

## **FY 2018**

### **North Dakota Department of Commerce, Division of Community Services (DCS) Substantial Amendment to the FY 2018 Consolidated Plan Annual Action Plan**

This substantial amendment was prepared and is being submitted to HUD in accordance with the North Dakota Department of Commerce, Division of Community Services' (DCS) Citizen Participation Plan and the requirements of 24 CFR 570.494(b)(1) for the timely distribution of its annual grant.

## **SECTION X**

### **Program Design - Governor's Fund for Community Development**

Requests for the Governor's Fund are accepted anytime throughout the year for Economic Development, Housing and Emergency projects. These requests must go through their respective Regional Council. The Application/Business Plan must be reviewed and approved by the Regional Review Committee. Public Facilities, Main Street and Public Services have been added as additional activities to be funded for FY2018. The guidelines and timelines for these activities are listed after "Additional activities to be funded for FY2018".

#### **ECONOMIC DEVELOPMENT**

The focus of the fund will be to fund primary projects. "Primary sector business" means an individual, corporation, limited liability company, partnership, or association certified by the ND Department of Commerce Division of Economic Development and Finance, which through the employment of knowledge or labor adds value to a product, process, or service which results in the creation of new wealth. Primary sector does not include "production agriculture."

The fund will also focus on retail sector projects. The definition of retail sector is those businesses involved in the direct sale of goods, commodities, activities, or services to the consumer. Retail also includes tourism related activities.

The decision to fund Economic Development related project(s) will be based on the significant impact to the state's economy and must meet one of the following criteria: (1) does the project create jobs; (2) is the business viable; (3) will the project have a positive impact on the community and state; and (4) will the business create new wealth in the community and state.

The Regional Councils are not required to use their CDLF funds before the Governor's Fund is accessed. However, an analysis of the Regional Council balances will occur at the time of each request to determine the possible partnering/participation of CDLF funds with the Governor's Fund.

The Program Design for Economic Development (Section VII of the CDBG PDS) must be followed.

**HOUSING**

The funds may also be used for permanent supportive housing (PSH) to address long term homelessness. The decision to fund a PSH project will be based on the project’s 1) proposed impact on long term homelessness; 2) the supportive services coupled with the housing units; and 3) demonstrated local support for the project via cash match or other forms of financial support.

The decision to fund existing multi-family housing project(s) will be based on a community needs assessment and/or market analysis to maintain existing stock, and continue to provide decent affordable housing for low to moderate income people.

The Program Design for Housing (Section IX of the CDBG PDS) must be followed.

**EMERGENCY PROJECTS**

The funds may be used to fund emergency projects and special needs housing for the homeless. The decision to fund emergency project(s) will also be based on the project’s ability to alleviate an immediate health or safety concern within the community.

**Additional Requirements**

Regional Councils will submit these requests to the ND Department of Commerce Division of Community Services. The proposed activity must be CDBG eligible and meet a national objective.

SFN 53734 “Governor’s Fund” needs to be completed and submitted with each request for funding from the Governor’s Set-Aside for Community Development.

Administrative funds will be awarded from the Governor’s Fund based on the same formula as other CDBG projects. If funding for a project is shared by the Governor’s Fund and Regional Funds, administrative funds will be pro-rated. These formulas can be found on Section V of this document.

The Program Income generated from loans made through the Governor’s Fund Economic Development and Main Street projects will be returned to the Governor’s Revolving Loan Fund.

**FY2018 Funds Available for this Substantial Amendment**

Public Facilities (up to)	\$1,331,000
Main Street (up to)	\$ 500,000
Public Services (up to)	<u>\$ 500,000</u>
Total funds available	\$2,331,000

The DCS reserves the right, without notification except as may be required by state or federal regulations, to modify or transfer allocations and otherwise modify or amend this statement, including, but not limited to, clarifications of policy, and deadline or meeting date changes.

## **Additional activities to be funded for FY2018:**

### **Public Facilities**

Public Facilities projects could include the acquisition, construction, reconstruction, or installation of public works, facilities (except for buildings for the general conduct of government), and site or other improvements.

The CDBG Committee for Public Facilities will be responsible for reviewing, scoring, ranking and making grant award recommendations. This committee will include state agencies such as the ND Department of Commerce Division of Community Services (DCS), State Water Commission, USDA/Rural Development, ND Health Department, ND Department of Transportation and Bank of North Dakota. The Program Design for Public Facilities (Section VIII of the CDBG PDS) must be followed.

### **Main Street**

The State of North Dakota has allocated Community Development Block Grant (CDBG) funds to operate a North Dakota Main Street program. Projects will assist the Governor's Main Street Initiative. The program is funded with federal Community Development Block Grant dollars to focus on long-term community development within cities main street areas. This funding would promote livable communities, address unmet community development needs, and promote activities that enhance local economic development efforts. Assistance is available to non-entitlement cities and incorporated cities.

### **Eligible Projects**

- Streetscape
- Façade Renovations

Streetscapes (examples include: street lighting, signage, landscaping, parking, and other approved site improvements)

Facade Improvements (examples include: signage, painting, awnings, lighting, windows, doors, entryways, and other approved improvements)

The intent of the North Dakota Main Street program is to renovate the exteriors of deteriorating properties in the downtown area. Interested property owners may apply for a grant up to \$100,000, with a minimum match requirement of 10%.

### **Eligibility Requirements**

- Eligibility is based upon HUD's Slum and Blight criteria, and not subject to Low-to-Moderate Income (LMI) % requirements.
- Projects must meet a national objective, be an eligible activity under the CDBG program, and comply with applicable state and federal laws and regulations.

A slum and blight area is defined as having a significant amount of structures that demonstrate major deterioration. The boundary is exhibited by a survey of the area.

"**Slum area**" means an area in which there is a predominance of buildings or improvements, whether residential or nonresidential, which by reason of dilapidation, deterioration, age or obsolescence, inadequate provision for ventilation, light, air, sanitation, or open spaces, high density of population and overcrowding, or the existence of conditions which endanger life or property by fire and other causes, or any combination of these factors is conducive to ill health, transmission of disease, infant mortality, juvenile delinquency, or crime, and is detrimental to the public health, safety, morals, or welfare. ([N.D.C.C. 40-58-01.1\(23\)](#))

"**Blighted area**" means an area other than a slum area which by reason of the presence of a substantial number of slums, deteriorated or deteriorating structures, predominance of defective or inadequate street layout, faulty lot layout in relation to size, adequacy, accessibility, or usefulness, unsanitary or unsafe conditions, deterioration of site or other improvements, diversity of ownership, tax or special assessment delinquency exceeding the fair value of the land, defective or unusual conditions of title, improper subdivision or obsolete platting, or the existence of conditions which endanger life or property by fire and other causes, or any combination of these factors, substantially impairs or arrests the sound growth of a municipality, retards the provision of housing accommodations or constitutes an economic or social liability and is a menace to the public health, safety, morals, or welfare in its present condition and use.

"Blighted area" does not include any land that has been assessed as agricultural property within the last ten years, unless it was located within the interior boundaries of a city for at least ten years.

The applicant must provide architectural renderings of the proposed design. Renovations to a historic property must maintain its historic character and must also conform to guidelines established in the "Secretary of the Interior's Standards for Rehabilitation and Guidelines for Rehabilitating Historic Buildings". ([N.D.C.C. 40-58-01.1\(2\)](#))

### **Review and Approval Process**

1. Pre-applications for Fiscal Year 2018 funding will be due November 5, 2018.
2. The following documents will need to be submitted to DCS by November 5, 2018:
  - CDBG Pre-application
  - Slum & Blight National Objective Form
  - Declaration of Slum and Blighted Area
  - Slum and Blight Inventory Form, including project photographs
  - Map of designated area (see instructions for map below)
3. Projects will be reviewed on or about November 14, 2018, by DCS and Governor's Office for project eligibility.
4. After projects have been approved, a CDBG Full Application and Environmental Review will be required prior to release of funds. CDBG Full Applications are due to

DCS by December 17, 2018. All projects are subject to the requirements of the Fair Labor Standards Act, including Davis-Bacon wage rates.

5. Cities and counties have the option to administer their own projects. CDBG funding for administrative costs can be provided in the amount of 10% of total project costs, with a maximum of \$10,000. Refer to Section V of the CDBG PDS for administrative funds guidance.
6. For Main Street projects, a match contribution of at least 10% is required. If project costs are more than the CDBG allocated amount, local match is required to fully cover the remainder of the project costs. The match amount proposed by the applicant should be determined by what is reasonable considering the resources available to the applicant, with a minimum of 10% provided.
7. An Engineer or Architect is not required for Main Street projects, but strongly encouraged. If CDBG dollars are used towards engineering or architect fees, the Brooks Act procurement process outlined in Section 6 of the CDBG Administrative Manual must be followed.

### **Instructions for Map**

The slum and blight area that is documented for the purposes of this application is considered the *targeted area* for the project. Proposed façade improvements, infrastructure, and streetscapes can be anywhere within that targeted area, but not outside of it.

For the map itself, a parcel map provided by the City or County is recommended. The 2018 Qualified Census Tracts (QCTs) and Difficult Development Areas (DDAs) mapping tool provided by the Housing and Urban Development Department may also be used.

[https://www.huduser.gov/portal/sadda/sadda\\_qct.html](https://www.huduser.gov/portal/sadda/sadda_qct.html)

### **Declaration of Slum and Blighted Area**

The targeted area must be officially designated as a Slum and Blighted Area by the City's local official. The area must be re-designated every 10 years for continued qualification and documentation must be retained.

The term “**structurally substandard**” refers to inadequate and unsatisfactory conditions of a structure or streetscape, typically in violation of local code.

The term “**dilapidated**” refers to broken down, decayed, or crumbling structures or streetscapes as a result of age or neglect.

### **Slum and Blight Inventory Form**

Attach the completed **Slum and Blight Inventory Form for each building in either a Word document or a PDF**. This form must be completed for all buildings in the slum/blight area. The

conditions are based upon definitions of property ratings for classifying buildings as excellent, good, fair or poor. Descriptions must be included of the building conditions.

Some satisfactory examples of descriptions are “crumbling brick, cracking stucco, wood rotted on window frames, cracks in window sills, weathered and discolored awning, rusty sign.” Photographs must be submitted along with the application. More than one photo for each building may be submitted to show deterioration conditions.

**The percentage of buildings designated as fair or poor must be at least 25% to be eligible.**

The applicant may also include responses to the other fields in the form if they are contributing to slum and blight conditions in the area such as: tenants relocating to a new mall or office space, lack of lighting or nighttime use of the area, or unwillingness of landlords to correct code violations, etc.

**Public Services**

CDBG Public Services funds, in the form of operational costs to support recovery, will be made available to existing and new agencies that support substance abuse recovery. These facilities serve individuals who have a history of substance abuse, with an emphasis on the homeless, those at risk of becoming homeless, and those referred by the judicial system.

Definition of facility – a residential treatment center (sometimes called a rehab) is a live-in facility providing therapy for substance abuse. These facilities must be in compliance with the rules and regulations of the North Dakota Behavioral Health Department. In North Dakota, treatment programs are required to be licensed by the Behavioral Health Division within the ND Department of Human Services.

Treatment programs are listed here (by region or by service type):

<http://www.nd.gov/dhs/services/mentalhealth/licensing.html>. Recovery Services (i.e. including recovery housing, peer support) are not currently under the authority of the Department of Human Services – though North Dakota has been notified that the federal funding will in the future require minimum standards and assurances.

In addition, the cost of operating and maintaining the portion of a facility in which the CDBG-funded public service is located and the lease of furnishings, equipment, or other personal property needed for an eligible public service may be paid for with CDBG funds. Paying for the operation and maintenance of an entire public facility that is only partially used by a CDBG assisted activity is not permitted.

State grantees must limit their expenditures on public service activities to 15% of their annual grant allocation.

**Best Practices**

1. No program receiving support from this award will deny access to any patient, client or participant or consider him/her “not in recovery” based solely on his/her use of FDA approved pharmacotherapy.

2. Must share all policies with participants.

Identify specific data to be collected during implementation of the application requirements. Determine what is needed to collect at intake (for example, beneficiaries' age, disability, race, and income status), and what to collect during and post implementation (for example, spending rates, number of people assisted, and client satisfaction levels), as well as tangible results, such as number of employed clients, and their salaries, benefits, and duration of employment. One way to collect this information is to conduct exit interviews with them; this information is vital to improve future programs.

Public services are an essential component to a comprehensive community development strategy.

Public services activities not only provide direct benefits to those assisted, but also can serve to link other CDBG investment, such as economic development, public facilities and housing activities, together for a stronger impact.

## **Review and Approval Process**

### **A. Acceptance of Applications**

1. An original of the complete and accurate standard CDBG Public Services Application Form must be submitted.
2. Activities described in the application will be verified to determine if they meet the fundability criteria as established in the Housing and Community Development Act.
3. Project activities must meet one of the three National Objectives as referenced in Section II of the CDBG Program Distribution Statement.
4. Refer to the application for required documentation to be submitted.

### **B. Public Services Review Criteria**

In order for a project to be funded, a determination must be made regarding project need, reasonability of costs and overall project effectiveness. To make this determination, the following considerations will be applied to each project:

1. Project Need  
The project must substantiate and address a need that is significant to the needs of the community.
2. Necessary and Reasonable Expenditure of CDBG Funds  
The project must substantiate that CDBG funding is necessary to meet the identified need(s). The impact of CDBG dollars is maximized and the use of CDBG funds is reasonable when compared with other funding sources. In order to assure that funds are committed, funding commitments from public/private funding sources shall be included in the application. The commitments may be contingent on CDBG funding.
3. Project Effectiveness  
The project must substantiate that project accomplishments would be significant given the need, amount of funds requested, local effort and program design.

C. **Application Criteria**

Applications that are seeking operational funding for an existing agency that supports substance abuse recovery must have a proven track record in fiscal responsibility and is successfully implementing a program model that includes peer support, daily living skills training, job responsibilities and practical living experiences.

D. **Project Review Committee**

The staff findings will be submitted to the review committee designated by the ND Department of Commerce, Division of Community Services (DCS). This committee will include state agencies such as DCS, ND Behavioral Health and the North Dakota Coalition for Homeless People. The committee will meet to evaluate projects based on the review criteria and staff comments. The committee will make a determination of approval, rejection or deferral. Projects that do not meet all five of the review criteria will not be funded. In the event that demand exceeds amount of funds available, those projects with the greatest need and effectiveness will be recommended for funding.

In some situations, a project may be eligible for partial funding. In such instances, DCS may negotiate with the applicant to ascertain whether the project can be reduced in size or restructured.

## **GRANT REVIEW AND SELECTION PROCESS**

### **Main Street**

November 5, 2018	Pre-application deadline
On or about Nov. 14, 2018	Projects reviewed by DCS and Governor's Office for project eligibility.
December 17, 2018	Final date for completion of full applications submitted to Division of Community Services (DCS) for approval.*

### **Public Facilities**

November 5, 2018	Pre-application deadline
On or about Nov. 14, 2018	CDBG Review Committee meeting (scoring/ranking) of pre-applications and recommendation to the CDBG Committee.
December 17, 2018	Final date for completion of full applications submitted to Division of Community Services (DCS) for approval.*

### **Public Services**

November 5, 2018

Final date for completion of full applications submitted to Division of Community Services (DCS) for approval

On or about Nov. 9, 2018

CDBG Review Committee meeting (scoring/ranking) of pre-applications and recommendation to the CDBG Committee.

## **GRANT APPLICATION SUBMISSION REQUIREMENTS**

### **CONFLICT OF INTEREST STATEMENT**

To ensure committee members do not have a conflict of interest, the following steps will be taken:

1. Committee members must identify any personal, professional or financial interest they may have in the application under consideration. Minutes will reflect the disclosure.
2. A CDBG Review Committee member will not score applications for which he/she has a conflict of interest, nor will he/she score applications which compete for the same funds.
3. A member of the CDBG Review Committee with a conflict of interest will abstain from voting on relevant motions, and minutes must reflect the member's desire to abstain.

#### **A. Public Facilities**

1. To be considered for scoring, the minimum requirements of a pre-application must be met.
2. Although specific match amounts are not required, if project costs are more than the CDBG allocated amount by the committee, at a minimum local match is required to fully cover the remainder of the project costs.

Notwithstanding the above, the match amount proposed by the applicant should be determined by what is reasonable considering the resources available to the applicant. Points will be awarded for match based on high, moderate and low commitment. Proposals requesting grant assistance for either engineering or administration, or both, will be required to submit additional budget and financial information.

3. Cities and counties have the option to administer their own projects. Refer to Section V of the CDBG PDS for administrative funds guidance.
  - a. For Public Facility projects, 10% of CDBG project funds, with a maximum of \$10,000 and a minimum of \$1,000.
4. Public Facility projects for which costs are estimated at \$50,000 or more require

preparation of plans, drawings and specifications by a licensed architect or registered engineer.

5. Public Facilities projects are eligible for CDBG funds to pay for construction costs of the project if the population in the project area is 51% or greater very low and low income (VL and LI). If the population is less than 51% VL and LI, CDBG funds can only be used to pay for special assessments on behalf of VL and LI households.

## **SCORING AND RANKING CRITERIA**

### **PUBLIC FACILITIES PROJECTS – Maximum 700 points**

#### **1. NEED - Maximum 150 points**

The CDBG Committee will score each pre-application on the basis of perceived need.

- a. High Need: 120 to 150 points will be awarded to applications which:
  - 150 points address an already demonstrated significant problem which clearly affects health, and/or safety of the community or a targeted VL&LI group within the community;
  - 135 points address a significant problem which in the immediate future is likely to affect health and/or safety; or
  - 120 Points address a situation in which all or the most critical services otherwise available cannot be provided because of architectural barriers or other physical impediments to persons with handicaps.
- b. Moderate Need: 90 to 120 points will be awarded to applications which:
  - 120 Points address a potentially significant problem which could clearly and significantly affect health and/or safety, but the likelihood or immediacy is not clear or apparent;
  - 105 Points address an immediate problem of health and/or safety but where no life-threatening or serious health/safety problems can be anticipated; or
  - 90 Points address a situation in which services to the handicapped can be provided, but not fully, or only with major inconvenience and/or additional costs.
- c. Low Need: 60 to 90 points will be awarded to applications which:
  - 90 Points address a problem which could significantly affect health and/or safety of the community, or a targeted VL&LI group within the community, but the likelihood or immediacy is not clearly documented or apparent.
  - 75 Points have not shown that services to the disabled cannot be provided with any more than minor inconvenience and/or costs.

60 Points    have not clearly shown that immediate or serious health and/or safety problems exist.

## 2. COMMITMENT - Maximum 125 points

The CDBG Committee will score each Application on the basis of perceived commitment. 90 to 125 points will be awarded for high commitment, 65 to 89 points for moderate commitment, and 0 to 64 points for low commitment. The following criteria will be considered:

- a. High Commitment: 90 to 125 points will be awarded to projects that demonstrate the applicant is asking for the minimum amount of grant funds and is, therefore, providing the maximum amount of local match funds. This can be shown by documenting all of the following:

125 points    project cannot proceed without the requested funds;

115 points    applicant can show it is without additional existing funds to fully fund or increase the local match to the project;

100 points    other potential sources of funding assistance have been explored but no other sources of grants or affordable loans are likely or available to meet the immediate need.

90 Points    the problem is:

- i. long standing or existing but the applicant has made all reasonable efforts to obtain local or other financing to address the problem; or
- ii. immediate and unexpected, not reasonably foreseen by the applicant.

- b. Moderate Commitment: 65 to 89 points will be awarded to Applications which show grant funds are needed to proceed with the project and which meet most, but not all, of the criteria in 2.a. (above).

- c. Low Commitment: 0 to 64 points will be awarded to Applications that do not show grant funds are needed to proceed with the project, for which other funds are available, or which meet few of the criteria in 2.a. (above).

## 3. APPROPRIATENESS - Maximum 125 points

100 to 125 points to projects that meet each of the following criteria;

80 to 99 points to those that meet 6 of 7;

60 to 79 points to those that meet 5 of 7;

40 to 59 points to those that meet 4 of 7;

0 to 39 points to those that meet fewer than 4 of the 7 criteria.

- a. the project would address the best immediate solution to the problem;
- b. the project would provide the best long-term solution to the problem;

- c. the project would meet all federal and state requirements and standards;
- d. the project appears to be cost effective considering the number of people to benefit versus the cost as compared to other projects;
- e. cost estimates appear to be reasonable and are well documented;
- f. project appears ready to proceed in a timely manner, with construction beginning in a 12-month period; and
- g. applicant proposes to utilize an experienced and qualified administrator.

4. PERCENTAGE OF MINORITY LIVING IN PROJECT AREA – (Taken from US Census data located in American Fact Finder) – Maximum 100 points

Communities with above 76% minority population	100 points
Communities with 51% to 75% minority population	75 points
Communities with 26% to 50% minority population	50 points
Communities with below 26% minority population	25 points

5. PERCENTAGE OF VL and LI IN THE PROJECT AREA - Maximum 100 points  
One point for every percentage point of VL and LI population will be awarded.

6. PROJECT READINESS – Maximum 100 points

Complete plans and proof of other funding committed	100 points
Complete plans and other funding located – not committed	50 points
Complete plans, other funding not located	20 points

**B. Public Services**

- 1. To be considered for scoring, the minimum requirements of a full application must be met.
- 2. Cities and counties have the option to administer their own projects.
  - a. For Public Services projects, 10% of CDBG project funds, with a maximum of \$10,000 and a minimum of \$1,000.
  - b. DCS will evaluate each project individually and determine whether an adjustment in administration dollars is required.
  - c. Administrative dollars will be paid to the Recipient on a reimbursement basis on actual expenses. Supporting documentation for administrative expenses must be available in the Recipient file and may be a required submission with the Recipient’s administrative Request for Funds (SFN 4630). Should the Recipient have more than one source of administrative funds, CDBG funds will reimburse the Recipient proportionally to the other funding.
  - d. The DCS will hold ten (10) percent of the authorized administrative funds until the project final report has been received and approved.

**PUBLIC SERVICES – Maximum 200 points**

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|---|-----------|
| a. Demonstrated the need for the funding  | 50 points |
| b. Plan for distribution of the funds in an effective, efficient and timely manner      | 40 points |
| c. Collaboration efforts with other targeted homeless Services and mainstream resources | 30 points |
| d. Outcome and Performance Measures   | 50 points |
| e. Percent of very low and low income for the project                                   | 30 points |