

State of Nebraska Community Development Block Grant (CDBG) Neighborhood Stabilization Program (NSP)

Commonly Asked Questions

This document provides a list of the Commonly Asked Questions to the Nebraska Department of Economic Development regarding the Community Development Block Grant (CDBG) Neighborhood Stabilization Program (NSP). Each question is followed up by an answer provided by the Community and Rural Development Division (NSP) Staff. To submit a question for response e-mail Lara Huskey and Lynn Franzen at lara.huskey@nebraska.gov and lynn.franzen@nebraska.gov.

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APPLICATION INFORMATION

- Question #1:** **If a non-profit organization is submitting three (3) separate CDBG NSP1 applications, can we hold 1 public meeting for all three (3) applications?** *(Posted April 03, 2009)*
- Answer:** Yes, if you are submitting three (3) separate CDBG NSP1 applications post and/or publish a notice for each application identifying the date, time and location of the upcoming meeting. During the public meeting make sure you present and receive comment(s) on each application and make sure your minutes adequately reflect each of the applications.
- Question #2:** **Several smaller communities do not have an actual land use map. Would an aerial map showing the location of residential, business and agricultural areas in a community work as a replacement for the land use map?** *(Posted April 03, 2009)*
- Answer:** If a community does not have a current land use map they may substitute this required document with an aerial map showing the location of residential, business and agricultural areas in the community.
- Question #3:** **If our local unit of government or non-profit organization did not submit a pre-application are we still eligible to apply for CDBG NSP1 funding?** *(Posted April 03, 2009)*
- Answer:** As long as you are an eligible applicant, with an eligible project you may still apply for CDBG NSP1 funding, you did not have to necessarily submit a pre-application. However if a pre-application was submitted there is a scoring advantage in the scoring process.
- Question #4:** **Does the CDBG NSP1 application require Program Guidelines similar to what we prepare for NDEDs Affordable Housing Applications?** *(Posted April 03, 2009)*
- Answer:** Yes, Program Guideline requirements will be provided by the applicant prior to award announcement. The Program Guideline requirement will be similar to the Nebraska Affordable Housing Program requirements in format, but will vary due to CBDB NSP1 requirements. Specifically, if you did not identify the specific homes, properties, or people you will be working with in your application to NDED then program guidelines will be a requirement.
- Question #5:** **Why is Section 5 of the CDBG NSP application not required for the set-asides? How will NDED be making decisions on where set-aside funds get allocated?** *(Posted April 03, 2009)*
- Answer:** The City of Lincoln and Omaha departments will be making these decisions.
- Question #6:** **I am working with a non-profit organization and they do not have procurement procedures, how do we satisfy this threshold requirement when applying for CDBG NSP funds?** *(Posted April 03, 2009)*
- Answer:** If a non-profit does not have procurement procedures currently in place, they must do so prior to receiving release of funds of their CDBG NSP1 award. Using the guidance in the NAHTF section of the DED website is a good starting point for developing new procurement procedures for a non-profit organization, please realize though that you do not want to take the information verbatim from a template, it needs to fit the organization you are working with. If the non-profit organization has not adopted procurement procedures prior to applying for CDBG NSP1 funds please state that in the Applicant's Statement of Assurances and Certifications and identify the projected date they will be adopted by the organization. Prior to release of funds DED will check to make sure the organization does have procurement procedures in place.

Question #7: When implementing the survey tool to determine if the area has a greater than average number of dilapidated houses, how do we "count" a multi-unit residential building? Is this one structure or more than one unit? *(Posted April 03, 2009)*

Answer: The survey tool instructions state, "each structure should receive a score". Therefore, you must complete a survey for each individual structure, not housing unit. For example, if you identify a 6-plex that is dilapidated, this counts as one structure toward the minimum of 5 structures required and one structure toward the baseline number of total structures for the purposes of determining a minimum of 5% of all residential structures that are dilapidated.

The survey tool is only required for DED CDBG NSP1 Demolition Only projects that do not include the provision of eligible housing, community facilities or job creation activities and are not located in a DED identified census tract that is pre-determined to have the greater than average number of dilapidated houses. The survey tool is a review of residential structures only, but the actual demolition can be on a non-residential blighted structure.

Question #8: If we are submitting three (3) separate CDBG NSP1 applications for consideration, can we post and/or publish one (1) "Notice of Public Hearing for Community Development Block Grant Program Neighborhood Stabilization Program". *(Posted April 03, 2009)*

Answer: Yes, if you are submitting numerous CDBG NSP1 applications the applicant can post and/or publish one (1) public meeting notice. In the official notice we ask that you have separate paragraphs on each application documenting the exact amount of funds for each individual project, along with a detailed description of the project being undertaken, the requested amount of funds for each activity, an estimate of the total amount of requested CDBG NSP funds that will benefit low-, moderate, and middle-income people, the amount and source of local/other matching funds; and the plans for minimizing displacement of people as a result of each CDBG NSP activity.

Question #9: If at the time of application we do not have the location of the project identified what information would you like us to provide on the required "Map identifying location of proposed activities". *(Posted April 03, 2009)*

Answer: If you do not have the location of your project identified at the time of application you will not include a Map Identifying the Location of Proposed Activities. In the application you are encouraged to provide a narrative identifying that the exact location of the project has not been identify and a reference to the fact that you will have program guidelines that will provide guidance in selecting eligible properties. You are encouraged to put this or a similar response at the location of where the appropriate map was to go.

Question #10: On the Structure Condition Survey what information are we supposed to input when you ask for the Map#? *(Posted April 10, 2009)*

Answer: When conducting a Structure Condition Survey for a community or an area you should have a community plat map which identifies lots within the community. On the plat map you will want to number the location of each structure and it should then coordinate with your individual surveys. This way if and when you are monitored you can document the survey process.

Question #11: We are conducting a windshield survey using NDEDs "Structure Condition Survey Tool" in our identified area. Can we stop surveying the housing structures if we already have 5 units that are dilapidated and 5% of the units in the identified area are dilapidated? *(Posted April 14, 2009)*

Answer: Yes, if you want to "stop" the review once you have identified a minimum of 5 homes and 5% of the total housing units in your area you can do that. What you are doing, in this case, is assuming that all of the unsurveyed residential units are not dilapidated.

Question #12: Do we need to conduct a Structure Condition Survey if we are demolishing a blighted structure and redeveloping the demolished property with CDBG NSP funds. *(Posted April 16, 2009)*

Answer: No, a Structure Condition Survey is not required if you are demolishing a blighted structure and redeveloping it with CDBG NSP funds. A Structure Condition Survey is only required when you are demolishing a blighted structure that is located in an identified census block group, but is not identified by NDED as having a likelihood of a higher than average percentage of houses that are dilapidated.

Question #13: Can we put audit costs as a separate line item, not as a General Administration cost in the CDBG NSP1 budget? *(Posted April 17, 2009)*

Answer: An audit expense is a general administration cost. There is not any other option in CDBG eligible activities for the audit expense. Another option is for the community to take on the audit costs directly. A single audit will only be required in CDBG NSP 1 if the community expends \$500,000 or more of federal funds in their fiscal year(s).

Question #14: In regards to Part V: Project Description, Question #4 on Design. For Demolition Only projects do I need to answer only the first ½ of the question and then section D? I am not sure how for a Demolition Only project I could answer the section about the benefit to income eligible persons. *(Posted April 17, 2009)*

Answer: Local units or government and non-profit organizations submitting applications for Demolition Only projects should complete Question #4 in entirety, including Section D. On Question #4 applicants will want to mention the benefit to income eligible persons is that at least 51% of the households in the community are at or below 120% of the AMI and the community is benefiting from the stabilization of the neighborhood achieved by removing the blighted structure. In addition, the applicant will also want to discuss the impact the project will have on neighboring property values, safety and community pride.

Question #15: In regards to Part V: Project Description, Question #5. For Demolition Only projects is it appropriate to estimate that all of the persons are at 51-80% AMI? Income levels are very hard to judge on Demolition Only project since we are unsure of the income level of the property owner. *(Posted April 17, 2009)*

Answer: For Demolition Only projects the Area Benefit is related to the overall community. We understand the dilemma here because the connection of demolition to direct benefit to LMMI is tenuous, but essentially HUD took care of this by stating it is an “area benefit” activity and you can reiterate that in your application

Question #16: If our CDBG NSP1 application includes demolishing a blighted structure, and completing a new construction project on that property, in the funding summary do we put the entire budget under Affordable Housing *(Posted April 17, 2009)*

Answer: Yes, the project as you describe would have the entire funding summary activity as Affordable Housing. The Budget (Part IV) however should be more detailed and breakout all costs including demolition.

Question #17: When completing the “Determination of Level of Environmental Review” Exhibit L, for a Non-Profit Organization would the Nebraska Department of Economic Development be the Responsible Entity? *(Posted April 20, 2009)*

Answer: Yes, for an Environmental Review for a Non-Profit Organization the Nebraska Department of Economic Development would be the Responsible Entity.

Question #18: I am using the map that identifies locations in Nebraska where CDBG NSP1 projects can be located and where eligible demolition projects can be located, including those locations requiring and not requiring a housing conditions survey. In some counties there are locations where a survey of housing conditions are required and locations where housing condition surveys are not required. How can I access more detailed information on the specific counties documenting where these boundaries are? *(Posted April 20, 2009)*

Answer: To identify the location of where surveys for Demolition Only project are required you need to identify the census tracts within the county. To access information on the census tract visit the following website, http://factfinder.census.gov/servlet/QTGeoSearchByListServlet?ds_name=DEC_2000_SF1_U&lang=en&ts=145962246497. When you access this website you will want to select Census Tract for the Geographic Type and then the appropriate State and County. Once you have selected the State and County you will be provided with each of the census tracts in the appropriate county.

Question #19: I am completing the Implementation Schedule for a Demolition Only project. For a regional project that is incorporating numerous counties do I report the area benefit based on the number of people benefiting in all counties combined or only the total number benefiting in incorporated areas of the county. *(Posted April 20, 2009)*

Answer: In regards to the Area Benefit for Demolition Only projects applicants have the option to report by county or community whichever way can be justified. The area benefit national objective for NSP is a little different from the regular CDBG program. When you are typically conducting a CDBG project you have a specific project identified (ie. a fire hall or senior center) and you are accurately able to project what your area benefit will be. However if you are proposing a regional Demolition Only project through CDBG NSP funding you may not have the specific location of the project identified therefore you are not able to give an accurate projection of the area benefit. With CDBG NSP the NDED will be flexible with applicants when identifying and amending the area benefit.

Question #20: When submitting a Demolition Only application where we needed to complete the Housing Conditions Survey do we need to provide the NDED the cover sheet and/or the individual surveys in the application? *(Posted April 20, 2009)*

Answer: If you needed to complete a Housing Conditions Survey for your Demolition Only project, you are required to submit your cover sheet of the cumulative results in the application. You are also required to keep the individual surveys in your file on location; you will need them for documentation when the grant/project is monitored.

Question #21: How many days in advance do we need to post or publish our Public Meeting/Hearing Notice? *(Posted April 29, 2009)*

Answer: The Nebraska Department of Economic Development does not have a requirement for how many days in advance to a Public Meeting/Hearing the notice needs to be published or posted. Local units of government should follow their regular posting/publishing requirements and non-profit organizations should use good judgment when conducting this activity.

Question #22: Should we be splitting out the Project Coordination Costs and Non-Demolition Contractor related project costs into Project Delivery Costs in the Part II Funding Summary? *(Posted April 29, 2009)*

Answer: Activity "180 Housing Management" that applicants are accustomed to is not relevant in the CDBG NSP Part II Funding Summary. All project costs (not general administration) should be included in the main project activity category. These costs, however, should be clearly delineated in the Part III Project Budget and Financing. The Part III budget is intended to provide more detail than what is provided in Part II.

Question #23: What if a community has not officially adopted a Section 504 Plan prior to submitting their CDBG NSP1 application or if they have only completed a Self Evaluation form and it was not adopted?

(Posted April 29, 2009)

Answer: A Section 504 Plan is a general cross-cutting requirement to receive federal funds and would need to be adopted prior to a local unit of government being awarded Community Development Block Grant funds. It was a requirement that went into effect in 1974 for all communities to perform a Self-evaluation and adopt a plan. The self-evaluation and transition plan should be updated periodically. In communities with 15 or more employees, they typically have a Section 504 coordinator.

Question #24: As a Non-Profit Organization we do not have a copy of our Certificate of Good Standing from the Secretary of State's office. Can we still submit a CDBG NSP application without this document?

(Posted April 29, 2009)

Answer: If you are a Non-Profit Organization and do not currently have a copy of your Certificate of Good Standing from the Secretary of State's office and are working on acquiring the document, you may submit your CDBG NSP application. The Department will not announce an award without a copy of the document.

Question #25: Would you please provide me with some additional guidance on the Environmental Review requirements for the CDBG NSP application? When is the review to be done? Is it post award when an organization knows it will have the dollars to spend on the review or does this need to be completed prior to application submission? *(Posted April 29, 2009)*

Answer: *Exhibit L: Determination of Level of Environmental Review* is designed to give the CDBG NSP review team feedback on whether the applicant has given some thought to the environmental review process that will need to occur for the proposed project. Applicants are not required to complete or begin the Environmental Review process at the time of application. However, the Environmental Review process will need to occur after the announcement of award and prior to release of funds. If an organization completes the Environmental Review process prior to the award announcement it will not be a reimbursable expense under CDBG NSP.

Question #26: The application asks how the project meets the goals of the CDBG NSP program. Is there a list somewhere of what the goals are for the NSP program. Are these for Nebraska, or nation-wide?

(Posted April 29, 2009)

Answer: When addressing this question you will want to review the CDBG NSP Statue, which you can access off the states CDBG NSP website (<http://www.neded.org/content/view/818/156/>). Review the intended use of CDBG NSP and its priorities, then identify how your project fits into the intended uses and priorities.

Question #27: I am somewhat confused on the need for using the survey tool when applying for the demolition only activity under NSP. The instructions say use the tool if you are attempting to justify the need for demolition based on a higher than average percentage of dilapidated houses. I looked at the maps on DED's website and the color coding for specific Census Tracts show that areas are eligible, but the map indicates that a survey must be completed. Can you clarify? *(Posted April 29, 2009)*

Answer: The two (2) blue areas on the map you are referring to indicate areas in the state where Demolition Only projects can take place since 51% of the residents have incomes at or below 120% of the area median income. The difference between the light and dark blue areas are as follows; light blue area are areas where no survey of housing conditions is required and the dark blue area are areas in the state where a survey of housing conditions are required for Demolition Only projects. The Department of Economic Development research staff looked at all census tracts in eligible counties and data relating to the total number of housing units, vacant housing units, housing units built in 1939 or earlier, units lacking complete kitchen facilities, units lacking complete plumbing facilities, owner-occupied housing units and renter occupied housing units. This data was reviewed along with foreclosure rate information for the census tracts. This information was compiled and areas with a higher score are considered those where Demolition Only projects are allowed with no housing survey conducted.

Question #28: We our putting together a regional Demolition Only application that includes two (2) incorporated communities. Both communities are in eligible Demolition Only areas that require a Survey of Housing Conditions be performed. Do we need to conduct a Survey of Housing Conditions in each incorporated area or one (1) for the entire project? *(Posted April 29, 2009)*

Answer: You will need to complete two (2) separate Housing Conditions Surveys (1 for each community). In order for blighted structures to be eligible for demolition in the area the survey must identify a minimum of five (5) dilapidated houses (as defined by the survey) and at least five percent of the houses in the surveyed area must be dilapidated (as defined by the survey).

Question #29: When conducting the Structure Condition Survey, if we are not able to get into the house to look at the electrical condition of the structure, how should we score this section of the survey? *(Posted April 29, 2009)*

Answer: If you are not able to get into the house to look at the electrical condition of the structure then assume the electrical condition of the structure needs no repair.

ACQUISITION

Question #30: Can we acquire foreclosed houses now or does acquisition need to happen after the grant has been awarded? *(Posted April 03, 2009)*

Answer: No, do not begin acquiring foreclosed homes prior to a contract being executed with the Department of Economic Development and after the proper environmental review procedures have been satisfied. If a home is acquired prior to the grant award it will not qualify as a foreclosed home, but could be considered a vacant property.

Question #31: Is there a list of homes in Nebraska that have been foreclosed on or in the process of being foreclosed on? Who will typically own a property that is considered foreclosed? *(Posted April 03, 2009)*

Answer: No, there is no specific list documenting homes in Nebraska that have or are in the process of being foreclosed. A good indication of a house that has been foreclosed upon is one where the lender holds title to the property and is up for sale through a lending agency. Other sources to find foreclosed property include realtor listings, the Multiple Listing Service, the local newspaper, the Internet, foreclosure attorneys, and the clerk at the Sheriff Sale Office. Another way to determine foreclosed homes and properties is to advertise your program to the community letting them know you are interested in purchasing such properties.

Question #32: Our local unit of government is anticipating applying and being awarded CDBG NSP1 funds and would like to know if we are allowed to sign an option to buy agreement to secure a foreclosed piece of property? *(Posted April 03, 2009)*

Answer: Yes, a local unit of government or non-profit organization may sign an option to buy agreement pending the award of a CDBG NSP1 grant. CDBG NSP1 funds may not be used for any expenses incurred with securing an option to buy agreement. If an option to buy agreement was executed on a piece of property and the property was acquired after contract execution and after the environmental review was conducted, it could still qualify as a foreclosed property.

Question #33: Can CDBG NSP1 funds be used to acquire a clear title on a foreclosed home or property? *(Posted April 03, 2009)*

Answer: Yes, CDBG NSP1 funds can be used to acquire a clear title on a foreclosed home or property, this includes using CDBG NSP1 funds to satisfy liens and back taxes.

Question #34: We would like to purchase numerous foreclosed properties at a bulk sale. Do we need to purchase each individual house at the 15% Discount Price? *(Posted April 03, 2009)*

Answer: If a local unit of government or non-profit organization is going to purchase numerous properties at a bulk sale, the aggregate or combined total of the sale must be at least 15% of the "as is" appraised fair market value of the property.

Question #35: Regarding *Design* question #6 "Describe the geographical target area. Make sure you identify all affected zip codes and counties". In our project we have both a Target Area and a Targeted Market Area, would you like us to identify both of these areas in our application. *(Posted April 03, 2009)*

Answer: If your Target Area and Targeted Market Area are different areas feel free to identify both of these areas in the application, however make sure to identify by definition what makes the Target Area different from the Targeted Market Area.

DEFINITIONS

Question #36: What is the appropriate definition of an abandoned home or blighted structure for the CDBG NSP1? *(Posted April 03, 2009)*

Answer: NSP Notice Definition – Abandoned Home: A home is abandoned when mortgage or tax foreclosure proceedings have been initiated for the property, no mortgage or tax payments have been made by the property owner for at least 90 days, AND the property has been vacant for at least 90 days.
NSP Notice Definition – Blighted Structure: A structure is blighted when it exhibits objectively determinable signs of deterioration sufficient to constitute a threat to human health, safety and public welfare.

Question #37: What is the definition of an eligible non-profit organization that can apply for CDBG NSP1 funds?

(Posted April 03, 2009)

Answer: Eligible non-profit organizations include those organized under the U.S. tax code as 501(c)(3), 501(c)(4), or 501(c)(6). Eligible non-profit organizations must have a current Certificate of Good Standing from the Secretary of State office.

ELIGIBLE USE SCENARIO

Question #38: If the end use of a property is not housing for low- and moderate-income persons, is it permissible to use NSP money to demolish a blighted structure if the property was, or will be, acquired by a NSP grantee with non-federal funds under the threat of eminent domain? Does the threat of eminent domain action to assist acquisition of a property, for a known subsequent non-low/mod residential use, preclude the use of NSP money for demolition? If the threat of eminent domain is not used, does a property owner have to be informed in writing prior to acquisition that eminent domain will not be used if the owner is unwilling to sell? *(Posted April 03, 2009)*

Answer: NDED will prohibit eminent domain (or threat thereof) in the NSP project. If the NSP project scope beyond NSP does included eminent domain, before funding or after the NSP project is completed, we are not placing additional oversight or requirements on the NSP.

Question #39: Can NSP funds be used to purchase an abandoned vacant lot, but NOT be used to build a house on an abandoned vacant lot? *(Posted April 03, 2009)*

Answer: You can not use NSP funds to purchase a vacant lot or build on a vacant lot that never had housing on them (or other structures – formerly agriculture land, for example) and therefore can not be redeveloped.

Question #40: If a non-profit organization had foreclosed lots donated to them, could NSP funds be used to build on the lots that were then donated? *(Posted April 03, 2009)*

Answer: Yes, you can use NSP funds to build on foreclosed lots donated to a non-profit organization.

Question #41: Under the City of Lincoln and Omaha Set-Aside can we purchase a foreclosed house demolish it and rebuild with CDBG NSP1 funds? *(Posted April 03, 2009)*

Answer: The City of Lincoln and Omaha Set-Aside can be used for the rehabilitation under Activity B, but not for rehabilitation, unless the home purchased was a blighted structure, demolished and therefore the home also qualifies for Activity E, which allows for new construction.

Question #42: With the city of Lincoln and Omaha set-aside, could we use NSP funds to build on donated foreclosed vacant lots that previously had a house on them? *(Posted April 03, 2009)*

Answer: Yes, it is not important that there was previously a house there, the important component is that it is a foreclosed lot.

Question #43: With the City of Lincoln and Omaha set-aside, could we use NSP funds to build on a vacant/abandoned lot that previously (years ago) had a house on it? This is what we consider in-fill builds.

(Posted April 03, 2009)

Answer: Yes, if the lot is (1) abandoned or foreclosed and (2) vacant and demolished then it can be redeveloped under the City of Lincoln and Omaha set-aside.

Question #44: An 8-plex was built recently and the developer was unsuccessful in getting buyers for it. They would now like to sell it to us for Public Housing. By being Public Housing, we could make the income levels meet the eligibility, however, the property is not a blighted structure, it is not yet in foreclosure, and we will not be demo-ing it or redeveloping it. *(Posted April 03, 2009)*

Answer: If the regulations are revised as we expect them to be and the property is vacant it would be eligible for NSP rehabilitation, but not acquisition unless that is also changed in the regulations.

Question #45: Our city owns a large building in the downtown area (in a redevelopment area) which needs to be demolished. Is this an eligible activity? *(Posted April 03, 2009)*

Answer: Yes, if the building meets the definition of a blighted structure. It is not relevant as to whether it is in a redevelopment area or downtown area.

Question #46: If our city receives NSP money for demolition of residential properties, can we also use NSP funds for GAP financing on replacement houses? *(Posted April 03, 2009)*

Answer: Yes, if the project is being completed under Eligible Use E. – redevelopment in addition to Eligible Use D. – demolition, NSP can be used for redevelopment costs including the construction of new homes where not all funds are recouped with the sale of the home (either direct subsidy because the home is sold for less than the value to make it affordable for the homebuyer, or development subsidy because the appraised value of the home is less than the cost to build it).

Question #47: Could someone use a communities Down Payment Assistance (DPA) program on a house that has been rebuilt after demolition? *(Posted April 03, 2009)*

Answer: Yes, just as long as the home and the process for using the DPA met your program guidelines.

Question #48: Would using CDBG NSP1 funds for the demolition and redevelopment of a house and funds from a local DPA program for assistance on the down payment of the house be considered double dipping? *(Posted April 03, 2009)*

Answer: No, because you are not paying for the same cost twice. If you use two programs in the same project, it will be subject to the most restrictive requirements for each element (value of the home, income of the buyer, etc.) – this may be a reason for why you may not want to mix funding source in the same house.

Question #49: We have a vacant piece of property that we would like to redevelop into a new subdivision under Eligible Use E, is this an eligible activity? *(Posted April 03, 2009)*

Answer: Under Eligible Use E, a new construction project should take place as infill development and not as a new subdivision development. When redeveloping under Eligible Use E the property should already have the main infrastructure components in place, this is an indication that the property previously was developed and is now being redeveloped.

Question #50: Can we demolish a mobile home with CDBG NSP1 funds? *(Posted April 03, 2009)*

Answer: A mobile home is considered a structure if it is not taxed as real property and therefore can qualify under Eligible Use D, for a Demolition Only project. However, if a mobile home is on a permanent structure and the wheel and hitch are removed, the mobile home is typically taxed as real property and would not be considered a structure.

Question #51: We would like to use CDBG NSP1 funds for rehabilitation and weatherization of a multi-purpose community center, would this be eligible under public facilities. (Posted April 03, 2009)

Answer: For public facilities, it has to be the redevelopment of a vacant building or demolished property (therefore new construction on a lot that just had demolition occur) into a public facility that is eligible. Therefore, the rehabilitation of an existing facility that is currently in use would not qualify for CDBG NSP.

Question #52: Can we utilize CDBG NSP1 funds in a Demolition Only project to address concerns with conjoining walls to the structure being demolished? (Posted April 03, 2009)

Answer: If conjoining walls are involved in a demolition project specific activities would be eligible as CDBG NSP1 expenses. Expenses that would be eligible include those that would affect only health and safety issues of the public. Other possible expenses that may be incurred for conjoining walls include any support for the walls that needs to be done during demolition and temporary relocation for the neighboring occupants. An activity that would not be eligible for conjoining walls is improving the wall to a higher level other than what needs to be taken care of for basic health and safety reasons. Since this is a unique project, applicants working with conjoining walls are encouraged to contact the department to discuss the project on a case by case basis.

Question #53: When does a property need to be vacant to qualify as a “vacant” property? (Posted April 10, 2009)

Answer: If you are identifying properties at the time of application as vacant, these properties should be vacant at the time of application. If a property is not vacant at the time of application this does indicate a red flag and relocation issues will arise.

Question #54: Our CDBG NSP1 application proposes to build houses with Habitat for Humanity on infill lots with the city. The infrastructure including water, sewer and paving is already available at each site and on one of the sites we will be demolishing a home and building a new one. Is this an eligible CDBG NSP1 activity. Also, I would suspect that a Phase I Environmental Review would need to be done on each of the building sites. (Posted April 17, 2009)

Answer: Assuming your question is related to “vacant” and not “foreclosed or abandoned”, yes this would be an eligible CDBG NSP1 activity (we are cautioned until we have the Errata Notice (corrected regulations) we can not purchase vacant residential property that is not also foreclosed or abandoned). You can though design the application with the assumption that the acquisition cost will become eligible before implementation or look at other funding (such as donated lots) for this component. The environmental review requirements are consistent with current programs. New construction of housing is either Categorical Excluded Subject To (thus not always requiring a Phase I) or Environmental Assessment depending on how many units are involved and depending on the proximity of the units to each other.

Question 55: If our organization has already purchased vacant properties, can we request funding specifically for new construction on those parcels? (Posted April 29, 2009)

Answer: Yes, you are able to redevelop vacant property that is currently in your organizations portfolio. Under Eligible Use E, a new construction project should take place as infill development and not as a new subdivision development. When redeveloping under Eligible Use E the property should already have the main infrastructure components in place, this is an indication that the property previously was developed and is now being redeveloped.

FINANCING MECHANISMS

Question #56: Does the Department of Economic Development or HUD have a goal for what percent of assistance should be leveraged for each home assisted with CDBG NSP1 funds? *(Posted April 03, 2009)*

Answer: No, there is no leveraging or match requirement and it will not be part of the scoring criteria. However, if other funds are necessary to make the NSP project successful, the applicant should have documentation at the time of application of the leveraged funds. If documentation is not provided at the time of application it will negatively effect the scoring of the project because there will be less certainty as to the timeliness and feasibility of the project.

Question #57 The rules indicate that a home may not be sold for more than it cost to purchase and rehab. Will realtor fees be an eligible cost to add to the hard cost of buying and rehabbing? It is very difficult to move property without their help. *(Posted April 03, 2009)*

Answer: Realtor fees are part of the cost to purchase and rehab the home.

PROGRAM ADMINISTRATION

Question #58: For a project that purchases, rehabs and resells abandoned and foreclosed properties, may the grantee pull a full 10% for administration as they sell homes and reuse the program income? *(Posted April 03, 2009)*

Answer: Reasonable developer fees are allowed, NDED has not capped or determined what that amount should be. General administration is limited to 4% of the entire award.

Question #59: I am still concerned about the lack of funds for administration, considering the time frames, complexity etc. *(Posted April 03, 2009)*

Answer: There is no maximum on housing management /soft costs, these fees just need to be justified in the grant application. Only general administration is capped, which is limited only to costs for things that can not be attributed to project delivery costs (think of it like HOME and what you can include in housing management is not general administration).

Question #60: Who determines whether a structure is blighted under the DED definition? *(Posted April 03, 2009)*

Answer: The determination of a blighted structure will be made by the grant administrator which must be either a DED Certified CDBG Administrator or a staff member of the City of Omaha or Lincoln that works with the CDBG program.

Question #61: Who is liable if HUD subsequently disagrees with the blight determination? *(Posted April 03, 2009)*

Answer: If HUD determines that the blight determination was incorrect the local unit of government who served as the grantee will be responsible. If the local grantee was not a government entity either the nonprofit or the state will be the responsible entity

Question #62: Who administers program details such as the soft seconds and homebuyer counseling? *(Posted April 03, 2009)*

Answer: Program details such as who administers soft seconds and homebuyer counseling for individual programs will need to be detailed in the local unit of government or non-profit organizations program guidelines. The applicant will then need to implement what they have identified in their program guidelines.

Question #63: When conducting Demolition Only activities what documentation should a grantee have documenting the structure is blighted? *(Posted April 03, 2009)*

Answer: When implementing Demolition Only activities the grantee (whether a local unit of government or a non-profit organization) should have a form that is completed for each structure, where the CDBG Administrator signs certifying the structure is blighted. If the grantee is not the owner of the property, the grantee should have documentation from the owner concurring that the structure is blighted and giving permission to demolish the structure, the grantee should also provide documentation certifying that the city will not allow such blighted conditions to occur again (this can be documented by the city by either enforcing housing codes or nuisance ordinances).

Question #64: How will CDBG NSP1 Program Income be handled? *(Posted April 03, 2009)*

Answer: CDBG NSP1 Program Income will be limited to CDBG NSP eligible activities. A Program Income Reuse Plan will need to be submitted to the NDED in the Contract Negotiation stage.

Question #65: Our CDBG NSP1 Application proposes to demolish a downtown building and construct a storm shelter back in its place. For this project would a Phase I Environmental Review need to be completed since we are aware that there was an existing retail business there previously. *(Posted April 17, 2009)*

Answer: According to the description of the project it sounds like an Environmental Assessment (which may include a Phase I) would be advisable for this project.

Question #66: Our CDBG NSP1 Application proposes to demolish a building in the downtown area. The building to the south of the building we are proposing to demolish has a part of their roof over top the building to be demolished (the roof was developed this way to alleviate water problems). Can we use CDBG NSP1 funds to fix the roof on the building to the south, since we are removing the building to the north? *(Posted April 17, 2009)*

Answer: Demolition and clearance eligible costs include mitigating any structural problems to adjacent building caused by demolition. Therefore, stabilizing the roof in this case would be o.k., however doing any further repairs that were not necessary for stabilization caused by the demolition would not be an eligible CDBG NSP1 activity.

PROGRAM REQUIREMENTS

Question #67: Does the Uniform Relocation Act apply to CDBG NSP projects? *(Posted April 03, 2009)*

Answer: Yes, the Uniform Relocation Act does apply to all CDBG NSP projects. Note, that if a property is identified under a proposed CDBG NSP1 application and a tenant is known, a General Information Notice should be sent to the owner and/or tenant informing them of URA prior to submitting an application to NDED on May 6, 2009.

SCORING

Question #68: Will projects and locations which have foreclosed properties receive a higher priority rate than demolition only activities? *(Posted April 03, 2009)*

Answer: Demolition only activities will neither receive a higher or lower priority than housing related projects. Said another way, there is no preference for one type of project vs. another. There is a total limitation on demolition only applications that do not include redevelopment of 30% (5.8 million).

Question #69: Is there a disadvantage for a community applying for CDBG NSP1 funds to demolish one (1) blighted structure? *(Posted April 03, 2009)*

Answer: No.

Question #70: Will a regional Demolition Only application score lower if one of the incorporated municipalities included is located almost entirely in a flood hazard area? *(Posted April 20, 2009)*

Answer: No the scoring of your application will not be affected if you include in a regional application a municipality that is located entirely in a flood hazard area. However, if the application is funded the NDED will look at the project on a case-by-case basis (and consider the location of the project, including whether it is in a flood hazard area or not). Applicants are encouraged to consider flood hazard areas in their priority scoring (in their program guidelines).

TIMELINESS OF USE & EXPENDITURE OF NSP FUNDS

Question #71 If a house was complete and the buyer was not quite ready to move prior to the end of the grant contract with DED (maybe a pending divorce or outstanding collection account) could the grantee rent to the family until they can purchase so that we meet the NSP requirement? *(Posted April 03, 2009)*

Answer: Yes, you can lease to the client and meet the national objective. You will need to make sure the program was set-up to allow for either ownership or leasing. If they (or someone else who is income qualified) is required to purchase the house within 36 months – it is still a “homebuyer” activity and not subject to all of the rental property restrictions (longer period of affordability and rent limits).

Question #72: With the two (2) year timeline do all households assisted with NSP funds need to be sold by that time or can purchase agreements suffice? *(Posted April 03, 2009)*

Answer: The national objective will have to be met in the 2 year timeline, so, yes, the houses would need to be sold to qualified buyers/occupied by qualified renters whichever the case may be.