



# Vermont Community Development Program **Program Guide**

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## VCDP Program Guide

The Vermont Community Development Program (VCDP) requires that all applications be submitted online. No paper applications will be accepted. For a complete listing of this year's Community Development Board meeting schedule, please refer to the **CD Board, Meetings & Awards page**. To assist applicants with their applications, we have created this Program Guide and **Application Instructions** found on our **Applicant Guidance page** of the Departments website that can be used for each application type: **Implementation Grant, Planning Grant, Accessibility Modification, Scattered Site** for the **On-line Grants Management System**.

This Program Guide 1) provides information about VCDP to help an applicant determine if CDBG funds are appropriate for the project in need of funding and 2) gives an overview of the program requirements. The Application Instructions provide further detail and information to assist an applicant to successfully complete the application.

Due to the critical and on-going need for the creation and retention of quality jobs and housing throughout Vermont, the highest priority for Vermont Community Development Program (VCDP) funding will continue to be housing and economic development projects.

### I. Introduction and First Steps

The VCDP is a division in the Department of Housing and Community Development (DHCD) within the **Agency of Commerce and Community Development**, and it operates the Community Development Block Grant Program (CDBG) of the U.S. Department of Housing and Urban Development (“HUD”). VCDP provides CDBG grant funds to municipalities throughout Vermont (with the exception of the City of Burlington, which deals directly with HUD) for housing, economic development and other community development projects to benefit primarily low-to-moderate income persons. VCDP is governed by the federal **Housing and Community Development Act 42 U.S.C. § 5301et seq. (the “Federal Act”)** and related regulations, and the **Vermont Community Development Act, 10 V.S.A. chapter 29, subchapter 1 (the “State Act”)**. HUD requires Vermont to prepare a **Consolidated Plan** for Housing and Community Development to establish the state’s parameters and priorities for use of the federal funds by VCDP.

#### Eligible Applicants

Any Vermont town, city (except Burlington), or incorporated village chartered to function as a general-purpose unit of local government, or a consortium of such entities is eligible to apply through VCDP for a CDBG grant. However, the majority of projects are a coordinated effort between the municipalities, community groups, businesses and local or state non-profit organizations. **(See 10 V.S.A. Chapter 29.)** All applicants, potential subgrantees, and potential borrowers must be registered with the **System for Award Management (SAM.gov)**.

#### Contact VCDP Staff

**VCDP staff** are available to talk with you about your project and to answer your questions about its fit with the Program, and applicants are highly encouraged to apply **ONLY** after discussing the project with VCDP staff. Your chief contact will be the Community Development Specialist (**CD Specialist**) assigned to your geographic region of the state, see table below. Your **CD Specialist** can help you connect with

other appropriate people from our Agency or other agencies and organizations that can provide you assistance with the development of your project.

Often a visit by your **CD Specialist** to the site of your project is helpful for both you and the Specialist. This is preferably done prior to the application deadline but may also occur after the application has been submitted.

VCDP Staff	Questions
Nathan Cleveland   <a href="mailto:nathan.cleveland@vermont.gov">nathan.cleveland@vermont.gov</a> 802-585-5659	Community Development Specialist Team Leader Eligibility, Pre-Applications and Programmatic guidance
Julia Connell   <a href="mailto:julia.connell@vermont.gov">julia.connell@vermont.gov</a> 802-828-5215	Community Development Specialist Eligibility, Pre-Applications and Programmatic guidance
Grace Vinson   <a href="mailto:grace.vinson@vermont.gov">grace.vinson@vermont.gov</a> 802-622-4236	Environmental Officer – specializes in HUD Environmental Reviews and NEPA for all grants
Gretel St. Lawrence   <a href="mailto:gretel.stlawrence@vermont.gov">gretel.stlawrence@vermont.gov</a> 802-636-7255	Environmental Specialist – specializes with Tier II Environmental Reviews for Scattered Site grants.
Patrick Scheld   <a href="mailto:patrick.scheld@vermont.gov">patrick.scheld@vermont.gov</a> 802-828-1365	Administrative Services Manager – specializes in Scattered Site Grants and oversees compliance of grants management activities.
Brett Chornyak   <a href="mailto:brett.chornyak@vermont.gov">brett.chornyak@vermont.gov</a> 802-249-4707	Grants Management Specialist – specializes in Requisitions, Closeout and Eligibility of Accessibility and Planning Grants
Juliann Sherman   <a href="mailto:juliann.sherman@vermont.gov">juliann.sherman@vermont.gov</a> 802-828-5226	Grants Management Specialist – specializes in Requisitions, Procurement, Davis-Bacon, Contracts, Onsite Monitoring and Section 3
Cassie Bell   <a href="mailto:cassie.bell@vermont.gov">cassie.bell@vermont.gov</a> 802-828-5211	Grants Management Analyst – specializes in Audits, Financial Management, Closeout Agreements
Cindy Blondin   <a href="mailto:cindy.blondin@vermont.gov">cindy.blondin@vermont.gov</a> 802-828-5219	Grants Management Analyst - Online Grants Management System, Federal Reporting and Compliance.
Ann Karlene Kroll   <a href="mailto:annkarlene.kroll@vermont.gov">annkarlene.kroll@vermont.gov</a> 802-828-5225	DHCD Federal Programs Director – oversees VCDP program and specializes in Uniform Relocation Act (URA)

## Meeting National & State Objectives

A key issue to discuss with VCDP staff is eligibility. There are three National Objectives established under the **Federal Act**, and each project must meet one of them. The National Objectives are Low-and-Moderate Income, Slums and Blight, and Urgent Need. More detailed information can be found in this Guide under **National and State Objectives/Benefit**.

## Provide Early Notification of Potential Projects

While not required to notify the Agency of the intent to apply for CDBG funds, applicants are strongly encouraged to use the **VCDP Pre-Application Form** as soon as VCDP has been identified as a potential source of funds. Advantages are that the Pre-Application is circulated to others at the Agency resulting in more comprehensive feedback and you will have earlier access to assistance from staff in making your application as competitive as possible. You can submit your pre-application to the Lead Community Development Specialist.

## Organize an All-Funders Meeting

For some projects, notably economic development and multi-unit housing projects, it is extremely valuable and important for a meeting to be arranged with representatives from all potential funding sources prior to the preparation of an application. VCDP strongly encourages these meetings and will be happy to assist in coordinating them. During these meetings issues such as timing, eligibility and project feasibility can be addressed. Contact the **CD Specialist** above for your region early in the process to discuss your project and make arrangements for an all-players meeting.

## Seek Assistance with Application Preparation

Many applicants, both municipal officials and project developers, find that they are too busy to actually complete the application forms themselves. There are a number of non-profit agencies, including the **regional planning commissions** and **regional development corporations** that have assisted applicants on previous VCDP applications.

VCDP also maintains a list of **Community Development Consultants** who have worked on applications in the past.

## Public Hearing

One of the most frequent items preventing an application from being considered as planned is the failure to comply with the application public hearing requirements. More detailed information can be found in this Guide under **Citizens Information/Public Hearing**.

## Environmental Review

Every U.S. Department of Housing and Urban Development (HUD) assisted project must complete an Environmental Review (ER). The ER does not need to be completed before an application is submitted, but applicants are highly encouraged to start the ER early in the application process. The ER must be completed before any choice limiting activities incur. For more information please contact VCDP Environmental Officer and review the Environmental Review page on our website, [including the ER Process](#) Memo

## II. Program Overview

### Types of Projects

CDBG funds are able to assist communities with a wide range of projects, because the funds can be used for many types of expenditures. Funding through VCDP is a potential resource for housing, economic development, public facilities, public services, and planning. Types of activities within these project areas include:

- Housing rehabilitation and acquisition, lead abatement, home ownership assistance
- Economic development loans to businesses
- Water, sewer, and other infrastructure serving economic development or housing
- Rehabilitation or acquisition of public facilities; senior, childcare, assisted living, or homeless facilities
- Handicap accessibility modifications
- Planning
- Disaster assistance

The VCDP website lists many projects that have been funded in the past, including those that have won **recent awards**.

The VCDP is a program that primarily serves income eligible beneficiaries, and this benefit requirement is one of the most important program mandates to understand and meet as you consider pursuing VCDP funds for a project. The benefit requirement varies from project to project, so this is an important issue to fully understand by consulting with **VCDP staff**.

### Grant Types

The VCDP provides federal CDBG funding for eligible activities through the application types listed below.

#### Implementation Grant (IG) – Application Instructions

Provides funding for economic development, housing, public facilities, and public services, in support of economic development or housing that will result in direct benefit to persons of low- and moderate-income, will eliminate slums or blight, or will address a community's urgent need.

Grant Range: \$50,000 minimum to \$500,000 maximum or \$1,000,000 maximum (see below\*). A 10% match of cash or cash-in-kind goods or services is required for all grants.

\*The \$500,000 maximum is applicable ONLY to applications for community public facilities projects (i.e. community centers, senior centers, day care centers) and public service projects. If you have any question on whether the project under consideration is subject to the \$500,000 cap, be sure to obtain clarification from a **CD Specialist**.

Implementation Grant for Brownfield Activities in an IG: If an applicant seeks VCDP funding to remediate and reuse a brownfield site(s), VCDP funds will only be available for sites where there is a clear commitment to the reoccupation and reuse of the subject property, and the project is not eligible or appropriate for the Brownfields Revolving Loan Fund or any other federal or state brownfield funds.

Since the Brownfields Remediation Fund has been capitalized with **U.S. Environmental Protection Agency** and state funds, VCDP does not have a dedicated Brownfield fund. Since brownfields continue to be important to address, brownfield projects will be funded through the competitive process for Implementation Grants. For further information, see the **VCDP Brownfields Summary**.

**MULTI-YEAR GRANTS:** Implementation Grants may be funded over multiple years (minimum 3 years/maximum 4 years) in phases. Each phase must meet benefit independently to achieve **National and State Objectives**.

**NOTE:** The regular IG application is used on the Online Grants Management System for a multi-year Implementation Grant.

**Grant Range:** \$200,000 to \$1,250,000 for all phases. You must contact the **CD Specialist** for your region to be sure there are funds available for a multi-year application.

**DISASTER ASSISTANCE (DA):** The Disaster Assistance provides funding assistance to municipalities and their residents who are victims of damage caused by floods, earthquakes, or other disasters that have been declared a state of emergency by the Governor (and federally approved). VCDP funds are awarded on a competitive basis and cannot be used in lieu of other federal or state funds available to assist with disaster assistance.

**RECOVERY HOUSING PROGRAM (RHP):** The Recovery Housing Program provides funding to projects that are intended to be used to address the needs of transitional housing for people recovering from substance use disorder in the State.

### **Scattered Site Grant (SS) - Application Instructions**

Provides funds to the regional scattered site housing rehabilitation revolving loan fund programs and are a specific type of implementation grant and have their own application on the Online Grants Management System.

VCDP will set aside up to 35% of its annual CDBG allocation for Scattered-Site (SS) Housing Rehab Grants to be distributed at the first funding round during the period July 1, 2023 – June 30, 2024. Any funds remaining may then be awarded to Implementation and Planning Grants (IG, PG) at the last funding round of the FFY2023 Program Year.

SS applications are considered at the Fall Community Development Board meeting that is typically scheduled for early November. See our Board meeting schedule on our [website](#).



Grant Range: \$50,000 minimum to \$1,000,000 maximum. (Due to the reduction in CDBG funds by Congress, the ability to receive the maximum award amount is unlikely.) A 10% match of cash or cash-in-kind goods or services is required for all grants.

### **Planning Grant (PG) - Application Instructions**

Provides funding for community development planning activities and/or pre-development activities in preparation for implementing a project in one or more of the program areas (housing, economic development, public facilities or public services). Planning grant funds allow communities access to the technical expertise and professional resources needed to test ideas, propose strategies, develop plans, establish policies and procedures, and conduct organizational activities. It is important to remember that the successful funding of a planning grant does NOT guarantee or imply that VCDP funding for the project at implementation will also be successful- the project must stand on its own merits and receiving CDBG planning dollars does not make the implementation proposal more competitive.

Grant Range: \$3,000 minimum to \$60,000 maximum. A 10% match of cash or cash-in-kind goods or services is required for all grants.

NOTE: If a community has an open PG, it will bear on the competitiveness of an application for an additional PG. Applicants will need to explain in the application their capacity to manage an additional PG and explain why the open PG is not completed and provide the timeline for completion.

### **Accessibility Modification Grant (AM) - Application Instructions**

Provides funding, on a first-come, first-serve basis for projects that bring existing municipally-owned buildings that serve a municipal function and non-school-community libraries (do not have to be municipally owned) into full compliance with the Americans with Disabilities Act (ADA) and the rules of the **Vermont Access Board**. Projects must be bid ready- all decisions must be made that would impact the bid documents. Construction of new stand-alone buildings is not eligible for the AM program.

Grant Range: \$5,000 to \$150,000. A 10% match of cash or cash-in-kind goods or services is required for all grants.

The plan for distribution of funds among these grant types for FFY2023, as established through the **Consolidated Plan**, is set out below:

**CDBG FFY2023 DISTRIBUTION PLAN**

	FY2023 Allocation
FFY 2023 CDBG Annual HUD Award	\$7,334,647
Anticipated FFY 2023 Program Income*	\$ 200,000
Total Available	<u>\$7,534,647</u>

**CDBG Allocations Based on FFY 2023 Annual HUD Award and Program Income**

Implementation Grants (IG) (Includes Planning Grant Target of \$360,000, Recovery Housing Target of \$500,000 and Special Housing Projects Pilot up to \$750,000)	\$3,847,482
Scattered Site Grants (SS-HRLF) – Housing Revolving Loan Fund set-aside (1)	\$2,567,126
Accessibility Modifications Grants (AM) set-aside (1)	\$ 600,000
Anticipated Program Income	\$ 200,000
Total State Administration	\$ 320,039
• 2% \$146,693	
• \$100,000	
• + 1%TA \$73,346	
Total	<u>\$7, 534,647</u>

(1) FFY2020 SS & AM any remaining funds available at the time of the last funding round during the period of July 1, 2023, through June 1, 2024, may be awarded to Implementation and Planning Grants.

NOTE: Allocations are estimated based on the State’s FFY 2023 Award.

- \*Program Income (PI) estimate based on amounts expected.
- Funds will be allocated so that each funding cycle will have funds to award.
- The Agency reserves the right to adjust fund categories by up to \$100,000.
- Recaptured funds will be reallocated as soon as feasible.
- SS set-aside is up to 35% of VCDP’s annual FFY allocation.
  - SS-HRLF set-aside is limited to up to 15% of its total annual allocation for counseling activities

**Program Limitations**

Public Service Limitation (15% of total allocation)	\$1,100,197
Federal 20% Cap for state & local general administration and all planning activities	\$1,466,929
• Cap for state & local general administration (IG & AM) and all planning activities	\$1,158,874
• SS-HRLF set-aside is limited to up to 12% of its total annual allocation for general administration	\$ 308,055
Limit on Slums & Blight and Urgent Need (13% of Total)	\$ 953,504

## Timeline Process

VCDP accepts applications on a rolling basis. However, it is recommended that you submit your application prior to the **Target Date for Submission** corresponding to the Board Meeting you would like to attend. VCDP holds three Board Meetings per fiscal year. As part of the **Timeline** from application submission to Board Meeting date, Community Development Specialists will review the application and provide an analysis to the Board.

## Risk Assessment

Grants Management Staff reviews each application through a Risk Assessment. Additional Conditions may be added based on the Assessment. Organizations are ranked from low to moderate to high risk based on program and performance. Grants Management staff also take into consideration previous monitoring experience, review of requisitions, supporting documentation, working with the respective administrators/developers, review of final program reports, and review of single audit reports with the Risk Assessment.

## UEI Numbers, SAMS registration, and Debarment

All parties that will receive CDBG funds, including contractors, must have a Unique Entity Identification Number which is an identification number provided by registering with the **System for Award Management (SAM)**. By registering your organization with [sam.gov](https://sam.gov), VCDP staff are able to determine that the party has not been debarred from receiving federal funds. Additionally, they may not be on the [State's debarment list](#).

## Funding Decision Process

### Implementation Grants (IG)

Grant applications are reviewed by VCDP staff and VCDP Board through a **review process**. The **VCDP Board** is a nine-member citizen Board established by the State Act and appointed by the Governor. The **CD Specialist** assigned to your region will also produce an analysis of your grant application for review by the Board. You will have an opportunity to respond to the staff analysis before the Board performs its final review, and in the case of an Implementation Grant, you will have an opportunity to present your proposal to the Board at its meeting. The Board will make funding recommendations to the Secretary of the Agency of Commerce and Community Development based on an evaluation of the project with respect to need, impact and feasibility. The Secretary makes all final funding decisions.

### Scattered Site (SS) Grants

Applicants for the Scattered Site Grants are the five Regional Homeownership Centers throughout the State. These grants are a specific type of Implementation Grant that has its own application in GEARS. Scattered Site applications are presented at the First Board Meeting of the fiscal year and are awarded a revolving loan fund programs through the Homeownership Centers that together provide Statewide access for eligible homeowners to address home repair needs.

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### Planning Grants (PG)

Applicants for Planning Grants will not present their proposals to the Board. Planning Grants are presented to the Board through a consent agenda, based on VCDP staff recommendations. The Board will make funding recommendations to the Secretary of the Agency of Commerce and Community Development based on an evaluation of the project with respect to need, impact and feasibility. The Secretary makes all final funding decisions.

### Accessibility Modification Grants (AM)

Applications are reviewed by VCDP staff and brought directly to the Agency Secretary for funding decisions. The decision is based on an eligibility review and the balance of funds available. AM grant applications do not go before the VCDP Board, because they are funded on a first-come first-serve basis out of \$300,000 targeted for AM projects and do not compete against other grant types. Due to the reduction in CDBG funds by Congress, there may be factors that lead to the award being less than the amount requested.

## **Compliance Requirements to Consider Prior to Application Submission**

Because of the requirements attached to federal dollars such as CDBG funds, there are some areas, particularly with Implementation and Accessibility Modification Grant applications, that should be considered well in advance of the application deadline in order to avoid serious difficulties with your project. We strongly urge you to learn about the following areas prior to applying:

### **The Uniform Relocation Act**

The Federal **Uniform Relocation Act (the “URA”)** requires VCDP and grantees to minimize the hardship on persons and to ensure the fair and equitable treatment of persons who are displaced as a result of federally-assisted projects designed for the benefit of the public as a whole.

The URA is a very complicated federal statute, and if you answer yes to any of the following questions, you need to become knowledgeable in the requirements of the statute.

- Does the project involve or have the potential to involve the acquisition, rehabilitation, demolition or conversion of real property?
- Are there tenants or other occupants, including businesses that will be affected by the project? If so, they must be notified of the proposed project in accordance with requirements of the federal Uniform Relocation Act.
- Do the tenants or other occupants need to be relocated, either permanently (longer than 12 months) or temporarily?
- Will there be a reduction of the number of affordable housing units and/or bedrooms because of this project? If so, you likely will need to develop and submit a 1:1 Replacement Plan for approval with the application.

Please read through the federal regulations provided in **Federal Regulations 24 CFR Part 42, Displacement, Relocation Assistance and Real Property Acquisition** for definitions and the basic rules for compliance. Please also contact your **CD Specialist** and review the **HUD Handbook 1378**. This handbook provides a guide for compliance with the URA.

## Environmental Review Process

The environmental review process should start early in the application process. Applicants are encouraged to open the Environmental Review application on GEARS simultaneously with the VCDP Application, or earlier, if possible, for large or more complex projects.

If an ER is not able to be completed prior to application submittal, the ER Release will be listed as an Award Condition. Communication with the VCDP Environmental Team and Historic Preservation throughout the application process will ensure a successful and efficient review.

The **National Environmental Policy Act of 1969, 42 U.S.C § 4321 et seq. (“NEPA”)**, and related regulations, apply to all CDBG-funded projects. An assessment is required to determine the entire project’s impact on the environment. All activities involved in a project must be assessed; those funded with CDBG funds as well as those funded with other resources. This assessment must be completed, and the ER Release Letter must be received before any non-general administration project funds are obligated or expended. Only expenditures for project administration/management can be incurred. For instance, a construction contract(s) cannot be executed, and construction cannot commence prior to receiving the ER release. prior to environmental release. For detailed guidance on the Environmental Review Process please see the [Environmental Review](#) webpage. For additional information and guidance, please contact Grace Vinson, the VCDP Environmental Officer in our Grants Management Division (802-622-4236).

## Historic Preservation

One component of the ER is [Section 106 of the National Historic Preservation Act](#), as amended (54 U.S.C. § 306108). The process seeks to accommodate historic preservation concerns with the needs of federal undertakings or projects. The goals of consultation are to identify historic properties potentially affected by the project, assess the effects, and seek ways to avoid, minimize or mitigate any adverse effects. Historic properties are any district, site, building, structure, or object that is eligible for or listed in the [National Register of Historic Places](#). To begin the Historic Preservation portion of the ER, a Section 106 Preliminary Review Form (PRF) needs to be submitted to the Vermont State Historic Preservation Officer (SHPO) for every project. It is highly encouraged to submit the PRF as soon as project planning commences, with as much information as possible. SHPO will have a 30-day review period when provided with the adequate documentation to provide an initial determination of effect. If SHPO determines that there is the potential for adverse effects to historic properties, SHPO will request a [VCDP Approved Consultant](#) be hired to help avoid, minimize, or mitigate adverse effects and conclude with a review and recommended findings.

## Fair Labor Standards & Davis Bacon Wage Rates

Any housing project of more than seven units or any other construction project of more than \$2,000, where federal funds are all or part of the project funding, triggers the requirements of the Davis Bacon Act, the Copeland anti-Kickback Act, and the Contract Work Hours and Safety Standards Act. These federal laws impose considerable record keeping obligations and impose requirements on your contractors and subcontractors. Please refer to **Fair Labor Standards and Davis-Bacon** on the **VCDP Grants Management Guide** page of our website. To ensure that workers receive no less than the prevailing wage rate for similar work in each specific locality, the communities if awarded must secure the **Wage Rates** (prior to publishing any Request for Bids (RFB)).

## Procurement Obligations

With public funds come the obligations to follow and document a full and open competitive process for the procurement of goods and services. Applicants should not hire any entity prior to receiving an award, and if a compelling need to hire exists, be certain to contact **Grants Management** of VCDP first for guidance. Otherwise, you may create a situation where VCDP cannot consider funding the project. Please refer to **Procurement on VCDP Grants Management Guide** page of our website for detailed guidance before you enter into any arrangements for the provision of goods or services for your project (e.g., architects, consultants, engineers, construction contractors). For instance, you must ensure and document that all prime contractors and subcontractors are not on the HUD **Debarment List**.

In addition, the Grantee or Administrator must verify and document that the prime contractor has been certified and registered with the **Vermont Secretary of State's Office**.

For further information and guidance with respect to Fair Labor Standards, the Davis-Bacon process, Procurement and Contracts, please contact **Juliann Sherman**, our Grants Management Specialist in our Grants Management Division (828-1357).

## III. Program Policies/Requirements

### Applicant

#### Consortium Guidelines

When more than one municipality applies for and receives a grant from the Vermont Community Development Program and the purpose of the grant is to provide infrastructure or other governmental service, the grant is treated as a single award to the municipalities, severally and collectively. Each municipality is responsible for the entire grant. However, to have several municipalities administer one grant can be unwieldy. Therefore, VCDP policies provide for a collaborative arrangement termed a "Consortium." Under this arrangement, one municipality serves as the "Lead" and serves as the agent for all of the other municipalities, which are considered "Joint Applicants". The specifics of this arrangement are set out in a "**Consortium Contract**". Be aware that there are specific **public hearing requirements** for consortiums.

There are several possible arrangements for providing non-governmental services outside of a municipality's jurisdiction:

One municipality provides services to a region or sub-region such as a community applying on behalf of an organization that wants to establish a county-wide program, such as **Home Share Now**, in a county or wants to conduct an accessibility survey for all municipalities within a county wanting to participate.

A consortium provides services within their municipal limits such as two abutting municipalities working together on housing or an industrial park project that is on a parcel(s) of land located within both municipalities,

or

A consortium provides services to a region or sub-region such as two or more municipalities in two different counties (other than **NVDA's** three county region or **FCIDC's** two county region) working together to establish a multiple county-wide program. Using the same examples as above, this could be a home share program or an accessibility survey for municipalities within several counties.

Prospective applicants must determine whether it makes sense for municipalities to act together to accomplish the project's objectives. **VCDP staff** can assist you in making this determination. The number and membership of a consortium will depend on the proposed project and the relevant characteristics of the region. VCDP requires that:

(a) A consortium must be formed and must include all the municipalities being served where the proposed project is for a customary municipal service, such as a water or sewer line and is to serve more than one municipality;

(b) A consortium of at least one municipality per region must be formed when more than one region is served by the proposed project. For example, if a project proposed providing services to more than one region or a planning study covered more than one region, a consortium is required. An exception is if a community public facility such as a shelter for troubled teenagers or a parent/child center draws beneficiaries to it from more than one region; and

(c) No consortium would be required, though the applicants may choose to form one, when the proposed project will provide services directly to individuals in more than one municipality in one region, e.g., such as the Home Share Now program. In addition, an application by a community on behalf of an already established **Non-profit Community Development Organization (NCDO)** serving more than one region does not need to submit a consortium application if the project is simply a continuation of the NCDO's work.

For purposes of VCDP, the Agency has defined a "region" as either the service area of one of the Agency's block grant partners (a regional planning commission and a regional development organization), or a county. A "sub-region" is an area that is a portion of a block grant partner's service area, or a portion of a county. Regional programs must meet the consortium guidelines as described above. In addition, it is important to demonstrate in the application that there is support within the region being served when a consortium is not required. This can be in the form of monetary contributions, letters of support, etc.

Please note that because CDBG funds may be used within any community in the region without such community's formal participation, VCDP requires that each such community be provided a written explanation of any planned CDBG expenditure in the community along with at least thirty days to reject the use of CDBG funds within the community.

## **Fair Housing**

As a condition to the disbursement of funds, a municipality must certify that it adheres to all federal and state laws related to the prevention of discrimination in the provision of housing benefits. A municipality must certify that it affirmatively furthers fair housing. These obligations reach beyond a given project and apply to the official conduct of the municipality. As a condition of a CDBG award, the municipal applicant will be required to attend an approved Fair Housing Training. A member of the legislative body, municipal CEO, municipal manager/administrator or a municipal designee responsible

for housing issues within a municipality such as members of planning commissions, zoning boards of appeal, development review boards or local housing committees as approved by the legislative body will be required to attend an approved Fair Housing Training within one year of the Award Date. The goal is to ensure the appropriate people are attending the trainings and sharing the information they receive with their municipal colleagues.

For further information, please see the Departments **Fair Housing Training Policy** or webpage on **Fair Housing Trainings** or contact **Shaun Gilpin**, our Housing Specialist.

## **Municipal Plan**

In order to be eligible for CDBG funds, a municipality must have in place a municipal plan adopted in accordance with **24 V.S.A. Chapter 117**, Subchapter 5, "Municipal Development Plan". The plan must identify the municipality's community development needs including housing and economic development as well as the needs of low and moderate-income persons and the activities to be undertaken to meet such needs. A project must be consistent with the applicable plan.

Keep in mind, if applying as a consortium application, each applicant of the consortium must have an adopted municipal plan.

## **Number of Applications per Board Meeting**

Municipalities are allowed to submit one Implementation, one Planning, one Access Modification and one Scattered Site Grant for a Community Development Board meeting. Please note that due to the highly competitive nature of VCDP, the likelihood of a municipality receiving funding for all four application types is very low.

## **Grant Activities**

### **Eligible Activity**

Only those activities eligible under **Section 105 of the Federal Act** may be funded under this program. See **VCDP Program Areas and Eligible Activities** for complete listing of eligible activities.

Due to the critical and on-going need for the creation and retention of quality jobs and housing throughout Vermont, the highest priority for the Vermont Community Development Program (VCDP) funding will be housing and economic development projects.

### **Ineligible Activity**

The activities listed below are ineligible under the Federal Act:

- Public facilities used for services provided for the general conduct of government (except for accessibility modification projects)
- Public education costs



For further information regarding activities please see **VCDP Program Areas and Eligible Activities, Title I - Housing and Community Development Act of 1974, as amended 42 U.S.C. Sec. 5305 et seq. and Code of Federal Regulations 24 CFR 570.483.**

### **Non-fundable Projects**

Due to the limited funds available and the many types of projects that the federal law allows, the following project types will not be funded by the VCDP. Fire, Police, Ambulance, and Emergency 911 Phone system activities in these areas tend to be municipal government priorities and so tend to have access to funding sources that VCDP-eligible projects are less likely to access.

## **National and State Objectives/Benefit**

### **National Objective**

Each project must result in benefits that address the National Objectives established under the Federal Act. Below is more information related to the benefit required under the National Objectives.

### **Serving Persons of Low- and Moderate-Income**

If you propose to meet the National Objectives by serving persons of low- and moderate-income through job creation or retention or by providing housing, please bear in mind that you will be required to document that the project has achieved the proposed benefit within the grant period by demonstrating that at least 51% of the individuals served are persons of low- or moderate-income at or below 80% area-median-income by county.

There are some housing projects that require 100% of the beneficiaries served to be low- or moderate income. You will need to be prepared to perform income surveys or other means of documenting the income level of households or families benefiting from your project. “Limited Clientele” and “Area-Wide Benefit” are two concepts which may allow predetermination that proposed benefit will be met, and may simplify, to some extent, a grantee’s benefit documentation obligation.

Limited Clientele. A project that serves a Limited Clientele is one in which direct benefit is provided to one or more groups of persons who have been documented or are presumed, under HUD regulations, to be of low- and/or moderate-income.

Under Limited Clientele there are three ways to document benefit (serving persons of which at least 51% are low to moderate income):

1. **Presumed Low/Moderate Income:** proposed beneficiaries are included in the list of categories of persons in **24 CFR Section 570.483 (b)(2)**. These categories include the following: abused children, battered spouses, elderly persons, severely disabled persons, homeless persons, illiterate adults, persons living with AIDS and migrant farm workers.
2. **Pre-qualified:** proposed beneficiaries are not included in the presumed list above, but secondary data submitted by the applicant to VCDP clearly demonstrates that the intended beneficiaries are income eligible through their participation in some other income eligibility program such as Headstart, Medicaid, etc.

3. Completion of Income Surveys: Proposed beneficiaries that do not qualify as presumed or pre-qualified, need to complete family or household income surveys. Be sure to confirm with **VCDP staff** which income survey is applicable.

**Area-Wide Benefit.** A project which will provide area-wide benefit is one that will provide public services or public facilities to a target area which is demonstrated to have a population of at least 51% low- and/or moderate-income persons. An area-wide benefit activity is an activity that is available to benefit all the residents of the target area. Typical area-wide benefit activities include water-sewer lines and community or neighborhood facilities. For further information, see HUD's interactive **Area Wide Low-and-Moderate Income (LMI) Community Data map** and see below for further information on **area-wide benefit**.

For further information on determination of benefit please see **Title I - Housing and Community Development Act of 1974, as amended 42 U.S.C. Sec. 5305 et seq, Code of Federal Regulations 24 CFR 570.483** or contact your **CD Specialist** for guidance.

### **Slums & Blight**

Elimination of a slum or a blighted condition on a spot or area basis meets the Slums and Blight National Objective and is therefore a means to provide benefit under the Federal Act. This means that the household or family income of the beneficiaries is not necessary for a Slums and Blight eligible project. If there are known beneficiaries for the project, VCDP will require income surveys to confirm that the Low- and Moderate-Income National Objective cannot be met. Since there are limited funds available due to statutory requirements dictating the amount of funds that must meet the Low- and Moderate- Income National Objective, be sure to contact your **CD Specialist**. For further Slums and Blight information refer to **Criteria for Slums and Blight** and the **Code Federal Regulations 24 CFR 570.483**.

**Note:** A project proposed under Slums and Blight must be more than remediation of the property or area. **There needs to be a feasible redevelopment plan;** however, the redevelopment plan is not eligible for CDBG funding under Slums and Blight.

### **Urgent Need**

Addressing a community's urgent need meets the Urgent Need National Objective and is therefore a means to provide benefit under the Federal Act. This means that the household or family income of the beneficiaries is not necessary for an Urgent Need eligible project. If there are known beneficiaries for the project, VCDP will require income surveys to confirm that the Low- and Moderate-Income National Objective cannot be met. To qualify under Urgent Need, VCDP must conclude that the project will alleviate conditions that pose a serious and immediate threat to the health and welfare of the community, are recent in origin and cannot be addressed with funding from the community or other sources. Since there are limited funds available due to statutory requirements dictating the amount of funds that must meet the Low- and Moderate-Income National Objective, be sure to contact your **CD Specialist**. For further information refer to the **Code Federal Regulations 24 CFR 570.483**. An Urgent Need Certification must be filled out for an application.

## State Objective

Each proposed VCDP activity must meet at least one state objective as set forth at **10 V.S.A. § 682(b)(2)**. The state objectives are:

- Housing - Conserve, expand, and/or improve housing.
- Employment - Create and/or retain employment.
- Public Facilities - Improve public facilities in support of housing or economic development activities, or where there is a threat to the public health and safety (including public services).

## Documenting Benefit

If the project is meeting the National Objective of Serving Persons of Low and Moderate Income, it is important to understand the various ways to document benefit and which benefit determination methods can and cannot be utilized with different project types.

## Area-Wide Benefit

Based on American Community Survey Income Data some municipalities, in whole or in part, consist of a population that is at least 51% low and moderate income. It is possible that areas of your community would, therefore qualify on an "area-wide" basis. To determine benefit to low and moderate-income persons based on the area served by the activity, use:

- the municipal boundaries or boundaries of the service area;
- the income characteristics of households and unrelated individuals in the area.
- **HUD LMI Area Wide Benefit Map**

## Public Facility or Public Service Benefit

To determine benefit to low and moderate-income persons from an activity involving a public facility or public service designed for use by predominantly low and moderate-income persons, include documentation demonstrating that at least 51% of users are low and moderate-income persons. Contact your **CD Specialist** for assistance.

## Housing Benefit

To determine benefit to low and moderate-income persons based on the incomes of the households directly benefiting from the activity, such as single-family rehabilitation, where the activity involves the submission of an application or the completion of a personal record in the project, use:

- the size of each household receiving benefit; and
- the income of each such household.

To determine benefit to low and moderate-income persons in multi-family rehabilitation activity, use:

- the local definition of "affordable to low and moderate-income household";
- the rent charged (or to be charged) after rehabilitation, for each dwelling unit in each structure rehabilitated; and

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- the total number of dwelling units in each structure to be rehabilitated and the percent of units in each structure which will be occupied by low and moderate-income households.

### **Economic Development Benefit**

To determine benefit for job creation of FTE (Full-time equivalent; based on a 40-hour work week) jobs to be filled by or made available to low and moderate-income persons, use:

- the number of current FTE jobs
- the number of FTE jobs expected to be created
- nature of FTE jobs to be created, including pay range and benefits; whether jobs are for a full year or are seasonal
- type of FTE jobs to be created (number skilled, semi-skilled, and for unskilled, any special education or experience required)
- timeline for new FTE job creation
- documentation of ability of business to create the FTE jobs any other evidence that will be used to show that at least 51% of FTE jobs will be filled by or made available to low and moderate-income persons, such as: payrolls, documentation of hiring through **Vermont Department of Labor** or certification of wage scales.

To determine benefit based on FTE jobs to be retained, use:

- number of FTE jobs to be retained
- number of these jobs that are currently filled by low and moderate-income persons
- documentation that jobs will be lost if the project were not funded; with breakdown of how many of these are now filled by low and moderate-income persons.

Family Income Surveys must be completed by the existing employees and at least 51% must be income eligible. Any employee not completing a survey will be treated as non-LMI.

Contact your **CD Specialist** for assistance. For documenting benefit, check the **VCDP Resources** page of the Departments website for links to the most current HUD Income Guidelines and HUD Income Survey Forms for your community to be use to document benefit. For further information, refer to the **Title I - Housing and Community Development Act of 1974, as amended 42 U.S.C. Sec. 5301 (c)** and **Code Federal Regulations 24 CFR 570.483**.

## **Budget**

### **Scope**

Your project budget should include funds adequate to perform all activities required to achieve the proposed benefit that meets the National and State Objectives.

### **Sources**

The VCDP expects all applicants to vigorously explore all funding sources. This includes all available grants, loans, conventional financing, local capital campaigns, income generated from previous CDBG or HUD-direct grants, and community tax dollars (where appropriate). These efforts will bear on the competitiveness of an application. A revolving loan fund (RLF) controlled by an applicant must be

considered as a funding source, and any decision not to access such funds for the project must be explained. The RLF funds cannot sit idle or be held as an endowment or trust only to earn interest.

If a community has an in-active CDBG/HUD funded Revolving Loan Fund (RLF) as defined by Agency Procedures (see definition below), at least 20% of the RLF balance on hand must be committed to the project when applying for CDBG funds. For Planning Grants only, this requirement will be the lesser of 20% of the RLF balance or the 10% match required whichever is less, up to \$7,500. The required RLF funds may be provided in the form of a loan or a grant to the project.

Definition of in-active: CDBG funds in an RLF where the average annual disbursement, excluding any amount expended for Administration & Management Costs, does not exceed 25% of the total balance over a 3-year period.

In addition, communities are expected to provide financial support in the way of donated general administrative or program management services, waiving or reducing connection or local permit fees, or

other cash-in-kind contributions relevant to the project or explain why such support is not possible. A community is generally not expected to go to its taxpayers for funds unless it is a municipally owned community public facility, or the project is vital to its downtown or village center.

### **General Administration & Program Management**

The amount of federal funds used for general administration and program management of the grant must be “necessary and reasonable” for the proper and efficient performance and administration of the VCDP award. In order to be charged to the VCDP grant, all general administration and program management costs must comply with the federal **Uniform Guidance (2 CFR Part 200)** and **VCDP policies and procedures**.

All administrative services and professional services contracts between Grantees and Program Administrators must comply with the VCDP “**Sample Contract for Administrative and Professional Services**” contained in the **Forms and Sample Documents** page. Payment under such contracts may only be made for “necessary and reasonable” costs that are invoiced and supported by appropriate documentation that identifies the specific personnel, time worked for each project, and rate being charged.

General Administration. These are costs relating to the overall management of the VCDP grant. These activities typically are common to any VCDP grant and include financial management, progress reports, requisitions, procurement, and final program reports/closeout, among others. The one common cost related to all grants is environmental review, but this is a Program Management cost except in a Planning Grant, where it remains a General Administration cost. The cost of performing General Administration is a good way for a community, with in-house capacity, to provide a cash-in-kind commitment, even if only a partial contribution, to demonstrate support for the project. Any organization that cannot perform this responsibility as a cash-in-kind contribution should be certain to adequately budget this cost. The details on the amount that can be budgeted are in the **Application Instructions**.

Please be aware that any unexpended General Administration funds may not be used for other grant agreement budget line items and must be returned to the Agency.

Program Management. Every project budget (other than those for planning grants) must include funds for program management of the project. CDBG funds or other funding sources may be used for what VCDP refers to as “program management activities” which are directly related to accomplishing program tasks specific to the project being funded and include all soft costs not considered General Administrative costs. Program management activities include the costs related to environmental reviews, clerk of the works services, with Davis-Bacon and permit compliance, as well as engineering architectural and other professional services.

### **Pre-Award Costs**

Applicants who receive an award may be reimbursed through the Grant Agreement for pre-award costs such as the fees charged by professionals (environmental consultants, architects, engineers, archeologists, lawyers, etc.) in the preparation of the applications. Such costs will not be reimbursable to applicants who do not receive an award. These costs must be clearly identified in the application and are subject to Agency approval. It is critical to remember that proper procurement must be followed to be reimbursed.

### **Program Income/Unrestricted Revenue**

Program Income is income received by a VCDP grantee or subgrantee from activities supported by CDBG funds, including loan principal, loan interest, and funds resulting from the sale or lease of assets purchased with CDBG grant funds. Please contact **VCDP Staff** for further details.

Unrestricted Revenue is all gross income directly generated by the CDBG grant funds and received by a Subgrantee meeting the definition of a **Non-Profit Community Development Organization (NCDO)**, including gross income resulting from second, third, etc. generation loans. Unrestricted Revenue is also subject to assessment, unless it is used to establish a micro-enterprise or scattered site housing rehabilitation revolving loan fund program.

An applicant will be required to provide information on its Program Income and Unrestricted Revenue through the application process.

**As stated above**, inactive Revolving Loan Funds will be subject to providing funds to VCDP applications.

Communities or their designees who generate income from CDBG assisted loans will be required to repay to the Agency no more than 50% of the original CDBG grant award over an appropriate period of time. The exceptions of repayment to the Agency are micro-enterprise and scattered site housing rehabilitation revolving loan fund (RLF) programs. Repayments received by the Agency as Program Income will be added to the annual allocation available to municipalities through the VCDP funding cycles.

### **Real Estate Appraisals**

Real estate appraisals are required when the project includes acquisition of real property in fee simple, a real estate lease where renewal options allow for extensions of 50 years or more, or permanent easements. An appraisal will not be required where the owner is donating the property interest, or the property interest is determined to have a market value of less than \$2,500 and the determination is documented and has been made by a person familiar with the local real estate market. The appraisal

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must be conducted on the property “as is” and may not be affected by any enhanced or decreased value to the property which may result from CDBG funding. Appraisals must be conducted within six (6) months of the execution of the Option Agreement, Purchase and Sales Agreement or other document committing to a purchase. Real estate appraisals must be conducted independently and impartially by a qualified appraiser and must be supported by analysis of relevant market information. This is not a threshold but is required. In other words, an application will be accepted without the completed appraisal, but a funding decision without one is unlikely.

## **CDBG funds as a Grant vs. Loan**

### **Economic Development Projects**

Direct assistance to a for-profit entity must be in the form of a loan. Loan terms will be reviewed and approved by the Agency on a case-by-case basis. VCDP will allow more flexible loan terms to include loans from 0% to 2% and allow deferred loans if justified. The negotiating parties are the business, the community, and VCDP. The loan must be adequately secured by the assets of the business (or other acceptable security).

Indirect assistance to a business occurs when CDBG grants are made to municipalities that use the grant to support business or housing development. For example, a community may need to extend water or sewer lines so that a business may locate or expand in the community. Another example is a grant to a community that, in turn, lends the money to a property owner needing to fit up their building – in order to provide space for a business that wants to locate in the community, or would have to leave the area because their current location has become unsuitable for their needs. While there is no direct loan to the business, the community - through the business - must demonstrate the minimum 51% low and moderate-income benefit.

A grant in lieu of a loan to a non-profit entity must be approved by the Agency. A deferred loan option will also be evaluated by the Agency for non-profit entities.

### **Housing Projects**

Direct assistance for a housing project will be structured in the form of a grant or loan based on the needs and circumstances of the project. VCDP may request documentation, e.g., operating budget, pro-forma, etc, to justify a request for VCDP funds to be structured as a grant. For a project structured as a loan, it may be deferred based on the needs of the project. The terms and conditions for the loan are negotiated between the municipality, the borrower and the Agency. They must be reasonable and appropriate for the project and comply with the Agency grant agreement. VCDP funds must be adequately secured by the assets of the borrower.

## **Evaluating Economic Development & Housing Projects**

### **Economic Development Projects**

The **Federal Act** requires that the public benefit provided by an economic development activity – jobs retained or created – should be appropriate to the amount of CDBG assistance provided.

**Note:** VCDP may require a credit analysis for ED projects. If the project is receiving funding from a bank, VEDA, USDA-RD or other participating lender and an acceptable credit analysis was completed or will be completed by that participating lender in a timely manner and the analysis is shared with VCDP staff one will not be required.

## Housing

For housing projects utilizing the bond (4%) or the allocated (9%) Low Income Housing Tax Credit through the **Vermont Housing Finance Agency (VHFA)**, a **market study meeting VHFA standards** must be submitted with an application (threshold requirement). All other housing projects should also submit a market study, but based on specific project circumstances, VCDP will consider waiving this requirement.

Housing projects seeking bond 4% or allocated 9% Low Income Housing Tax Credits through the **Vermont Housing Finance Agency (VHFA)** are more competitive if they have either received funding approval from VHFA before the Community Development Board considers the VCDP application or have been underwritten by VHFA staff in preparation of a VHFA Board meeting.

The Department reserves the option to contract with a credit analyst to perform a financial analysis of housing applications.

VCDP applicants submitting applications for housing projects meeting consolidated plan priorities beyond creation and/or rehabilitation of housing units are required to submit a breakdown of project costs.

## IV. Thresholds

These criteria must be met in order for the application to be accepted for consideration. They are “tickets for admission” to the competition for funds; they are not competitive criteria for selection. With the application being an on-line system, these thresholds must be met to allow the application to be submitted via the web, so be sure none have been overlooked.

### Thresholds which apply to all applications

#### Application

The VCDP accepts applications on a rolling basis. However, it is recommended that an application is submitted prior to the Target Dates listed on the Applicant Guidance page. For the details, see the document titled “**Guidance to Applying to VCDP**”.

The Municipal/Authorizing Officials (MAO) – Mayor, City/Town/Village Manager, Town Administrators, Members of City Council, Select Boards and Village Trustees – are the only individuals at the Municipality that can submit an application electronically, in essence signing and certifying the application on behalf of the Municipality.

For more information on gaining access to **VCDP’s online grants management system**, please review the descriptions of the “**System Roles**” and how to create a “**New User Account**”.



**Completeness: Forms and Certifications**

(a) Legislative Body Resolution. A VCDP grant can only be awarded to a municipality or municipalities. Even if an organization or agency sponsors the project and prepares the application, final

authority and responsibility rests with the applicant municipality(ies). To be certain that the legislative body understands the obligations it will assume if the application is successful, the appropriate Resolution for VCDP Grant Application Authority must be adopted by the applicant municipality(ies), signed by the legislative body(ies) and uploaded to the application. Municipal Financial Staff must be informed of the submittal of the application, and a **Unique Entity Identification number** must be obtained and active on **SAM.gov**. The Applicant(s) adoption of the Resolution certifies and assure(s) compliance with required laws, rules, executive orders and regulations spelled out in Attachment E to the Grant Agreement and explained in the **Grants Management Guide chapter on the Grant Agreement**.

There are three resolutions but all three are never needed for one application.

1. Resolution for a Single Applicant.
2. Resolution for the Lead Applicant in a consortium.
3. Resolution for the Participating Applicants in a consortium.

(b) Certification of Income. Where a municipality has received grants in the past from VCDP or from HUD, and these grants have produced Program Income or Unrestricted Revenue, VCDP expects that this income will be considered as a funding source for the new project. VCDP expects the timely and thoughtful re-use of limited resources.

The legislative bodies of all applicant municipalities must supply information on the Income/Revenue Generated from CDBG or HUD Funded Grants, and a Certification of Program Income/Unrestricted Revenue form is available as part of the **On-line Grants Management System**.

(c) **Municipal Plan**. As described above, the applicant (and all joint applicants in a consortium) must have a duly adopted and current Municipal Plan under **24 V.S.A. Chapter 117, Subchapter 5**. See above for more detailed information.

(d) Corrective Action Plan for Brownfield projects. If a project includes a request for brownfield redevelopment activities, a Corrective Action Plan (CAP) must be submitted as part of the application, unless determined not applicable by the Agency. Be sure to obtain this determination prior to submitting the application.

## Citizens Information/Public Hearing



Proper Warning. The municipality's legislative body must hold at least one public hearing to provide residents with an opportunity to learn about the proposal and an opportunity to comment. **The Federal Act** requires that the development of projects carried out in whole or in part with CDBG funds, must involve citizen participation, especially low- and moderate-income citizen participation.

The public hearing must be held at least five days before the application is submitted to the Agency and the hearing notice must appear in a newspaper of general circulation in the area at least fifteen days prior to the date the hearing is held (10 V.S.A. § 684). So long as a physical location is provided for attendees and one member of the public body is present, public hearings may occur as hybrid digital/physical meetings wherein members of the public and/or public body attend in person or digitally.

The Public Hearing Notice forms are included within the on-line application. Please be sure to properly estimate the amount of CDBG funds you will be seeking. VCDP will require a new notice and hearing if the application amount is more than 10% higher than the warned amount. Complete the information called for in the application and send this to the newspaper(s). The **application instructions** provide detailed information on how to complete the public hearing notice. Be sure to allow for the time it may take to have it published. Have the newspaper send a tear-sheet to verify the date of publication and to be submitted with the application. The date of publication must be visible on the tear-sheet.

It is vital that the notice show that the hearing is being warned by the applicant's Legislative Body (of the lead applicant, in the case of a consortium).

Re-submittal of an application. Applicants resubmitting an application for funding under this program should be aware of the following:

A new public hearing is required if 1) more than six months has lapsed between the date of the last public hearing and the date you submit your application, 2) the project is significantly different from what was previously proposed, and/or 3) the amount requested, if increased, is more than 10% higher than the amount in the public hearing notice.

If your application is unsuccessful and you want to reapply in a future meeting, please contact your **CD Specialist**.

Minutes of the Public Hearing. A copy of the minutes kept at the hearing(s) must be submitted. The minutes may be draft ones not yet formally adopted by the Legislative Body. The minutes should indicate the date, time, and place of the hearing, the list of attendees, a brief description of what was presented and of any discussion that took place. If any written comments were received, this should be noted, and copies submitted. If comments were made objecting to the project, a response to the objections must be provided as part of the application. The minutes should be dated and signed by the recorder. The **application instructions** will guide you through the process of uploading/attaching this document(s) to your application.

Public Hearing process specifics for consortia. Each applicant municipality must hold a public hearing to allow its citizens to learn about the proposed project, ask questions and express their views. Consortium municipalities may hold their own hearing or combine meetings and notices with other consortium members, provided that doing so will comply with the spirit of the requirement and all citizens involved have adequate notice of the hearing and convenient access to its location. All potential member municipalities should be included in the notices even if some are unsure if they will ultimately become members of the consortium.

## National and State Objectives

(a) National Objective. **As stated above**, each proposed VCDP activity must meet a National Objective established by the **Federal Act**. The national objective claimed must be fully supported and, in some cases, the Agency should pre-approve your approach for meeting the objective. The National Objectives are:

- LMI - Provide a benefit primarily to persons with Low and Moderate Incomes.
- S&B – Eliminate a slum or blighted condition.
- Urgent Need – Meet a condition that recently became an urgent need.

(b) State Objective. **As stated above**, each proposed VCDP activity must meet at least one state objective as set forth at **10 V.S.A. § 682(b)(2)**:

- Housing - Conserve, expand, and improve housing.
- Employment - Create and retain employment.
- Public Facilities - Improve public facilities in support of housing or economic development activities, or where there is a threat to the public health and safety (including public services).

## Thresholds which apply only to particular grants

### Site Control

Applications for any Implementation Grant where site control is necessary for the activity to be undertaken must include evidence of site control such as ownership (title) or a purchase option agreement in compliance with HUD's requirements. Any purchase option agreement must be signed by all parties and must remain valid during the application, award and grant agreement development process. A Purchase and Sales Agreement executed after the Environmental Review Release Date is also acceptable.

Applications for a planning grant where site control is necessary for the project to be undertaken must include acceptable documentation for site access to do the planning work and availability of the site to implement the results of the planning if found feasible. This typically would be actual site control or a letter from the property owner that a) demonstrates support for the study's scope of work, b) allows access for whatever work must be done on the property for the study, c) ensures that the property is available during the timeframe needed to complete the study so the project, if found feasible, can move to implementation, and d) provides a willingness to sell the land at the appraised value. Contact your **CD Specialist** if you need clarification.

### Required Match

Provide a full description of how matching funds will be provided. Give the name and address of the source and indicate whether it is a loan, grant, cash, cash-in-kind goods or services, etc.

(a) Economic Development Loans: borrower must provide cash-equity of at least 10% of the total project cost. This cannot be borrowed or otherwise encumbered money. **Note:** The Agency may waive the 10% equity match required for a VCDP economic development project if justified.

(b) Handicapped Accessibility work: A cash or cash-in-kind contribution must be provided at an amount equal to a flat 10% of the CDBG funds for all Accessibility Modification Grants (AM). For Implementation Grants (IG) that include handicapped access activities, the 10% match is required only when (i) handicapped access activity makes up more than 50% of the project, and/or (ii) benefit is based solely on handicapped access. The match must be applied to the handicapped access elements of the project.

(c) Slums & Blight: Cash or cash-in-kind goods or services of at least 10% of the CDBG funds. This match must directly fund remediation of the S&B condition.

(d) Municipally-Owned Facilities: Municipalities must make a municipal contribution toward the cost of projects to construct or improve these facilities. No match amount is prescribed, but the contribution will bear on the competitiveness of the application.

(e) Planning Grants: Cash or cash-in-kind goods or services of a flat 10% of the CDBG funds.

(f) Home Access Grants: Cash or cash-in-kind goods or services of a flat 10% of the CDBG funds.

(g) If a community has an in-active VCDP/HUD funded Revolving Loan Fund (RLF) as **defined by Agency Procedures**, at least 20% of the RLF balance on hand must be committed to the project when applying for CDBG funds. This match is capped at \$6,000 for a Planning Grant.

(h) Municipalities/Grantees: Municipalities are encouraged to provide a cash-in-kind match for some or all of the cost of performing General Administration tasks such as financial management, requisitions, progress reports, and Single Audit costs. If some of this cash-in-kind match creates a financial burden on the Municipality, then those costs should be budgeted as a specific line item(s) for reimbursement with CDBG funds from the grant.

## Other Funds First

(a) Municipal water and/or wastewater projects: VCDP will not fund a municipal water supply or wastewater project without a clear demonstration that other funders of water supply and wastewater projects are participating to the full extent possible. It must also be clear that the community is fully participating.

Federal and State Sources: Provide documentation that the **Vermont Agency of Natural Resources**, **USDA Rural Development**, and **U. S. Economic Development Administration** have been contacted, as appropriate, regarding the potential for funding of the proposed project. This documentation must include written responses of the particular agency's determinations regarding eligibility for funding under the agency's programs, and if eligible, what would be the level of support and why this level of support is appropriate to the project. Contact your **CD Specialist** for the contact person for each source.

Local Bond Support: Provide an analysis from a knowledgeable source — bond council, accountant, etc. — of the ability of the municipality(ies) involved with the proposed project to assume bonded debt as a way to provide local funding.

(b) Brownfield Projects: If a project includes a request for Brownfield redevelopment activities, the applicant must demonstrate that no other federal, state or regional funding source can fund the Brownfield activities, because CDBG funds may not be utilized in lieu of other sources dedicated to Brownfield remediation efforts. For more details, please contact your **CD Specialist**.

## Market Study

A full independent market study is required with the application. For applications utilizing the bond (4%) or allocated (9%) Low Income Housing Tax Credits (LIHTC) the **market study must meet VHFA standards**. All other housing projects should submit a market study; however, this requirement may be waived by VCDP for cause based on specific project circumstances.

For any project involving commercial property, contact your **CD Specialist** to determine if a market study will be required.

## Consultant Analysis

(a) Economic Development Projects. The amount of CDBG funding assistance for jobs created or retained should not exceed \$40,000 per job. **Note:** VCDP will allow the cost per job to reach the federal maximum of \$50,000 per job under certain circumstances, but if for any reason, this amount is exceeded, funds will have to be repaid to the Agency as a disallowed cost under HUD requirements.

Any project which proposes job creation or retention to provide direct benefit as a means of meeting one of the **National Objectives** must provide specific information from the business, so the Agency can obtain an analysis of the business for the purpose of demonstrating the necessity and appropriateness of VCDP public assistance and the feasibility of the proposed job creation or retention. Please see **Business Analysis Instructions** for specific guidance and a listing of what needs to be submitted with the application.

HUD requires that all businesses being supported by CDBG funds must have a Unique Entity Identification Number which is an identification number provided by registering with the System for Award Management (SAM). Additionally, they may not be on the State's debarment list. The supported business must be registered with **SAM.gov** and should expect the following information to be requested:

- legal name
- name and address for the organization's headquarters
- "doing business as" (DBA) or other name by which the organization is commonly known or recognized
- physical address, city, state, & zip code
- mailing address
- telephone number
- contact name & title
- number of employees
- financial statements from the supported business and any principal owner(s) with 20% or more ownership of the business

(b) Other Projects. The agency may require an analysis by a consultant for Housing projects as well as for Slums and Blight projects.

### **Public Service projects**

Applicants must provide documentation that a public service proposal is a new or increased service above and beyond that which has been available in the applicant municipality(ies).