

**Community Development Block Grant (CDBG)  
Neighborhood Stabilization Program (NSP1)**

Application Workshop

March 18, 2009 & March 19, 2009



# Workshop Agenda

- Welcome & Introductions
- About the Nebraska Department of Economic Development
- Introduction to CDBG NSP1
- Basic CDBG NSP1 Information
- Funding Distribution
- Application Guidelines
- City of Lincoln & Omaha Set-Asides
- Timeline
- Application Information
- Scoring Criteria
- Other Information
- Question & Answer Session



# What will NOT be covered?

- How to implement the CDBG NSP1
  - Purchasing property at a discount
  - Identifying foreclosed and abandoned properties
  - Davis Bacon & Environmental Review
- Why the plan is set-up this way
  - Reason for Ineligible counties
  - Reason for requirements for demolition only
- CDBG NSP 2
- Individual/private business grants to buy properties



# Welcome & Introductions

- Introduction of NSP Staff
  - Lara Huskey, Director, Community & Rural Development Division
    - 402-471-3759 or [lara.huskey@nebraska.gov](mailto:lara.huskey@nebraska.gov)
  - Lynn Franzen, Economic Development Consultant
    - 402-471-3781 or [lynn.franzen@nebraska.gov](mailto:lynn.franzen@nebraska.gov)

# DED's Mission

- To provide quality leadership and services that enable Nebraska communities, businesses, and people to succeed in a global economy. We are here, equipped and ready, to assist you and your community in developing and capitalizing on economic development opportunities.

# Introduction to CDBG NSP1

- Housing and Economic Recovery Act (HERA), 2008
- Total funds available = \$19.6 Million
  - All Nebraska CDBG NSP1 Fund = \$14.7 Million
  - City of Lincoln & Omaha Set-Aside = \$4.9 Million
- HUD to release revised regulations soon for CDBG NSP1
- CDBG NSP1 changed by the American Recovery and Reinvestment Act (ARRA) of 2009

# Funding Distribution (I)

- Funding Distribution

1. Douglas & Sarpy Counties - \$6.432 Million
2. Lancaster County - \$4.0 Million
3. Cass, Hall & Washington Counties - \$3.0 Million
4. Dakota, Red Willow, Saunders & Scotts Bluff Counties - \$2.5 Million

# Funding Distribution (II)

- Funding Distribution

5. Adams, Antelope, Buffalo, Burt, Chase, Cheyenne, Clay, Colfax, Cuming, Dawes, Dawson, Dixon, Dodge, Franklin, Gage, Garfield, Hamilton, Harlan, Holt, Howard, Jefferson, Johnson, Kearney, Keith, Kimball, Loup, Madison, Merrick, Nemaha, Nuckolls, Otoe, Perkins, Phelps, Pierce, Platte, Polk, Richardson, Saline, Seward, Stanton, Thayer, & Thurston Counties - \$2.1 Million
  - Subrecipient (DED grantee) - \$.784 Million
  - State Administration - \$.784 Million



# Application Guidelines

- Draft provided is different than some information we will cover today.
- Can not be finalized until after regulations are finished.
- Most uncertain about the eligibility of redevelopment
  - Can it include public facilities and job creation?
- Omaha and Lincoln set-aside application is a separate form and must be submitted by the City.



# Eligible Applicants & Eligible Areas

- Eligible Applicants
  - Non-profit organizations
  - 501(c)(3), 501(c)(4), 501(c)(6)
    - Including quasi-governmental agencies
  - Local units of government
    - Including Lincoln & Omaha
- Eligible Areas
  - Funds must be used in eligible counties
  - Incorporated areas of county only
  - Limited to low-income areas for demolition only

# Eligible Activities

- Eligible Activities

- Establish financing mechanisms for the purchase and redevelopment of foreclosed upon homes and residential properties
- Purchase and rehabilitate homes and residential properties that have been abandoned or foreclosed
- Demolish blighted structures\*
- Redevelop demolished or vacant properties (limited to housing activities)\*

*\*Ineligible activities under the City of Lincoln and Omaha  
CDBG NSP Set-Aside*

# Ineligible Activities

- Ineligible Activities
  - Any activity ineligible under the CDBG program (except for new construction of housing)
  - Foreclosure prevention
  - Demolition of non-blighted structures
  - Any activity in ineligible counties



# Eligible Costs

- Eligible Costs
  - Acquisition
  - Disposition
  - Direct homebuyer assistance
  - Clearance for blighted structures only
  - Housing management/project soft costs (project delivery)
  - Public service and housing counseling
  - Redevelopment
  - Rehabilitation and preservation
  - Relocation
- Details in the “States Guide to the National Objectives”

# National Objective

- Meeting the National Objective
  - Income Limits
    - CDBG NSP1 funds must be used to benefit individuals at or below 120% of the area media income (AMI)
    - City of Lincoln & Omaha Set-Aside CDBG NSP1 Funds must be used to benefit individuals at or below 50% of the area median income (AMI)
  - National Objective
    - Household benefit\*
    - Area benefit – demolition only projects

*\*Only national objective applicable for the City of Lincoln and Omaha CDBG NSP1 Set-Aside*



# Verified Thresholds

- Meeting Verified Thresholds by application due date
  - Application and corresponding parts are complete
  - Applicant is eligible
  - Activities are eligible & comply with CDBG NSP1 national objectives
  - Identify an approved CDBG Certified Administrator or a staff member from the City of Lincoln Urban Development or Omaha Planning Department



# City of Lincoln & Omaha Set-Asides

- **Contacts**

- **City of Lincoln**

- Steve Werthmann, Housing and Real Estate Manager  
Urban Development Department  
(402) 441-8621  
[swerthmann@ci.lincoln.ne.us](mailto:swerthmann@ci.lincoln.ne.us)

- **City of Omaha**

- James Thele, Assistant Director  
Housing and Community Development Division  
Omaha Planning Department  
(402) 444-5206  
[jthele@ci.omaha.ne.us](mailto:jthele@ci.omaha.ne.us)

# Timeline (I)

- Optional Pre-Application Due – November 3<sup>rd</sup>
- Applications – due into NEDED by Wednesday, May 6<sup>th</sup> by 5 p.m. (CST)
  - E-mail attachments are acceptable, but must be followed up with the original and two copies (three total)
- Application interviews – May 26<sup>th</sup> – June 12<sup>th</sup>
  - Proposed Administrator, Application Preparer & Applicant Must Attend
- Preliminary selection – June 19<sup>th</sup>
- Contract negotiations – June 22<sup>nd</sup> – July 3<sup>rd</sup>

# Timeline (II)

- Contract negotiation items due – July 24<sup>th</sup>
- Award announcements – September 1<sup>st</sup>
- Release of Funds Information due – October 31<sup>st</sup>
- Project reporting – at least twice a year, likely monthly
- Project completion – August 31, 2011
  - Exception can be made at contract negotiations to August 2012



# Matching Funds

- Matching Requirement
  - No matching requirement
- Leveraged funds should be committed at time of application
- If leverage funds are not committed, must be able to provide probability and timeline of receipt during interviews and contract negotiations.

# Application Information

- Part I. General Information
- One-Page Project Summary
- Part II. Funding Summary
- Part III. Project Budget and Financing
- Part IV. Implementation Schedule
- Part V. Project Description
- Part VI. Required Exhibits
- Part VII. Required Attachments

# Part I. General Information

- Applicant Identification
- Person/Firm Preparing Application
- Eligible Activities
- Service Area
- Type of Applicant
- Proposed CDBG Administrator or City of Lincoln or Omaha Staff
- Certifying Official Requesting CDBG NSP1 Funds

# One-Page Project Summary

- Describe the CDBG NSP1 project including information on:
  - Proposed project accomplishments
  - Eligibility information
  - Project partners
  - Documentation of other funding sources
  - Timeliness for commitment of other funding sources

# Part II. Funding Summary

- Include:
  - CDBG NSP1 Funds
  - Other Funds
  - Total Funds
  - Sources of Other Funds
  
- General Administration = Environmental Review, general labor standards enforcement, record keeping, progress reports, general office expenses, contractual services for administration and audits

<i>Activity</i>	<i>NSP1 Funds</i>	<i>Other Funds</i>	<i>Total Funds</i>	<i>Sources of Other Funds</i>
Affordable Housing				
Demolition Only				
Project Delivery Costs (Housing Management)				
<b>Total Program Costs</b>				
General Administration – 4.0% of Total Program Costs-NSP				
<b>TOTAL</b>				



# Part III. Project Budget and Financing

- Provide detailed budget for the proposed program
- Format that best fits your project
- For development activities (such as acquisition, rehab/rebuild, resale) a development pro forma would provide additional clarity to the application reviewers
- Include details on how project delivery costs/soft costs were determined - such as staff salaries

# Part IV. Implementation Schedule (I)

## **PART IV: IMPLEMENTATION SCHEDULE**

Complete the Grantee Implementation Schedule.

### **COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) NEIGHBORHOOD STABILIZATION PROGRAM (NSP) GRANTEE IMPLEMENTATION SCHEDULE**

Program Name/Type: _____	Project Completion Date: _____
Target Performance Measures:	
Housing Activity:	
# _____	households with incomes at or below 50% AMI
# _____	households with incomes above 50% AMI and at or below 80% AMI
# _____	households with incomes above 80% AMI and at or below 1200% AMI
Area Benefit Activity: (applicable to the demolition of blighted structures only)	
# _____	people with households incomes at or below 120% AMI

*Instructions:*  
 \* All programs complete SECTION 1.  
 \* All housing activities complete SECTION 2.  
 \* For Rehabilitation, complete SECTION 3.  
 \* For Homebuyer Programs, complete SECTION 4.  
 \* For New Construction projects, complete SECTION 5.  
 \* For Demolition Only projects, complete SECTION 6.

<b>SECTION 1 (ALL PROGRAMS)</b>			
<i>Activity</i>	<i>Responsible Entity</i>	<i>Due Date</i>	<i>Completed Date</i>
Invitation to Contract Negotiations	NDED	June 22, 2009	
Submit Contract Negotiation Items	Grantee/Administrator	July 24, 2009	
Notice of Award	NDED	Sept. 1, 2009	
Receive and Execute Contract	Grantee/Administrator		
Submit Special Conditions for ROF	Grantee/Administrator		
Release of Funds (ROF) Issued	NDED		
Program Marketing	Grantee/Administrator		
<b>SECTION 2 (HOUSING ACTIVITIES)</b>			
(insert #) Applicants Submit Applications	Applicants		
Applications Processed	Grantee/Administrator		
Applicants Receive Notification of Eligibility	Grantee/Administrator		
Inspections Completed on Units	Grantee/Administrator		
Applicants Receive Approval for Assistance	Board/Council		

# Part IV. Implementation Schedule (II)

- Complete all applicable remaining Sections for your project.
- Each “Quarter” represents  $\frac{1}{4}$  of the project timeline in months beginning with the month of award
- Example:
  - Month of award August 2009
  - Project end date July 2011
  - Quarter 1 ends January 2010 (6 months)



# Part IV. Implementation Schedule (III)

- Indicate units and structures cumulatively reaching the status by the end of each quarter
- Assume award and Release of Funds (notice to proceed) per timeline in this presentation
- Extensions will NOT be granted in CDBG NSP1, build-in time for unanticipated set-backs
- Administrator should have redundancy built-in by ensuring staff turnover will not derail a project



# Part V. Project Description

- Need
- Design
- Capacity
- Impact

\*Part V. Project Description is not applicable to the City of Lincoln and Omaha CDBG NSP Set-Aside

# Part V. Project Description

- Project Need
  - Describe the need for the project.
  - Describe the public participation process and extent of public involvement used to identify and address community needs and allocate resources.



# Part V. Project Description

- Project Design
  - Describe your proposed project. Be as specific as possible.
  - Was the project submitted in a pre-application . If yes, explain.
  - Describe the specific improvement activities proposed.  
Identify the activity name and type of all activities.

# Part V. Project Description

- Project Design

- Include a narrative describing the area of greatest need each activity addresses and the expected benefit to income-qualified persons.
  - For Housing activities, describe tenure of beneficiaries (renters/homeowners), duration or term of assistance, and how the design will ensure continued affordability.
  - For acquisition activities, describe the discount rate (purchase price must include a minimum of a 15% discount) and how the required rate will be achieved. (If non-CDBG NSP Funds will be used for acquisition, the discount rate does not apply.)
  - For financing activities, detail the range of interest rates.

# Part V. Project Description

- Project Design

- Complete the following questions for demolition only projects.
  - Please identify if the area in which the project is located is eligible by using either the census tract data or the demolition survey tool provided by NDED. Does the area have a higher than normal average number of dilapidated properties?
  - Indicate whether the identified area is incorporated and either enforces housing codes/nuisance ordinances or agrees to do so within 12 months of the award.

# Part V. Project Description

- Project Design

- For all activities, please describe the specific performance measures. (For example, describe all units of housing to be acquired, rehabilitated, or demolished for the income levels of households that are 50% of area median income and below, 51-80%, and 81-120%.)
- Describe the geographical target area (may be specific addresses, blocks, neighborhoods, a portion of a community, the entire community, or extend miles beyond the community but the description must include the entire area served by each activity). Make sure you identify all affected zip codes and counties.



# Part V. Project Description

- Project Design
  - Are housing and building codes enforced in the project area? If yes, please describe.
  - Are the project delivery costs appropriate to achieve the proposed results? Please explain how the totals for all soft costs were reached.

# Part V. Project Description

- Capacity

- Describe the organization that will own and operate the project (if other than a local government, also specify the organization's legal status and date of incorporation). List key individuals who will be responsible for the day-to-day operation and maintenance.
- Describe the applicant's capacity and commitment to implement the project in a timely manner? Has the applicant been successful in similar projects in the past? If yes, please explain.
- Describe the proposed administrators capacity and commitment to implement the project in a timely manner? Has this administrator been successful in similar projects in the past? If yes, please elaborate.



# Part V. Project Description

- Project Impact
  - Describe the degree to which the proposed accomplishments will reduce or eliminate the need(s) in the project area and any plans to address remaining need(s).
  - Identify how each activity meets the goals of the NSP to stabilize neighborhoods.



# Part VI. Required Exhibits

- Notice of Required Public Hearing or Public Meeting (Exhibit A)
- Authorizing Resolution (Exhibit B1 or B2)
- Statement of Assurances (Exhibit C1 or C2)
- Determination of Level of Environmental Review (Exhibit L)
- Citizen Participation Plan (Required for local governments only – Exhibit M)
- Geographic Identification by Zip Code (Exhibit N)
- Geographic Identification by County (Exhibit O)



# Part VII. Required Attachments

- Attachment 1
  - Map of jurisdictional boundary
  - Map of boundaries of activity service area(s) identifying major land uses
  - Map identifying location of proposed activities
  - Map of 100-year flood hazard areas
- Attachment 2
  - Structure Condition Survey Results (Only needed for demolition projects, if applicable)
- Attachment 3
  - Copy of Certificate of Good Standing from the Secretary of State's Office (required for Non-Profit organizations only)

# Scoring Criteria

- A scoring procedure was developed to consider a combination of the average number of foreclosures per month and the ratio of foreclosures to households in each zip code area in the state.
  - Category A Zip Code Area = Average per month foreclosure rate of 3 or higher or a foreclosures/households ratio of 0.60% or higher
  - Category B Zip Code Area = Average per month foreclosure rate of 1 or higher or a foreclosures/households ratio of 0.40% or higher
- Feasibility of project timeline
- Capacity of administrator
- Capacity of grantee
- Project was submitted in a pre-application



# Scoring – Tie Breaker

- In the case of a tie the project that is determined to have the highest likelihood to meet the aggressive timeline requirements of CDBG NSP1 will be selected
- This includes further review of the administrator and grantee performance in previous awards including meeting project timelines

# Important Factors In Determining Timeline

- If CDBG NSP1 is used with other federal funds, the most restrictive requirement applies
- Environmental review requirements apply
- URA and 104(d) [acquisition/relocation] requirements are different – 1 to 1 replacement is not required
- Lead-based paint requirements do apply
- Quickly awarding & using funds critical to the program

# Tips For Developing Your Application (I)

## Eligibility

- Eligible county (counties)?

## Scoring:

- What area need level is your project in?
  - If more than one area, at least 50% of funds must be used in “highest need” counties to be considered in higher need level
- What zip code category is your project in?
  - Must be entirely in zip code category to be considered in A or B category.

# Tips – Demolition Only Eligibility

- Map or spreadsheet of census tracts that are 51% or greater 120% AMI or less households – LMMA benefit
- Is the project in an area already determined to have a higher than average # of dilapidated homes?
- If no, use the survey tool
  - You define the survey area
  - Complete for all residential buildings
  - Must be at least 5 homes and 5% of surveyed homes dilapidated

# Tips For Developing Your Application (II)

- Begin with the Exhibits
- Allow time for required public meetings
- Ensure the CEO is ready to sign at completion – not out-of town
- Properly procure for CDBG Administrator
- Decide if you are applying for the City of Lincoln & Omaha Set-Aside or non-set-aside funds
- Identify potential properties and owners of property

# Tips For Developing Your Application (III)

- Check your math. Compare Part II to Part III to remaining sections of the application.
- Address questions early to allow time to ask DED questions.
- Be realistic with the project timeline.
- If in doubt about eligibility, timeline, etc. – write the best proposal you can.
- Discuss the project with all of the partners.
- CEO should NOT sign an application they have not read!

# How To Prepare For Your Interview

- Important to have the grant writer, project administrator and staff/representative of the applicant at the interview.
- All parties should be familiar with the application that was submitted.
- Be prepared to attend the interview in Lincoln during the interview period.
- Familiar with the DED and HUD web-sites
- Wear name tags/bring business cards

# What Needs To Be Completed Before Award?

- Program Guidelines and Specifics
- Lease Agreement, if applicable
- Program Income Reuse Plan
- Response to other Contract Negotiation Items



# Other Items To Remember...

- Environmental Review does apply
- Do not buy a foreclosed home until you have received your Release of Funds
- Where do you get a list of foreclosed homes?

# Questions?

- Lara Huskey, Director, Community & Rural Development Division
  - 402-471-3759 or [lara.huskey@nebraska.gov](mailto:lara.huskey@nebraska.gov)
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