Application:** The maximum length of an application is **six pages, not counting required attachments**. The application deadline for the DR Program is 4:00PM on March 5, 2010. Each application will be rated in relation to all others in a three-stage process.

**Stage 1: Review Team Analysis** – Members of the four-person OCD Review Team will assign a Review Point Total for each application reviewed. Review Point Totals will consist of the sum of the four scoring areas below and be determined by the total of each sub-scoring area. A maximum of 100 points is obtainable.

**(i) Impact (30 points):**

Describe the scope and magnitude of the problems, and how they are obstacles for revitalizing the downtown. – 8 points

\*Explain how the problems negatively impact the viability of existing downtown businesses, or new development and expansion. – 8 points

\*Demonstrate how the problems affect LMI persons, or how they contribute to slum/blight conditions. – 7 points

\*Explain why DR funds are necessary for the project, and describe efforts to secure other grant or loan funds. – 7 points

**(ii) Development of Strategy (40 points):**

\*Clearly link the proposed DR activities to action steps outlined in your community's Downtown Action Plan, and explain how the project will stimulate economic activity in the downtown. – 10 points

\*List the specific activities to be addressed in this downtown revitalization effort, and identify the tasks to be undertaken with DR funds and the activities to be undertaken with each other source of funds. – 10 points

\*Define how the proposed DR activities provide a solution to the problems and assist in improving the area's viability, and

how the activities will have a positive impact on LMI persons, or on alleviation of the slum/blight conditions. – 10 points

\*Describe the capacity and experience of the administrator who will be implementing the project, describe the engineering and design work completed to date, provide a project timeline, and explain how DR funds will be expended in a timely manner. – 10 points

**(iii) Project Leverage (10 points):**

\*Budget Page review – 3 points

\*Matching Funds Table review - 3 points

\*% which firm cash commitments exceed minimum 25%

0% - 15% – 0 points

16% - 30% - 2 points

31% - 50% - 3 points

More than 50% – 4 points

**(iv) Citizen Participation (20 points):**

\*Effective use of any media (newspapers, radio, TV, etc) to further public awareness and participation. – 4 points

\*Relevance of listed meeting/hearing comments (not counting required public hearing) and the overall citizen participation process in application and project development. – 4 points

\*Involvement of downtown and local businesses, Chambers of Commerce, development groups or other business related organizations in identification of problems and development of the application and project. – 4 points

\*Involvement of potential LMI project beneficiaries in development of the application and project, and how the required public hearing relates to the application development and citizen participation process. – 4 points

\*How other local resources (cash and in-kind) are directly related to the project, and the establishment of a cash value equivalent for all in-kind commitments. – 4 points

**Stage 2: Maine Downtown Center Designation Bonus** – 3 bonus points will be assigned to each applicant community designated as a Main Street Maine Community by the Maine Downtown Center.

**Stage 3: Final Application Score** – Each application will receive a Final Application Score consisting of the average of the scores assigned by members of the 4-person OCD Review Team added to any applicable Maine Downtown Center Bonus. Starting at the top of the scoring list, applicants will be invited to proceed to the Project Development Phase as funds allow. There is no minimum Final application Score required for an application to be considered for funding.

## **H. MAINE DOWNTOWN CENTER ASSISTANCE (Limited to the City of Gardiner)**

The Maine Downtown Center Assistance (MDCA) provides funding to support activities undertaken by the Maine Downtown Center on behalf of communities addressing critical needs in established downtown areas.

**1. Special Threshold Criteria and Certifications:** MDCA funds will be distributed through a set aside of CDBG funds provided to the City of Gardiner as the lead community. The lead community will establish a legally binding contract with the Maine Downtown Center as approved by OCD.

**(a) Eligible Activities:**

(i) Eligible activities under the MDCA are planning, capacity building, technical assistance and administration directly related to furthering the Maine Downtown Center's objectives in building vibrant, sustainable Maine downtowns. Assistance will be available to Main Street Maine communities as well as communities not currently so designated. Assistance will be made available as determined by the Maine Downtown Center and OCD.

**(b) Communities Ineligible for MDCA Assistance:**

(i) The entitlement communities of Auburn, Bangor, Biddeford, Lewiston, Portland and all of Cumberland County with the exception of Baldwin, Brunswick, Casco and Frye Island are not eligible for financial assistance under the MDCA.

**3. Maximum Administrative Costs:**

(a) The City of Gardiner is allowed a maximum of \$1,000 in administrative funding.

**4. Special Program Requirements:**

(a) **Maximum MDCA Grant Amount:** \$201,000.

## I. URGENT NEED GRANT PROGRAM

The Urgent need Grant (UN) Program provides funding to communities to address serious and immediate threats to health and welfare which are declared state or federal disasters.

### 1. Special Threshold Criteria and Certifications:

**(a) Project Eligibility:** Pursuant to Section 104 (b) 3 of the Housing and Community Development Act of 1974, as amended, the applicant must address a community development need which:

**(i)** poses a serious and immediate threat to the health or welfare of the community;

**(ii)** originated or became a direct threat to public health and safety no more than 18 months prior to submission of the application;

**(iii)** is a project the applicant cannot finance on its own. "Cannot finance on its own" means, that the town's tax burden, regulatory structure, utility user fees, bonding capacity, or previous or existing budgetary commitments, precludes it from assuming the additional financial obligation needed for this project; and

**(iv)** cannot be addressed with other sources of funding.

### 2. Special Program Requirements:

**(a) Necessary Documentation:** The emergency situation must require immediate action to alleviate the serious and imminent threat of injury or loss of life resulting from a natural or man-made cause.

**(b) State or Federal Declaration of Disaster:** The applicant must submit documentation that the project to be assisted with UN funds will take place in an area that has received a state or federal declaration of disaster. In addition, the activities to be assisted must be a direct result of the event leading to the declaration.

**(c) Application Submittal:** Applicants must submit a complete UN application that includes all required information and documentation.

**(d) Maximum UN Grant Amount:** The lesser amount of 50% of the total project cost or \$100,000.

**3. Selection Process:** The selection process will consist of two phases: an application phase and a project development phase.

**Application:** An UN application must include the following:

**(a)** documentation that the emergency situation was prompted by natural or man-made causes that pose an imminent threat of injury or loss of life;

- (b) certification that the proposal is designed to address an urgent need and an immediate response is required to halt the threat of injury or loss of life;
- (c) information regarding when the urgent need condition occurred or developed into a threat to health and safety;
- (d) evidence confirming the applicant is unable to finance implementation on its own; and,
- (e) documentation that other financial resources are not available to implement the proposal.
- (f) a copy of a state or federal declaration of disaster.

**4. Phase II Project Development:** Prior to consideration of a grant award, all UN proposals must meet the four Threshold criteria and the Special Program requirements. Project Development Phase applications must comply with the following:

- (a) **Project Planning:** Details of the project including engineering, cost analysis, feasibility, and structural analysis as necessary.
- (b) **Management Plan:** Details of the structure and methods established by the community for program management.
- (c) **Regulations:** Project Development Phase applications will be reviewed for compliance with State and Federal regulations.

**5. Approval Process:** The UN funds will be available beginning **March 19, 2010. Applications will be accepted on a first-come first-served basis.** Following receipt of an application, OCD shall review the application and verify that it contains all the required information. Eligible planning activities necessary to complete the Project Development Phase may be included in the UN grant total. Notification to the applicant of the Director, Office of Community Development's decision will initiate the Project Development Phase process necessary for contract award.

## SECTION 3. ECONOMIC DEVELOPMENT

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### A. ECONOMIC DEVELOPMENT PROGRAM

The Economic Development program (EDP) provides communities with **gap** funding to assist identified businesses in the creation/retention of jobs for low-and moderate-income persons.

#### 1. Eligible EDP Activities and Maximum Grant and Loan Awards:

**(a) Activity Breakdown:** Applicants may apply in only one specific **grant** activity group. Applicants for Activity Group Numbers 2 and 3 below may also utilize the DF Loan Activity for the same project but are limited to a total of \$400,000 in EDP assistance.

<b><u>Activity Group Numbers</u></b>	<b>Maximum Award</b>
<b>1) Grants to Municipalities:</b> for acquisition, relocation, demolition, clearance, construction, reconstruction, installation and rehabilitation <u>associated with public infrastructure</u> projects such as water and sewer facilities, flood and drainage improvements, publicly-owned commercial and industrial buildings, parking, streets, curbs, gutters, sidewalks, etc. All public infrastructure must be owned by the municipality or public or private utility and be in support of an identified business.	\$300,000
<b>2) Grants to Municipalities for Direct Business Support:</b> for non-capital equipment, land and site improvements, rehabilitation or construction of commercial or industrial buildings.	\$200,000
<b>3) Grants to Municipalities for Direct Business Support:</b> Working Capital and capital equipment.	\$100,000
<b>4) Development Fund Loan (DF):</b> for acquisition of existing facilities, land and site improvements necessary for the construction of a new facility, rehabilitation or construction of commercial or industrial buildings, structures, non-capital equipment, capital equipment, working capital and real property improvements and the development of affordable LMI housing.	\$300,000

**Economic Development Program funds cannot be used to refinance existing debt.**

#### 2. Threshold Criteria:

**(a) Project Benefit:** All projects must document that at a minimum, 51% of all jobs created or retained as a result of the funded activity must be taken/held by persons of low and moderate income as defined by HUD. Jobs created/retained must be in the community applying for the EDP award, new jobs to that community and not associated with any other branches of the assisted business

located in another community. Transfer positions cannot be counted toward the job creation/retention requirements. **In the event that job creation requirements are not met, the applicant community will be responsible for immediate repayment to DECD of all CDBG funds expended on the project.**

**(b) Job Creation Threshold Requirements:** Each job created with EDP assistance must meet or exceed the Per Capita Income earnings listed in the published schedule contained on the EDP Letter of Intent for the Maine County where the EDP project will take place. "Earnings" means the base pay paid by the qualified business, plus any overtime, incentives or commissions paid. Projects not meeting the job creation threshold requirement will be removed from competition during the Letter of Intent process. EDP Letters of Intent in support of bona fide job retention are not required to meet the Per Capita Income earnings threshold.

**(c) Program Dollars Per Job:** The maximum CDBG participation per job created or retained with EDP funds in a non Pine Tree Development Zone or not in an identified Empowerment Zone or HUB Zone is \$20,000. The maximum CDBG participation per job created or retained with EDP funds for a certified Pine Tree Development Zone business and/or a business located in an Empowerment Zone or HUB Zone is \$30,000. **Pine Tree Development Zone certified means that the business has been certified as a Pine Tree Development business by the Department of Economic and Community Development at the time of application.**

**(d) Full Time permanent Jobs:** In determining CDBG National Objective compliance with jobs created or retained only **Permanent** jobs may be counted; temporary jobs may not. Full time jobs require a worker to work at least 1750 hours per year. Part time jobs require a worker to work at least 875 hours but less than 1750 hours per year. Part-time jobs **must** be converted to Full Time Equivalents (FTE). An FTE is defined as two part time jobs. **Seasonal** jobs may count only if the seasonal job lasts long enough and provides sufficient income to be considered the employee's principal occupation. (Contact OCD prior to counting seasonal jobs towards LMI benefit.) **All** permanent jobs created by the project must be counted, regardless of funding source(s). Jobs indirectly created by the project (i.e., remote location, "trickle down" jobs) do not count.

**(e) Minimum EDP Application Amount: \$50,000**

**(f) Maximum Project Size for Utilizing EDP Funds: \$5,000,000**  
Phasing of projects to make the total cost appear to be below the maximum project size is expressly forbidden.

**(g) Minimum Per Capita Income Requirement:** All jobs created with EDP assistance must meet or exceed the Per Capita Income earnings established for the Maine County where the EDP project will take place.

**(h)** All EDP activities must be in support of an identified business; speculative activities are prohibited.

### 3. Program Requirements:

- (a) **EDP Letter of Intent Due Dates for Activity Group Numbers 1-3 ONLY:** 4:00PM on February 12, 2010, May 28, 2010 and August 13, 2010.
- (b) **EDP Application Due Dates for Activity Group Numbers 1-3 ONLY:** 4:00PM on March 26, 2010, July 16, 2010 and September 24, 2010.
- (c) **EDP Application Due Dates for Activity Group Number 4 ONLY:** Due the first Friday of every month by 4:00 p.m. If that day is a recognized State Holiday or State shutdown day the due date would then be the following regular business day by 4:00 p.m.
- (d) **Necessary and Appropriate:** EDP assistance to a business must be for projects that are necessary and appropriate. The application must describe the need for program assistance, reasonableness of the amount requested, the repayment plan (DF only), and assurance that the assistance provided is commensurate with the community benefits that will accrue from the project. **Documentation must be provided that the project cannot proceed without program participation and that program funds provide gap financing.**
- (e) **Compliance with Benefit Certification Requirements:** The business and the applicant community, under the direction of the Program Manager assigned to the project, must comply with documentation requirements for jobs created/jobs retained on a project including but not limited to benefit surveys, income verification and periodic reporting that the Office of Community Development may require.
- (f) **EDP Matching Funds Requirements:** Communities applying for Economic Development Program funds must certify that they will provide a 100% cash match of the total EDP award. Matching funds must be directly related to the activities undertaken with EDP funding.
- (g) **Exclusions:** Communities receiving an EDP award may not receive any other EDP award for the same project or business during the same program year or for the same project or business from a prior program year that has not met final closeout status.
- (h) **EDP Projects in Support of Retail Businesses:** OCD may accept an EDP application in support of a retail business activity only under the following limited conditions:
  - (i) The retail business represents the provisions of new products and services previously unavailable in the community or is a tourism-related business; and
  - (ii) The development or expansion of the retail business represents a net economic gain for the community and the region. Applications supporting a retail business or businesses are required to certify that the development represents a new overall gain for the region economy and not a shift from existing established businesses to a new or expanded one; and

- (iii) The retail business is located in either a downtown district meeting the definition of PL 776 enacted by the 119<sup>th</sup> legislature; or a designated local growth area contained in an adopted and consistent comprehensive plan; and
- (iv) At least 50% of the jobs created by the retail business must be full time jobs.

**4. Special Program Requirements for Grants to Municipalities then Loaned to an Identified Business (Activity Group 4 only):**

- (i) **Loan:** The DF program is a grant to the unit of general local government. The recipient must use the funds as a loan to the identified business. The loan must be provided under the terms stated in a DF Program Letter of Commitment and the contract between the DECD, the community and the business.
- (ii) **Repayment Terms:** Justification for the repayment terms relate to filling the financing gap, identifying the rate of return allowed through the repayment terms, or specifying the cost differentiations and the benefit derived from the assistance and must be approved by the DECD. The interest rate for Development Fund loans is up to 5% for a term not to exceed 10 years. A special interest rate of 2% will be available for projects located in a downtown area as defined in PL 776 enacted by the 119<sup>th</sup> legislature.

**5. Selection Process for Activity Groups 1, 2, and 3:** The selection process will consist of three phases, a letter of intent (does not apply to the Development Fund Loan activity), an application phase and a project development phase.

**6. Review Team Analysis – 45 Points (to be completed by applicant)**

Members of the OCD Review Team will assign a Review Point Total for each application reviewed. Review Point Totals will consist of the sum of the three scoring areas below and be determined by the total of each sub-scoring area. The following criteria will be used:

**a. Problem Statement (15 points)** - Describe the problem facing the community/business as it relates to job creation/retention activities and document why the community/business is unable to finance the proposed project on its own, or with available assistance from other sources.

**Scope of Problem (5 points)**

- Detail the problems or needs facing the community/business to be assisted.
- Tell how these problems relate to job creation or job retention activities.
- Describe how the overall financial viability of the community/business is affected by the problems or needs.

**Impact on Community and Region (5 points)**

- Identify how employment opportunities for persons of low/moderate income are negatively affected by the identified problems.

- Emphasize the importance of the affected business in relation to the stability of the community/region and its current financial well being including property tax analysis before and after the proposed activities.

**Need for Funds (5 points)**

- Identify reasons why the community/business is unable to finance the proposed project on its own, or with assistance from other sources.
- Include a narrative that highlights any recent efforts by the community/business to assist job creation/retention activities.

**b. Proposed Solution (20 points)** - Describe the activities that will be undertaken with EDP funds to resolve the stated problem/need, how the project will proceed to completion within 12 months from the date of a contract award with the DECD and the effect the project will have on the ability of the business to create/retain quality jobs for LMI persons.

**Project Description (10 points)**

- Detail the activities that the community/business will undertake using EDP funds to resolve the problems/needs presented in the Problem Statement.
- Identify, in detail, the specific acquisition, equipment, real property improvements and/or fixtures that will be installed, modified, and upgraded, etc., with EDP funds.
- Explain how the solution directly solves the identified problems/needs.
- Include a firm figure of the number of jobs to be created or retained as a result of the project, and how these jobs relate to persons of low/moderate income.
- Clearly state the amount of EDP funds sought and how they will fit into the overall financing for the project.
- Include a graphic description (aerial photo, map, and sketch) of the sites involved. Provide a generalized location of the site relative to the community and a copy of a floodplain map showing the project location. Include existing and proposed site and/or building improvements.

**Effect on Assisted Business (5 points)**

- Describe the effect the EDP award and completion of the project, as a whole, will have on the ability of the community/business to remain competitive, and create/retain quality jobs.
- Describe the market including identification of competitors, price structure, resource availability, operating/manufacturing costs, transportation costs, demand, and other factors influencing the marketability of the product or service proposed. Also identify all project risks and the extent of the risks.

**Project Timeline and Feasibility (5 points)**

- Describe how the project is assured of successful completion within 12 months.
- Identify what work, such as pre-engineering, construction and improvements, or fixture purchases that have been completed, or are in process, and exactly how these relate to the proposed ED project.

- Provide background information (including resumes) for the owners and/or managers of the business and specific information about the skills and experiences of the owners and/or managers as related to the successful management of the business and proposed project.
- Include a concise timetable for project implementation.

**c. Citizen Participation (10 Points)** - Describe how business groups, local citizens, community groups and others were involved in the identification of the problems/needs and solutions discussed in the application. Local citizens, groups, boards, agencies, etc. are essential to any successful project. It is important that you show how these various groups were involved in bringing problems or needs to the attention of the community. The OCD views the involvement of local citizens in focusing on problems/ and solutions as a key element in a successful program application as well as in successful implementation of a project. Review is divided into two areas. Following each area are topics, information, or ideas that must be included in Citizen Participation.

**Public Hearing Process (5 points)**

- Describe how citizen participation contributed to the actual development of this application, including how the required public hearing contributed to the process. **(Submit a public hearing record consisting of the published public hearing notice, hearing minutes, and attendance list with the original and all three copies of the application.)**

**Business/Local Involvement (5 points)**

- Outline other input from businesses, chambers of commerce, development organizations, local groups and individuals have had in increasing the citizen participation process for the proposed project.
- Highlight how the use of any media (TV, radio, newspapers, etc.) increased public awareness and participation in the EDP project.

**d. Numerical Analysis – 55 Points (The applicant is not responsible for providing any additional information for this analysis.)** OCD staff will review each EDP application and calculate the score for this section based upon information provided in the EDP Letter-of-Intent and this application. The following factors will be used to determine the score in this section:

**Strategy Priority (5 points)** How the proposed EDP activity is aligned with the State’s economic development strategy and supports at least one of the State’s targeted technology sectors, specifically one of the following: Precision Manufacturing Technology, Biotechnology, Aquaculture and Marine Technology, Composite Materials Technology, Environmental Technology, Advanced Technologies for Forestry and Agriculture or Information Technology.

**Natural Resource Based (5 points)** Will be based on information received in the EDP Application.

**Project Significance (45 points)** Each application will be evaluated in relation to all others. Scores will be based on a maximum of 5 points in each of the following nine areas:

- Number of jobs to be created/retained
- Number of jobs created/retained as % of municipal unemployment

- Number of jobs created/retained as % of LMA unemployment
- % community unemployment is above state average
- % of LMA unemployment is above state average
- EDP dollars per job created/retained
- Hourly salary of jobs created/retained exceeds County Per Capita Income
- Quality of jobs created/retained based on wages and fringe benefits
- % non EDP funding in project

**e. Priority Areas Bonus (5 points)** Applications assisting a business located in an identified Empowerment Zone, HUB Zone or a labor market area with an unemployment rate exceeding the state average by at least 50% will receive a 5 point bonus.

**f. Final Application Score** Each application will receive a Final Application Score consisting of the average of the scores assigned by members of the OCD Review Team. Starting at the top of the scoring list, applicants will be invited to proceed to the Project Development Phase as funds allow. There is no minimum Final Application Score required for an application to be considered for funding.

**7. Review Process for Activity Group 4 (DF Loan):** Each application for DF assistance will be submitted through an OCD Development Fund Loan Application and must include all attachments required in the 2010 application directions.

Completed applications will be reviewed by the OCD Review Team who will make a recommendation to the Commissioner of Economic and Community Development. The following criteria will be considered during the application phase:

- (i) Detailed description of project being financed.
- (ii) Detail of the sources and uses (include itemized description of work and costs) of all financing.
- (iii) Business' Federal tax return for the previous three years and/or complete accountant prepared financial statements (income statement and balance sheet and notes).
- (iv) Interim financial statements (if the most recent financial information is older than 90 days).
- (v) Personal Financial Statement and Federal Income Tax Returns of all owners and guarantors with 20% or more ownership.
- (vi) One-year pro forma balance sheet, income statement and monthly cash flow statement with supporting assumptions.
- (vii) Copies of signed commitment letter from other financing sources as applicable.
- (viii) Completed Employment Plan.
- (ix) Supplemental information such as collateral appraisals, marketing plans, resumes, site assessments, and aging of accounts receivable/payable may be requested by OCD. If these

materials are readily available they should be included with the application package.

(x) Priority Areas DF Applications assisting a business located in an identified Empowerment Zone, HUB Zone or a labor market area with an unemployment rate exceeding the state average by at least 50% will receive priority for funding.

**8. Project Development Phase:** The project development phase must be completed within 3 months from the date of award. The goal of this phase is a grant contract for CDBG funds. During this phase an OCD Development Program Manager will be assigned to work with the community to finalize their project. OCD reserves the right to rescind the CDBG program award of the community is not under contract within this time. The Director of the Office of Community Development may grant waivers for just cause.

## B. COMMUNITY ENTERPRISE GRANT PROGRAM

The Community Enterprise Grant (CE) Program provides grant funds to assist in innovative solutions to problems faced by micro-businesses, promote business façade programs and make streetscape improvements in downtown and village areas. Assistance to businesses may be in the form of grants or loans at the discretion of the community.

1. **Threshold Criteria and Program Requirements:** CE Program funds will be distributed through an annual grant application selection process.

### (a) Eligible Activities:

(i) Eligible activities under the Micro-Enterprise Grant/Loan category are grants or loans to for-profit businesses, façade grants to for-profit or non-profit businesses for exterior improvements, including signage, painting, siding, awnings, lighting, display windows and other approved exterior improvements (**interior improvements are not allowed**) and streetscapes including pocket parks, benches, street lighting, tree plantings, signage, traffic calming improvements, sidewalks and other approved improvements; eligible planning activities necessary to complete the Project Development Phase. **Sewer, water, storm drainage, parking, roads or streets and other infrastructure improvements and buildings solely for residential use are not eligible. All streetscape improvements must take place on publicly owned property.**

(b) **Downtown Revitalization Program Prohibition** - Communities applying for a CE grant may not apply for, receive, or benefit from a Downtown Revitalization Program (DR) grant in the same program year.

(c) **Maximum CE Grant Amount: \$150,000** - Applicants may apply to address one or any combination of eligible activities listed in Section H (1) (a) above but are limited to a total of \$150,000 in CE funds.

(d) **Maximum Amount of Community Enterprise Grant/Loan Assistance to Businesses: \$25,000**

### (e) Project Benefit:

(i) **Micro-Enterprise Grant/Loan:** Existing or developing businesses that have, or will have five or fewer employees, one of whom owns the enterprise, and whose family income is LMI will meet the project benefit. Employees are not considered in meeting project benefit.

(ii) **Business Facade Grants:** Project benefit will be met when exterior improvements and signage on an existing business take place in a designated slum/blight area, or documentation exists that a business qualifies under a spot blight basis.

(iii) **Streetscapes:** Project benefit will be met when streetscapes take place in a designated slum/blight area or the applicant

community where the project will take place is 51% or greater LMI as determined by HUD and the U.S. Census.

## 2. Special Program Requirements

**(a) Demonstration of National Objective:** Applicants must demonstrate that the project meets the National Objective of 1) benefiting 51% or greater low/moderate income persons, 2) preventing or eliminating slum or blighting conditions, or 3) existing or developing businesses that have, or will have five or fewer employees, one of whom owns the enterprise, and whose family income is LMI. Census information, a certified target area survey, an officially adopted declaration of slum/blight conditions conforming to the requirements of MRSA Title 30-A, Chapter 205, 5202 and HUD, or assurances of spot blight designation or micro-enterprise eligibility must be submitted to OCD. ***These demonstrations must be made as part of the Letter of Intent and Verification of CDBG National Objective submitted to OCD on or before 4:00pm on Friday January 22, 2010.***

**3. Selection Process:** The selection process will consist of three phases; a letter of intent, an application phase and a project development phase.

**(a) Letter of Intent and Verification of CDBG National Objective:** All communities wishing to submit a CE application must submit a Letter of Intent and Verification of CDBG National Objective to OCD on or before 4:00PM on Friday January 22, 2010 according to the requirements set forth in the 2010 DR application package.

**(b) Application:** The maximum length of an application is **four pages, not counting required attachments**. The application deadline for the CE Program is 4:00PM on March 5, 2010. Each application will be rated in relation to all others in a two-stage process.

**Stage 1: Review Team Analysis** – Members of the four-person OCD Review Team will assign a Review Point Total for each application reviewed. Review Point Totals will consist of the sum of the three scoring areas below and be determined by the total of each sub-scoring area. A maximum of 100 points is obtainable.

**(i) Impact (40 points):**

\*State the problems then present the scope and magnitude of the identified problems. – 6 points

\*Explain how the problems negatively impact the local economy and the viability of existing downtown or village area. – 8 points

\*Clearly define how the problems negatively affect LMI persons and/or contribute to slum/blight conditions. – 10 points

\*Describe the obstacles to overcoming the identified problems. – 6 points

\*Explain why CE funds are necessary for the project; describe efforts to secure other grant or loan funds, and tell why they are not available locally to assist businesses or local government with their development and site improvement needs. – 10 points

**(ii) Development Strategy (40 points):**

\*List the specific activities to be undertaken in the project. For streetscapes include location, size and design features. – 5 points

\*Identify the specific use of CE funds and the specific tasks or activities to be funded with each other source of funds. – 5 points

\*Provide Identification and description of potential business grant/loan applicants and their needs; or provide details of how areas in need of streetscape improvements were identified and prioritized. – 5 points

\*Explain how the CE project will stimulate business in the downtown or village area and assist in improving the area's long-term viability. – 6 points

\*Describe how the CE funded activities will have a positive impact on LMI persons and/or on alleviation of the slum/blight conditions. – 6 points

\*Provide a project timeline; list activities or actions completed to date. – 4 points

\*Describe the capacity and experience of the administrator to market and conduct a grant/loan program or streetscape improvement effort; and describe how CE funds will be expended in a timely manner. – 5 points

\*Budget Summary Review – 4 points

**(iii) Citizen Participation (20 points):**

\*Effective use of any media (newspapers, radio, TV, etc) to further public awareness and participation. – 4 points

\*Relevance of listed meeting/hearing activities/comments (not counting required public hearing) and the overall citizen participation process in application and project development. – 4 points

\*Involvement of downtown and local businesses, Chambers of Commerce, development groups or other business related organizations in identification of problems and development of the application and project. – 4 points

\*Involvement of potential LMI project beneficiaries in development of the application and project and how the

required public hearing relates to the application development and citizen participation process. – 4 points

\*How other local resources (cash and in-kind) are directly related to the project and the establishment of a cash value equivalent for all in-kind commitments. – 4 points

**Stage 2: Final Application Score** – Each application will receive a Final Application Score consisting of the average of the scores assigned by members of the 4-person OCD Review Team. Starting at the top of the scoring list, applicants will be invited to proceed to the Project Development Phase as funds allow. There is no minimum Final Application Score required for an application to be considered for funding.

## D. NON-PROFIT DEVELOPMENT GRANT PROGRAM

The Non-Profit Development Grant Program (NPDG) provides funding for communities forming partnerships with local non-profit development organizations to carry out activities in blighted areas located in designated downtown areas which will foster community economic development initiatives leading to the elimination of slum and blight and increased job opportunities for LMI persons.

**1. Special Threshold Criteria and Requirements:** NPDG Program funds will be distributed through an annual grant submission and review process

**(a) Eligible Activities:** Eligible activities in the NPDG Program are: demolition, site clearance, structural stabilization, removal of environmental contaminants, installation of security devices, including sprinkler systems and smoke detectors, energy conservation measures, including replacement of heating and cooling equipment, removal of architectural barriers, and replacement of landscape materials, sidewalks and driveways where it is incidental to rehabilitation of the property; and eligible planning activities necessary to complete the Project Development Phase.

**(b) Match:** All communities applying for NPDG funds must certify that a cash match of at least 20 percent of the total grant award will be injected into the project activities. This match may consist of all non-CDBG loans, grants, endowments, etc contributed to the project.

**(c) Maximum NPDG Grant Amount: \$250,000**

**(d) Project Implementation:** Implementation of all project activities must be carried out by a non-profit development organization that has established a contractual relationship with the applicant community.

**(e) Bona-fide Non-Profit Development Organization:** NPDG activities may only be carried out by bona-fide non-profit development organizations that meet the Internal Revenue Service definition as a non-profit, **and** are organized under state or local law to carry out community and economic development needs of the applicant community. Examples of bona-fide non-profit development organizations include but are not limited to: Neighborhood-Based Non-Profit Organizations, Local Development Corporations, SBA Section 504 Certified Development Companies, Small Business Investment Companies organized under 15 USC Section 681 and Community Action Agencies.

**(f) Ownership of Project Site:** The non-profit development organization must own the site on which all NPDG activities will take place.

**(g) Demonstration of National Objective:** Applicants must demonstrate at the time of application that the project meets the National Objective of preventing, or eliminating slum or blighting conditions. An officially adopted declaration of slum/blight conforming to the requirements of MRSA Title 30-A, Chapter 205, 5202 and HUD must be submitted with the

application. For spot blight activities documentation must be submitted substantiating the condition of the structure as “blighted.”

**2. Selection Process:** The selection process will consist of two phases an application phase and a project development phase.

**(a) Application:** The application deadline for the NPDG Program is 4:00PM EST on March 19, 2010. The OCD review team will rate each application in relation to all others.

**(b) Rating Criteria:** The following rating criteria will apply to all NPDG applications:

**(i)** Documentation of bona-fide status for Non-Profit Development Organization carrying out NPDG activities: **10 points**

**(ii)** Verification of property ownership of project site by Non-Profit Development Organization: **10 points**

**(iii)** Documentation that project site is in a designated downtown area as defined in an adopted and consistent comprehensive and/or an approved downtown revitalization plan; and that proper slum/blight designation exists for the site: **15 points**

**(iv)** Project Summary – A maximum 2-page summary of all project activities funded with NPDG and matching funds: **15 points**

**(v)** Budget Summary & Matching Funds Review – a review of the Budget Summary Page, Matching Funds Table and required documentation and how they assure the project is fully funded and ready to proceed: **15 points**

**(vi)** Summary of potential jobs, which may be created for LMI persons as a result of the NPDG project: **10 points**

**(vii)** Assurances that NPDG activities will be completed within 12 months of CDBG contract award; including a summary of any financial, permitting, political, environmental or contracting concerns which could delay project: **15 points**

**(viii)** Pine Tree Zone Bonus: NPDG applications supporting project activities taking place in a designated Pine Tree Zone shall receive a bonus of **10 points**.

**(c) Application Approval:** The OCD Review Team will forward their recommendations for funding to the Director, Office of Community Development. **A minimum Final Rating of 75 points** will be required for an application to be considered for funding. Starting at the top of the scoring list, applicants will be invited to proceed to the Project Development Phase as funds allow.

## E. INTERIM FINANCE PROGRAM

The Interim Finance Program (IFP) utilizes funds not disbursed in the State's Letter of Credit for grants to communities to assist businesses or developers in creating housing and job opportunities for low and moderate-income people through short-term loans. The duration of loans will be dependant on availability of CDBG funds.

### 1. Threshold Criteria:

(a) The proposed activities must meet the low and moderate-income objective as described below:

(i) At a minimum, 51% of the jobs created or retained as a result of the IFP project must be taken by persons of low and moderate income. Jobs created/retained must be in the community applying for the IFP, be new jobs to that community, and not be associated with any other branches of the assisted business located in another community. Transfer positions cannot be counted toward the job creation/retention requirements. **In the event that job creation requirements are not met, the applicant community will be responsible for immediate repayment of all CDBG funds to the State.**

(ii) The maximum cost per job created or retained with IFP funds is \$20,000. The maximum cost per job created or retained with IFP funds for eligible Pine Tree Development Zone, Empowerment Zone or HUB Zone applicants is \$30,000.

(iii) At least 51% of the housing units created by the IFP project must be occupied by low and moderate-income households, or

(iv) The IFP expenditures reduce the development costs for new multi-family, non-elderly housing construction where not less than 20% of the units will be occupied by low and moderate-income households at affordable rents **and** the proportion of the total cost of developing the project to be borne by the IFP funds is no greater than the proportion of units in the project that will be occupied by low and moderate-income households.

(b) Complete the required IFP application materials.

(c) The application amount must be between \$500,000 and \$5,000,000. The Commissioner of DECD may waive the \$500,000 minimum requirement if OCD determines it is in the best interest of the State and if OCD incurs no additional administrative costs as a result of the smaller award. Eligible planning activities necessary to complete the Project Development Phase are also an allowable expense.

**2. Special Program Requirements:** IFP applicants must also comply with the following:

(a) **Need for Financing:** There must be a demonstrated need for an IFP loan in order for the project to be funded. The need may be based upon

either a gap in available funding for the project or on a determination that the costs of financing so adversely affect the project's rate of return that the project would not be undertaken without additional assistance. IFP grantees must demonstrate the proposed rate and term have been set to ensure that assistance provided is the minimum needed and the proposed assistance is necessary and appropriate to carry out the economic development project.

**(b) Commitment of Non-CDBG Funds:** The business being assisted must demonstrate that all non-CDBG financing, both permanent and interim, necessary for the project's completion has been secured.

**(c) Community Benefit:** The project must result in substantial benefit to the community: job creation/retention, tax revenue increases, new housing opportunities, or public facility improvements relative to the public dollar investment.

**(d) Surety:** The business being assisted by the IFP grantee must secure an unconditional, irrevocable letter of credit for the full amount of the Interim Financing Loan (principal plus any accrued interest to term) from a lending institution acceptable to DECD which will be assigned to the State. The State may accept a FAME guarantee in lieu of an irrevocable letter of credit, or other surety instrument deemed acceptable by DECD.

**3. Selection Process:** Applications may be submitted on an open basis. IFP grants will be made on a first come, first served basis. Projects that meet requirements may be awarded IFP grants until the amount of funds available in the State's letter of credit has been committed. Following full commitment of the IFP, the State will maintain a waiting list of eligible projects to be funded. If projected funds will not be available for a minimum of six months, the State reserves the right not to accept any additional applications.

**4. Approval Process:** Through its Technical Assistance Providers, direct mailings, and other marketing methods, the State will advertise the availability of funds within the IFP. Communities interested in applying will: notify the State of their intent to apply, identify the proposed loan recipient and provide an application describing the project. Following the acceptance of a complete application by the State, the DECD or its designee will conduct a financial analysis of the project, DECD will determine if the IFP loan is needed, if all non-CDBG permanent and interim funds are committed, and if an irrevocable letter of credit is in place. The DECD staff will recommend the loan terms and interest rates to the Director, Office of Community Development. The State will review all other program requirements. If these requirements are met, the Commissioner of the DECD will make a grant award based on the project meeting all program requirements.

## SECTION 4. PLANNING & SPECIAL PROJECTS

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### A. COMMUNITY PLANNING GRANT PROGRAM

The Community Planning Grant (CPG) Program provides funding to communities or community partnerships that have clearly identified a local community or economic development problem and lack the resources to develop a strategy for solving that problem.

**1. Threshold Criteria and Certifications:** CPG funds will be distributed through a yearly grant application selection process.

**(a) Eligible Activities:** CPG funds may be used for planning only activities that will include studies, analysis, data gathering, preparation of plans and maps, and identifications of actions that will implement plans. **Engineering, architectural, and design costs related to specific projects are not eligible.**

**(b) Project Benefit:** The program activities must meet one of the CDBG Program's national objectives. The outcome of the planning activities, if implemented, must provide either a benefit to low- and moderate-income persons, or prevent or eliminate slum or blighting conditions.

**(c) Use of CPG Funds for Comprehensive Planning:** Communities designated as 51% or greater LMI by the 2000 U.S. Census and HUD may apply for CPG funds for completion of their local comprehensive plan which must conform to all State Planning Office standards and Maine State Law.

**2. Special Program Requirements:**

**(a) Maximum CPG Grant Amount: \$10,000**

**(b) Match:** All communities applying for CPG funds must certify that they will provide a cash match equivalent to 25 percent of the total grant award. This match may consist of all non-CDBG loans, grants, endowments, etc contributed to the project.

**3. Selection Process:** The selection process will consist of two phases – an application phase and a project development phase.

**(a) Application:** The maximum length of an application is **four pages, not counting required attachments**. The application deadline for the CPG Program is 4:00PM on May 14, 2010. Each application will be rated in relation to all others in a two-stage process.

**Stage 1: Review Team Analysis** – Members of the four-person OCD Review Team will assign a Review Point Total for each application reviewed. Review Point Totals will consist of the sum of the four scoring areas below and be determined by the total of each sub-scoring area. A maximum of 100 points is obtainable.

**(i) Impact (35 points):**

\*A description of the scope, magnitude and severity of the identified problems – 7 points

\*How the problems were identified – 7 points

\*Past efforts to deal with the identified problems – 7 points

\*Impact of the problem on LMI persons or slum/blight conditions – 7 points

\*Why CPG funds are critical for the project – 7 points

**(ii) Development Strategy (35 points):**

\*A description of the planning tasks proposed to solve the identified problems; specific use of CPG funds – 8 points

\*Project timeline, including a start date, tasks completed to date and how CPG funds will be expended within 12 months or less – 12 points

\*How community partnerships including local government, citizens, agencies and local businesses will work together to develop effective solution strategies – 5 points

\*How the planning efforts would lead to solution strategies that would benefit LMI persons or alleviate slum/blight conditions – 6 points

\*Experience of the applicant community with planning projects – 4 points

**(iii) Project Leverage (10 points):**

\*Budget Page review – 3 points

\*Matching Funds Table review - 3 points

\*% which firm cash commitments exceed minimum 25%

0% - 15% – 0 points

16% - 30% - 2 points

31% - 50% - 3 points

More than 50% – 4 points

**(iv) Citizen Participation (20 points):**

\*How overall citizen participation process directly relates to identification of solution strategies and application development - 4 points

\*Effective use of any media (newspapers, radio, TV, etc) to further public awareness and participation – 4 points

\*Relevance of listed meeting/hearing activities/comments (not counting required public hearing) on application and project development – 4 points

\*Involvement of potential LMI project beneficiaries in development of the application and project and how the required public hearing relates to the application development and citizen participation process – 4 points

How other local resources (cash and in-kind) are directly related to the project and the establishment of a cash value equivalent for all in-kind commitments – 4 points

**Stage 2: Final Application Score** – Each application will receive a Final Application Score consisting of the average of the scores assigned by members of the 4-person OCD Review Team. Starting at the top of the scoring list, applicants will be invited to proceed to the Project Development Phase as funds allow. There is no minimum Final Application Score required for an application to be considered for funding.

## **B. TECHNICAL ASSISTANCE PROGRAM**

The Technical Assistance Program provides funds to contract with regional organizations to provide application development, development of alternative funding sources, grant administration, and general program assistance to Maine's communities.

The Office of Community Development will use Technical Assistance funds to: conduct workshops, produce program materials, implement the CDBG Administrator's Certification Training Program, and outreach to communities.

## **C. SPECIAL PROJECTS MATCHING FUND**

The Special Project Matching Fund (SPMF) provides matching funds to projects that are not funded through the normal CDBG application process. SPMF funds will be used for alternative OCD grant activities and partnerships that are consistent with the furtherance of community or economic development activities and CDBG National Objectives in the State of Maine. Approval for the use of SPMF funds is through the Director, Office of Community Development.

## **SECTION 5. REDISTRIBUTION OF GRANT FUNDS & PROGRAM INCOME**

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This section describes the methods by which undistributed funds, disencumbered funds, additional funds received from HUD, and program income will be redistributed.

### **A. ADMINISTRATIVE REDISTRIBUTION OF GRANT FUNDS**

**1. Local Government Grants from the State:** Applicants receiving grants under the 2010 CDBG program but failing to have their projects substantially underway (staff hired, environmental review complete, program costs obligated, construction or services begun) within six months of grant award, may have their grant rescinded by DECD. Unexpended grant funds may be added to any open CDBG contract, used to make additional awards in any 2009 CDBG program, or added to the available monies for the 2010 or 2011 competition.

Unexpended funds remaining in the grantee's CDBG account at grant closeout, funds remaining in a grantee's award but not drawdown upon grant closeout, and funds returned to DECD because of disallowed costs may be added to any open CDBG contract, used to make additional awards in any 2009 CDBG program, or added to the available monies for the 2010 or 2011 competition.

**2. Unallocated State Grants to Local Governments:** Unallocated grant funds resulting from lack of adequate program competition or demand in any of the available 2010 CDBG programs may be added to any open CDBG contract, used to make additional awards in any 2010 CDBG program or added to the available monies for the 2010 or 2011 competition.

**3. Basis for Redistribution:** The decision to redistribute funds will be made after staff evaluation of the following: the total funds available, requests for additional funding from current CDBG grantees, any applicants for the 2010 competitions that did not receive funding, and the possibility of holding additional competitions during the 2010 Program. In all cases, these additional competitions and the subsequent programs developed will be subject to the 2010 Program Statement.

**4. Development Fund Program Repayments:** DF loan repayments to DECD will be used to capitalize a revolving loan fund for the purpose of making additional DF program awards.

**5. Business Assistance Program Repayments:** BA loan repayments will be used to fund additional future awards within the specific program categories under which the original award was made.

## **B. PROGRAM INCOME**

As used in this Proposed Statement, “Program Income” means the gross income received by a grantee from any grant-supported activity. Applicants will refer to the CDBG Regulations and the Maine Office of Community Development policies on program income.

Program Income shall also mean gross income received by DECD for repayment of loans under the DF and BA programs. Repayments from each program will be used to capitalize revolving loan funds to make additional future awards within the specific programs under which the original awards were made.

## **SECTION 6. APPEALS**

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An applicant wishing to appeal DECD's decision regarding their 2009 application may do so by submitting an appeal letter to the Commissioner of The Department of Economic and Community Development within fifteen (15) days of the award announcement for that specific program.

Appeals of award decisions are restricted to errors of fact or procedure. Appeals in the areas of judgment qualitative scoring will not be entertained. In the case of a successful appeal, funds will be reserved for the project from available or subsequent CDBG funds.

## **SECTION 7. AMENDMENTS TO THE PROGRAM STATEMENT**

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The State may amend the 2009 Program Statement from time to time in accordance with the same procedures required for the preparation and submission of the program statement. The State of Maine's Administrative Procedures Act will guide the amendment process.

## **SECTION 8. COMMUNITY EVALUATION FACTORS**

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A pre-determined community evaluation factor with a maximum point total of 20 will be added to the average review team score for each application for the Housing Assistance, Public Infrastructure and Public Facilities grant programs to determine the final score. The Community Evaluation Factor will be based on pre-determined criteria established by an independent authority for each community in Maine and be published in the 2010 Program Statement.

**THIS MATERIAL IS AVAILABLE IN ALTERNATIVE FORMAT  
UPON REQUEST**

**BY CONTACTING:**

**MIKE BARAN, DIRECTOR  
OFFICE OF COMMUNITY DEVELOPMENT  
111 SEWALL STREET, 3<sup>RD</sup> FLOOR  
59 STATE HOUSE STATION  
AUGUSTA, MAINE 04333-0059  
TELEPHONE (207) 624-7484  
TTY: 1-800-437-1220**

**ALSO AVAILABLE ON THE OFFICE OF COMMUNITY  
DEVELOPMENT WEB SITE:**

**[www.meocd.org](http://www.meocd.org)**

**The Maine CDBG Program is Funded by:**

