North Dakota
DEPARTMENT OF COMMERCE

2012

NORTH DAKOTA COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM DISTRIBUTION STATEMENT

Prepared By

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EQUAL HOUSING OPPORTUNITY

ALTERNATIVE FORMATS FOR DISABLED PERSONS ARE AVAILABLE UPON REQUEST

This Program Distribution Statement contains information about the State's Community Development Block Grant (CDBG) Program. CDBG funds must be used to achieve one of the following national objectives:

1. Activities benefiting low (L) and moderate (M) income (I) persons.

2. Activities which aid in the prevention or elimination of slums or blight.

3. Activities designed to meet community development needs having a particular urgency.

To better address local community development needs, the Governor has directed that the State's allocation be divided among each of the eight Regional Planning Councils that have established procedures to review and rank applications submitted within their respective regions.

The following priorities and objectives have been established for the distribution of Community Development Block Grant funds in North Dakota:

1. Objectives for economic development will focus on:

    a. Creation of permanent jobs for low and moderate income persons;

    b. Economic diversification;

    c. Leveraging of private and local investment; and1

    d. Benefit to the state's economy.

2. Funding for Public Facilities activities will primarily focus on:

    a. Water and sewer activities which currently present a threat to health and safety;

    b. Removal of architectural barriers which will permit access for the handicapped;

    c. Direct benefit to a locality's low and moderate income persons; and

    d. Leveraging local and other available financial resources to finance the cost of the activity.

3. Funding for Housing Activities will primarily focus on:

    a. Meeting the health and safety needs of very low income persons by bringing the rehabilitated housing up to a minimum of the Section 8 Housing Quality Standards; and

    b. Making more affordable housing available for low income persons. Emphasis will be given to encouraging applicants to use other public and private funds to complement Community Development Block Grant funds.

SECTION I
Introduction

A. Purpose of Program Distribution Statement

The purpose of the Community Development Block Grant (CDBG) and Community Development Loan Fund (CDLF) Program Distribution Statement is to describe how the state of North Dakota intends to distribute its CDBG Public Facilities, Housing, and Economic Development funds. Specifically the Statement describes the three National Objectives of the CDBG program, eligible applicants, eligible activities, special eligibility requirements, distribution of funds, policies and procedures, and the grant submission and selection process.

For fiscal year 2011 the North Dakota CDLF program for Economic Development is designed to more effectively meet the goals set by the Governor. The program is targeted to business proposals which will operate within the primary sector of the North Dakota economy and also used for retail sector projects. CDLF assistance is intended to be used in situations where a funding gap exists and alternative sources and/or terms and conditions of public and private financing are not adequate. To access the CDBG program, applicants should contact the respective regional council in their region.

B. Purpose of the Community Development Block Grant Program

The Community Development Block Grant was established by Congress in the Housing and Community Development Acts of 1974. In 1981, Congress amended the act to authorize state governments to administer the State Community Development Block Grant Program.

Nationally, the CDBG Program is divided into two categories:

1. The Department of Housing and Urban Development (HUD) continues to administer the "entitlement" program which is for cities over 50,000 and counties over 200,000 population. These entities receive CDBG Program funds on an annual formula basis directly from the Department of HUD. In North Dakota the entitlement cities are Fargo, Bismarck, and Grand Forks.

2. The State administers the "nonentitlement" CDBG Program for cities under 50,000 and counties under 200,000 population. Allocation for the nonentitlement program is based on a formula and each state must submit a "Notice of Election" each year to administer the program. In North Dakota, there are approximately 418 eligible cities and counties capable of competing for state CDBG funds. No State CDBG funds will be spent in entitlement jurisdictions.

C. National Objectives

The primary purpose of the CDBG Program, as declared by Congress in Title I of the Housing and Community Development Act of 1974, as amended (HCD ACT), is "the development of viable communities, by providing decent housing and suitable living environment and expanding economic opportunities, principally for persons of low and moderate income." Therefore, in providing assistance, the fundability of any eligible community activity is dependent upon its meeting at least one of the following national objectives as established by Congress:

1. Activities benefiting low and moderate income persons:

   An activity will be considered to address the objective of benefiting low and moderate income persons if it meets one of the criteria in this paragraph, unless there is substantial evidence to the contrary. In assessing any such evidence, the full range of direct effects of the assisted activity will be considered. The activities, when taken as a whole, must not benefit moderate income persons to the exclusion of low income persons:

   A. Area Benefit Activities:

      1) An activity, the benefits of which are available to all the residents in a particular area, where at least 51 percent of the residents are low and moderate income persons. Such an area need not be coterminous with census tracts or other officially recognized boundaries but must be the entire area served by the activity. An activity that serves an area that is not primarily residential in character shall not qualify under this criterion. The local share for this type of activity cannot be special assessed.

      2) An activity, where the assistance is to a public improvement that provides benefits to all the residents of an area, that is limited to paying special assessments levied against residential properties owned and occupied by persons of low and moderate income. Special assessments may be imposed as follows:

         a) Special assessments to recover the <u>CDBG funds</u> may be made only against properties owned and occupied by persons <u>not</u> of low and moderate income. These assessments constitute program income.

            (i) Special assessments to recover the <u>non-CDBG</u> portion may be made, provided that CDBG funds are used to pay the special assessment in behalf of all properties owned and occupied by low and moderate income persons; except that CDBG funds need not be used to pay the special assessments in behalf of properties owned and occupied by moderate income persons if, when permitted by the state, the unit of general local government certifies that it does not have sufficient CDBG funds to pay the assessments in behalf of all of the low and moderate income owner-occupant persons. Funds collected through such special assessments are not program income.

         b) CDBG funds may be used to pay special assessments levied against property when this form of assessment is used to recover the capital cost of eligible public improvements initially financed solely from sources other than CDBG funds. The payment of special assessments with CDBG funds constitutes CDBG assistance to the public improvement. Therefore, CDBG funds may be used to pay special assessments, provided that:

            (i) The installation of the public improvements was carried out in compliance with requirements applicable to activities assisted under this subpart, including labor, environmental and citizen participation requirements;

(ii) The installation of the public improvement meets a criterion for national objectives.

(iii) The requirements of § 570.482(a)(ii) are met.

3) An activity to develop, establish and operate (not to exceed two years after establishment), a uniform emergency telephone number system serving an area having less than 51 percent of low and moderate income residents, when the system has not been made operational before the receipt of CDBG funds, provided a prior written determination is obtained from HUD. HUD's determination will be based upon several certifications by the State [(See 24 CFR 570.483(b)(iii)].

b. Limited Clientele Activities:

1) An activity which benefits a limited clientele, at least 51 percent of whom are low and moderate income persons. (The following kinds of activities may not qualify under this paragraph: activities, the benefits of which are available to all the residents of an area; activities involving the acquisition, construction or rehabilitation of property for housing; or activities where the benefit to low and moderate income persons to be considered is the creation or retention of jobs.) To qualify under this paragraph, the activity must meet one of the following tests:

a) It must benefit a clientele who are generally presumed to be principally low and moderate income persons. The following groups are presumed by HUD to meet this criterion: abused children, battered spouses, elderly persons, handicapped persons, homeless persons, illiterate persons and migrant farm workers; or

b) It must require information on family size and income so that it is evident that at least 51 percent of the clientele are persons whose family income does not exceed the low and moderate income limit (i.e., water meters); or

c) It must have income eligibility requirements which limit the activity exclusively to low and moderate income persons (i.e., water meters); or

d) It must be of such a nature, and be in such a location, that it may be concluded that the activity's clientele will primarily be low and moderate income persons.

2) A special project directed to removal of material and architectural barriers which restrict the mobility and accessibility of elderly or handicapped persons to publicly owned and privately owned non-residential buildings, facilities and improvements, and the common areas of residential structures containing more than one dwelling unit.

c. Housing Activities:

An eligible activity carried out for the purpose of providing or improving permanent residential structures which, upon completion, will be occupied by low and moderate income households. This would include, but not necessarily be limited to, the acquisition or rehabilitation of property, conversion of non-residential structures, and new housing construction as described in Section IV. If the structure contains two dwelling units, at least one must be so occupied, and if the structure contains more than two dwelling units, at least 51 percent of the units must be so occupied. Where two or more rental buildings being assisted are or will be located on the same or contiguous properties, and the buildings will be under common ownership and management, the grouped buildings may be considered for this purpose as a single structure. For rental housing, occupancy by low and moderate income households must be at affordable rents to qualify under this criterion. The unit of general local government shall adopt and make public its standards for determining "affordable rents" for this purpose. The following shall also qualify under this criterion:

1) When less than 51 percent of the units in a structure will be occupied by low and moderate income households, CDBG assistance may be provided in the following limited circumstances:

   a) The assistance is for an eligible activity to reduce the development cost of the new construction of a multifamily, non-elderly rental housing project; and

   b) Not less than 20 percent of the units will be occupied by low and moderate income households at affordable rents; and

   c) The proportion of the total cost of developing the project to be borne by CDBG funds is no greater than the proportion of units in the project that will be occupied by low and moderate income households.

2) Where CDBG funds are used to assist rehabilitation delivery services or in direct support of the unit of general local government's Rental Rehabilitation Program authorized under 24 CFR part 511, the funds shall be considered to benefit low and moderate income persons were not less than 51 percent of the units assisted, or to be assisted, by the Rental Rehabilitation Program overall are for low and moderate income persons.

d. Job Creation or Retention Activities:

1) An activity designed to create permanent jobs where at least 51 percent of the jobs, computed on a full time equivalent basis, involved the employment of low and moderate income persons. For an activity that creates jobs, the unit of general local government must document that at least 51 percent of the jobs will be held by, or will be made available to low and moderate income persons.

2) For an activity that retains jobs, the unit of general local government must document that the jobs would actually be lost without the CDBG assistance and that either or both of the following conditions apply with respect to at least 51 percent of the jobs at the time the CDBG assistance is provided: The job is known to be held by a low or moderate income person; or the job can reasonably be expected to turn over within the following two years and that it will be filled by, or that steps will be taken to ensure that it is made available to, a low or moderate income person upon turnover.

3) Jobs will be considered to be available to low and moderate income persons for these purposes only if:

   a) Special skills that can only be acquired with substantial training or work experience or education beyond high school are not a prerequisite to fill such jobs, or the business agrees to hire unqualified persons and provide training; and

   b) The unit of general local government and the assisted business take actions to ensure that low and moderate income persons receive first consideration for filling such jobs.

4) As a general rule, each assisted business shall be considered to be a separate activity for purposes of determining whether the activity qualifies under this paragraph, except:

   a) In certain cases such as where CDBG funds are used to acquire, develop or improve a real property (e.g. a business incubator or an industrial park) the requirement may be met by measuring jobs in the aggregate for all the businesses that locate on the property, provided the businesses are not otherwise assisted by CDBG funds.

   b) Where CDBG funds are used to pay for the staff and overhead costs of a subrecipient specified in section 105(a)(15) of the Act making loans to businesses from non-CDBG funds, this requirement may be met by aggregating the jobs created by all of the businesses receiving loans during any one-year period.

   c) In any case where CDBG funds are used for public improvements (e.g., water, sewer and road) and the national objective is to be met by job creation or retention as a result of the public improvement, the requirement shall be met as follows:

      (i) The assistance must be reasonable in relation to the number of jobs expected to be created or retained by the affected business(es) within three years from the completion of the public improvement. Before CDBG assistance is provided for such an activity, the unit of general local government shall develop an assessment which identifies the businesses located or expected to locate in the area to be served by the public improvement. The assessment shall include for each identified business a projection of the number of jobs to be created or retained as a result of the public improvement; and

(ii) The jobs to be considered for purposes of meeting the requirement shall be all jobs created or retained as a result of the public improvement by the business(es) identified in the assessment as well as any other business that locates in the area within a period of three years following the completion of the activity; except that, in any case where the amount of CDBG assistance provided for the public improvement in relation to the number of jobs projected to be created or retained by the business(es) identified in the assessment is such that the amount per job does not exceed $10,000, jobs created by businesses not identified in the assessment need not be considered. (See Section VII for Economic Development Infrastructure Guidelines)

e. Planning – Only Activities:

An activity involving planning (when such activity is the only activity for which the grant to the unit of general local government is given, or if the planning activity is unrelated to any other activity assisted by the grant) if it can be documented that at least 51 percent of the persons who would benefit from implementation of the plan are low and moderate income persons. Any such planning activity for an area or a community composed of persons of whom at least 51 percent are low and moderate income shall be considered to meet this national objective.

2. Activities which aid in the prevention or elimination of <u>slums or blight</u>.

Activities meeting one or more of the following criteria, in the absence of substantial evidence to the contrary, will be considered to aid in the prevention or elimination of slums or blight:

a. Activities to address slums or blight on an area basis. An activity will be considered to address prevention or elimination of slums or blight in an area if the state can determine that:

(1) The area, delineated by the unit of general local government, meets a definition of a slum, blighted, deteriorated or deteriorating area under state or local law;

(2) Throughout the area there is a substantial number of deteriorated or deteriorating buildings or the public improvements are in a general state of deterioration;

(3) The assisted activity addresses one or more of the conditions which contributed to the deterioration of the area.

Rehabilitation of residential buildings carried out in an area meeting the above requirements will be considered to address the area's deterioration only where each such building rehabilitated is considered substandard before rehabilitation, and all deficiencies making a building substandard have been eliminated if less critical work on the building is also undertaken. The State shall ensure that the unit of general local government has developed minimum standards for building quality which may take into account local conditions.

(4) The state keeps records sufficient to document its findings that a project meets the national objective of prevention or elimination of slums and blight.

b. Activities to address slums or blight on a spot basis. Acquisition, clearance, relocation, historic preservation and building rehabilitation activities which eliminate specific conditions of blight or physical decay on a spot basis not located in a slum or blighted area will meet this objective. Under this criterion, rehabilitation is limited to the extent necessary to eliminate specific conditions detrimental to public health and safety.

c. Planning Only Activities. An activity involving planning (when the activity is the only activity for which the grant to the unit of general local government is given, or the planning activity is unrelated to any other activity assisted by the grant) if the plans are for a slum or blighted area, or if all elements of the planning are necessary for and related to an activity which, if funded, would meet one of the other criteria of elimination of slums or blight.

3. Activities designed to meet community development needs having a particular urgency.

In the absence of substantial evidence to the contrary, an activity will be considered to address this objective if the unit of general local government certifies, and the state determines, that the activity is designed to alleviate existing conditions which pose a serious and immediate threat to the health or welfare of the community which are of recent origin or which recently became urgent, that the unit of general local government is unable to finance the activity on its own, and that other sources of funding are not available. A condition will generally be considered to be of recent origin if it developed or became urgent within 18 months preceding the certification by the unit of general local government.

SECTION II

Eligible & Ineligible Activities

ELIGIBLE ACTIVITIES

Eligible activities must address at least one National Objective in order to be considered for funding. In addition, some activities have qualifying requirements (i.e. economic development activities) which are specified in Section 105 and in the Entitlement Regulations. If assistance is needed for interpretation, please contact the DCS for guidance.

A. Title I Eligible Activities

Section 105(a) Activities assisted under this title may include only:

1. The acquisition of real property (including air rights, water rights, and other interests therein) which is (A) blighted, deteriorated, deteriorating, undeveloped, or inappropriately developed from the standpoint of sound community development and growth; (B) appropriate for rehabilitation or conservation activities; (C) appropriate for the preservation or restoration of historic sites, the beautification of urban land, the conservation of open spaces, natural resources, and scenic areas, the provision of recreational opportunities, or the guidance of urban development; (D) to be used for the provision of public works, facilities, and improvements eligible for assistance under this title; or (E) to be used for other public purposes;

2. The acquisition, construction, reconstruction, or installation (including design features and improvements with respect to such construction, reconstruction, or installation that promote energy efficiency) of public works, facilities (except buildings for the general conduct of government), and site or other improvements (due to a recent interpretation water meter replacement projects are direct benefit activities, the national objective is LMI);

3. Code enforcement in deteriorated or deteriorating areas in which such enforcement, together with public or private improvements or services to be provided, may be expected to arrest the decline of the area;

4. Clearance, demolition, removal, reconstruction, and rehabilitation (including rehabilitation which promotes energy efficiency) of buildings and improvements (including interim assistance, and financing public or private acquisition for rehabilitation, and reconstruction or rehabilitation, of privately owned properties and including the renovation or reconstruction of closed school buildings);

5. Special projects directed to the removal of material and architectural barriers which restrict the mobility and accessibility of elderly and handicapped persons;

6. Payments to housing owners for losses of rental income incurred in holding for temporary periods housing units to be utilized for the relocation of individuals and families displaced by activities under this title;

7. Disposition (through sale, lease, donation, or otherwise) of any real property acquired pursuant to this title or its retention for public purposes;

8. Provisions of public services, including but not limited to those concerned with employment, crime prevention, child care, health, drug abuse, education, energy conservation, welfare or recreation needs, if such services have not been provided by the unit of general local government (through funds raised by such unit, or received by such unit from the State in which it is located) during any part of the twelve-month period immediately preceding the date of submission of the statement with respect to which funds are to be made available under this title, and which are to be used for such services, unless the Secretary finds that the discontinuation of such services was the result of events not within the control of the unit of general local government, except that not more than 15 percent of the amount of any assistance to a unit of general local government under this title may be used for activities under this paragraph unless such unit of general local government (or in the case of nonentitled communities not more than 15 percent statewide) under this title including program income may be used for activities under this paragraph unless such unit of general local government used more than 15 percent of the assistance received under this title for fiscal year 1982 or fiscal year 1983 for such activities (excluding any assistance received pursuant to Public Law 98-8), in which case such unit of general local government may use not more than the percentage or amount of such assistance used for such activities for such fiscal year, whichever method of calculation yields the higher amount;

9. Payment of the non-Federal share required in connection with a Federal grant-in-aid program undertaken as part of activities assisted under this title;

10. Payment of the cost of completing a project funded under Title I of the Housing Act of 1949;

11. Relocation payments and assistance for displaced individuals, families, businesses, organizations, and farm operations, when determined by the grantee to be appropriate;

12. Activities necessary (a) to develop a comprehensive community development plan, and (b) to develop a policy-planning-management capacity so that the recipient of assistance under this title may more rationally and effectively (i) determine its needs, (ii) set long-term goals and short-term objectives, (iii) devise programs and activities to meet these goals and objectives, (iv) evaluate the progress of such programs in accomplishing these goals and objectives, and (v) carry out management, coordination, and monitoring of activities necessary for effective planning implementation;

13. Payment of reasonable administrative costs related to establishing and administering federally approved enterprise zones and of reasonable administrative costs and carrying charges related to:

    a. administering the HOME program under Title II of the Cranston-Gonzalez National Affordable Housing Act, and

b. the planning and execution of community development and housing activities, including the provision of information and resources to residents of areas in which community development and housing activities are to be concentrated with respect to the planning and execution of such activities, and including the carrying out of activities as described in Section 461 of Title 40 on August 12, 1981;

14. Provision of assistance including loan (both interim and long term) and grants for activities which are carried out by public or private nonprofit entities, including (A) acquisition of real property; (B) acquisition, construction, reconstruction, rehabilitation, or installation of (i) public facilities (except for buildings for the general conduct of government), site improvements, and utilities, and (ii) commercial or industrial buildings or structures and other commercial or industrial real property improvements; and (C) planning;

15. Assistance to neighborhood-based nonprofit organizations, local development corporations, nonprofit organizations serving the development needs of communities of nonentitlement areas, or entities organized under section 681(d) of Title 15 to carry out a neighborhood revitalization or community economic development or energy conservation project in furtherance of the objectives of section 5301(c) of this title, and assistance to neighborhood-based nonprofit organizations, or other private or public nonprofit organizations, for the purpose of assisting, as part of neighborhood revitalization or other community development; the development of shared housing opportunities (other than by construction of new facilities) in which elderly families (as defined in section 1437a(b)(3) of this title) benefit as a result of living in a dwelling in which the facilities are shared with others in a manner that effectively and efficiently meets the housing needs of the residents and thereby reduces their cost of housing;

16. Activities necessary to the development of energy use strategies related to recipient's development goals, to assure that those goals are achieved with maximum energy efficiency, including items such as:

    a. An analysis of the manner in, and the extent to which energy conservation objectives will be integrated into local government operations, purchasing and service delivery, capital improvements budgeting, waste management, district heating and cooling, land use planning and zoning, and traffic control, parking, and public transportation functions;

    b. A statement of the actions the recipient will take to foster energy conservation and the use of renewable energy resources in the private sector, including the enactment and enforcement of local codes and ordinances to encourage or mandate energy conservation or use of renewable energy resources, financial and other assistance to be provided (principally for the benefit of low and moderate income persons) to make energy conserving improvements to residential structures, and any other proposed energy conservation activities;

17. Provision of assistance to private, for-profit entities, when the assistance is appropriate to carry out an economic development project (that shall minimize, to the extent practicable, displacement of existing businesses and jobs in neighborhoods) that:

    a. Creates or retains jobs for low and moderate income persons;

    b. Prevents or eliminates slums and blight;

    c. Meets urgent needs;

    d. Creates or retains businesses owned by community residents;

    e. Assists businesses that provide goods or services needed by, and affordable to, low and moderate income residents; or

    f. Provides technical assistance to promote any of the activities under subparagraphs a. through e.

18. The rehabilitation or development of housing assisted under Section 1437 of this title;

19. Provision of technical assistance to public or nonprofit entities to increase the capacity of such entities to carry out eligible neighborhood revitalization or economic development activities, which assistance shall not be considered a planning cost as defined in paragraph (12) or administrative cost as defined in paragraph (13);

20. Housing services, such as housing counseling in connection with tenant-based rental assistance and affordable housing projects assisted under Title II of Cranston-Gonzalez National Affordable Housing Act, energy auditing, preparation of work specifications, loan processing, inspections, tenant selection, management of tenant-based rental assistance, and other services related to assisting owners, tenants, contractors, and other entities, participating or seeking to participate in housing activities assisted under Title II of the Cranston-Gonzales National Affordable Housing Act;

21. Provision of assistance by recipients under this title to institutions of higher education having a demonstrated capacity to carry out eligible activities under this subsection for carrying out such activities;

22. Provision of assistance to public and private organizations, agencies, and other entities (including nonprofit and for-profit entities) to enable such entities to facilitate economic development by:

    a. Providing credit (including providing direct loans and loan guarantees, establishing revolving loan funds, and facilitating peer lending programs) for the establishment, stabilization, and expansion of microenterprises;

b. Providing technical assistance, advice, and business support services (including assistance, advice, and support relating to developing business plans, securing funding, conducting marketing, and otherwise engaging in microenterprise activities) to owners of microenterprises and persons developing microenterprises; and

c. Providing general support (such as peer support programs and counseling) to owners of microenterprises and persons developing microenterprises;

23. Activities necessary to make essential repairs and to pay operating expenses necessary to maintain the habitability of housing units acquired through tax foreclosure proceedings in order to prevent abandonment and deterioration of such housing in primarily low and moderate income neighborhoods; and

24. Provision of direct assistance to facilitate and expand homeownership among persons of low and moderate income (except that such assistance shall not be considered a public service of purposes of paragraph (8) by using such assistance to:

    a. Subsidize interest rates and mortgage principal amounts for low and moderate income homebuyers;

    b. Finance the acquisition by low and moderate income homebuyers of housing that is occupied by the homebuyers;

    c. Acquire guarantees for mortgage financing obtained by low and moderate income homebuyers from private lenders (except that amounts received under this title may not be used under this subparagraph to directly guarantee such mortgage financing and grantees under this title may not directly provide such guarantees);

    d. Provide up to 50 percent of any down payment required from low or moderate income homebuyer; or

    e. Pay reasonable closing costs (normally associated with the purchase of a home) incurred by a low or moderate income homebuyer.

25. Lead-based paint hazard evaluation and reduction, as defined in Section 4851b of this title.

B. Ineligible Activities

The activities listed below are ineligible for CDBG and CDLF assistance.

1. <u>Public Works, Facilities, and Site or Other Improvements</u>

   (Except for removal of architectural barriers for handicapped accessibility) for buildings and facilities for the general conduct of government, and/or which are predominantly used for municipal purposes.

- City/Town Halls
- Courthouses
- Other headquarters of government where the governing body meets regularly

2. Purchase of Equipment

The purchase of furnishings and personal property, except when necessary for use by a recipient or its subgrantees in the administration of its community development program, is generally ineligible (except for certain economic development projects). Examples are:

- The purchase of office equipment and fixtures
- Motor vehicles
- Furnishings
- Personal property not an integral structural fixture

3. Operating and Maintenance Expenses

The general rule is that any expense associated with operating, maintaining, or repairing Public Facilities and works, or any expense associated with providing public services not assisted with block grant funds is ineligible for assistance. However, operating and maintenance expenses associated with providing public services or interim assistance otherwise eligible for assistance under this part may be assisted. Examples of activities which are not eligible for block grant assistance are:

a. Routine maintenance and repair of streets, parks, playgrounds, water and sewer facilities, neighborhood facilities, senior centers, centers for the handicapped, parking and similar Public Facilities, filling of holes in streets, repairing of cracks in sidewalks, mowing of recreational areas, and replacement of expended street light bulbs.

b. Regular payments of salaries for staff, utility costs, and similar expenses necessary for the operation of public works and facilities.

4. General Government Expenses

Except for where specifically authorized in this subpart or under state law, expenses required to carry out the regular responsibilities of the unit of general local government are not eligible for assistance under this part.

5. Political Activities

No expenditure may be made for the use of equipment or premises for political purposes, sponsoring or conducting candidates meetings, engaging in voter registration activity or voter transportation, or other partisan political activities.

6. Religious Purposes

Renovation, rehabilitation or conversion of buildings owned by primarily religious organizations or entities are generally ineligible activities. (Contact the DCS for guidance pertaining to eligible uses of CDBG and CDLF funds involving primarily religious organizations or entities.)

7. Nursing Homes

Except for removal of architectural barriers for handicapped accessibility CDBG funds will not be utilized in nursing homes for expansion, renovation or general operation.

SECTION III

General Information for Applicants

A. Eligible Applicants

Eligible applicants under the North Dakota Community Development Loan Fund and Community Development Block Grant Program are limited to counties and incorporated cities:

1. A city is the eligible applicant for activities designed to take place within city limits. A city may apply for a project which would include an activity to be located outside city limits if the proposed activity will principally benefit residents within the city's jurisdiction, such as a solid waste disposal site, a water or sewage treatment facility, an economic development project or if the activity involves property/facilities over which the city has direct control as the owner/operator, and for which a county could not apply.

2. A county is the eligible applicant for activities designed to take place outside the limits of an incorporated city and in unincorporated areas. A county, however, may apply for an activity within an incorporated city that involves property/facilities over which the county has direct control as the owner/operator, and for which a city could not apply, such as a county courthouse. A county will not be limited to the number of unincorporated areas for which it may submit an application.

3. A city or county may also submit an "on-behalf of" (multi-jurisdictional) application for an incorporated city which has determined that it lacks the administrative capacity to apply for and administer a grant. If an incorporated city permits a county or another city to submit an "on-behalf of" application, it may not submit an application on its own for any emphasis area. An "on-behalf of" application may consist of more than one city, but the activity must be the same in each city. In addition, each city must be discussed separately, each must include a written agreement with the on behalf of applicant, each must do a needs assessment and undertake actions to affirmatively further fair housing, each must sign the anti-displacement policy and all program assurances, and each must fulfill all citizen participation requirements. Such an arrangement must be identified in advance of an application in order to permit the Secretary of HUD to grant recognition to the combination of governments as a unit of local government.

4. Where two or more eligible local governments (cities or counties) face a common community development problem, a joint application may be submitted with one local government designated as the lead applicant. To submit this type of application, the following conditions must be met:

    a. The problem to be addressed involves joint ownership and lies in an area of contiguous or overlapping jurisdiction;

    b. The solution to the common problem clearly requires cooperative action and is the most efficient strategy;

c. The local governments involved must submit a signed cooperative agreement which defines who will be responsible for the administration and implementation of the grant if awarded.

d. See the CDBG Supplement to the Action Plan for a sample of a multi-jurisdictional application.

5. When submitting an application for a fire department/fire district, the following guidance for determining the eligible, or lead applicant is applicable:

a. If a fire department/fire district primarily serves an eligible community, that community is the eligible applicant.

b. If a fire department/fire district serves an eligible community, as well as the immediate surrounding area, then the community is the eligible applicant.

c. If a fire department/fire district serves an area consisting of two or more counties, then the parent county (that county in which a majority of the area of the fire district is located) is the eligible applicant.

d. A county is the eligible applicant for rural fire departments/districts not primarily serving an incorporated area.

B. Eligible Applicants for Multi-Jurisdictional Housing and Planning Activities

1. County wide Projects

a. A county may submit a multi-jurisdictional application to address housing and planning needs throughout its jurisdiction to include incorporated cities within the county.

b. The county must have a written multi-jurisdictional/joint agreement with all incorporated cities within the county (see example in the CDBG supplement to the Action Plan). The application must contain a written statement from each city that chooses not to participate in the activity.

c. The county must complete a county wide needs assessment and undertake actions to affirmatively further fair housing.

d. To fulfill the citizen participation requirements, the County must hold one public hearing no earlier than 180 days prior to submitting the grant application and one public hearing prior to grant closeout. The County will be required to publish the notice of public hearing (see example in the CDBG supplement to the Action Plan) in the county's official newspaper and in all official newspapers of each participating jurisdiction.

2. Multi-County Projects

   a. A county may submit a multi-county application to address housing and planning needs to include incorporated cities within those counties.

   b. The multi-county application will include a multi-jurisdictional/joint agreement executed by all participating jurisdictions to include all incorporated cities and participating counties and must include a designation of the lead county. The application must contain a written statement from each jurisdiction that chooses not to participate in the activity. (See the CDBG Supplement to the Action Plan for a sample of multi-jurisdictional/joint agreement).

   c. Each participating county must complete a county wide needs assessment and undertake actions to affirmatively further fair housing.

   To fulfill the citizen participation requirements, each County must hold one public hearing no earlier than 180 days prior to submitting the grant application and one public hearing prior to grant closeout. Each County will be required to publish the notice of public hearing (See example in the CDBG supplement to the Action Plan) in the county's official newspaper and in all official newspapers of each participating jurisdiction. (i.e., if three counties are included in the multi-county project, three public hearings will be held).

C. Types of Grants Available

Applicants may only apply for a single activity per application, except when applying for the Governor's Fund for Community Development.

SECTION IV

Allocation of Funds

This section of the Program Distribution Statement describes the allocation of funds the state will receive in FY2012.

A. Funds Available

FY2012 Allocation	$3,617,517
Less State Administration	112,030
Less Regional Council Contracts	60,320
Less 1% Technical Assistance	36,177
Total Allocation Available for Projects	3,408,990
Less Governor's Set Aside for Community Development*	1,499,956
Total Allocation Available for Regional Distribution	1,909,034
Plus Projected Program Income**	1,700,000
Funds Available for Distribution	$3,609,034

*Any loans made with the Governor's Fund will revolve back into the Governor's Loan fund.

** All CDLF projects will be funded with CDLF Program income prior to CDBG allocation funds.

Prior to actual funding decisions and from time to time as necessary, the Estimated Funds Available for Distribution will be adjusted to reflect any unobligated and returned funds that may be available.

Program income generated by previously funded projects (from allocation funds or revolving loan funds) will be returned to the State and allocated to the region in which the project originated. The State will collect the program income and distribute it to individual regions, who will recommend funding for eligible economic development projects. For grants awarded prior to fiscal year 2000, local jurisdictions with CDLF projects are allowed to retain 25 percent of the loan interest, once the funded project has been administratively closed out. If the local jurisdiction restructures a loan that is in default, 50 percent of the loan interest may be retained from the date of restructure, if the project has been administratively closed out. For grants awarded in fiscal year 2000 and after, local jurisdictions with CDLF projects are allowed to retain 50 percent of the loan interest, once the funded project has been administratively closed out.

Should the state receive recaptured funds from the Department of Housing and Urban Development, those funds will be available for distribution during the year in which those funds are received. (Recaptured funds are funds that the Department of HUD deobligates from other States for infractions such as not meeting timely distribution of funds, disallowed cost, etc.).

Program income received and retained by a unit of general local government exceeding $24,999 in a calendar year after grant closeout must meet a national objective and continue the activity from which such income was derived. The eligible activity is defined as any economic development project which creates or retains VL & LI jobs. Therefore, all program income above $24,999 must be returned to the State.

B. Regional Allocations

Each region will receive a preset amount of funds. The dollar amount is derived by taking 50 percent of the total estimated funds available for regional distribution and equally distributing that to all eight planning regions. The remaining 50 percent is divided among the regions using the latest percentage of low and moderate income persons per region in comparison to the total LMI persons in the State of North Dakota (All Entitlement and Air Force Base LMI statistics are not included).

2012 CDBG Allocation

Based on 2000 Census

Region	Total LMI Persons	Percent LMI Persons	LMI Allocation	50% Base Allocation	Total Allocation
1	11,432	7%	66,817	119,314	186,131
2	26,169	15%	143,178	119,314	262,492
3	20,056	12%	114,543	119,314	233,857
4	13,356	8%	76,362	119,314	195,676
5	24,647	15%	143,178	119,314	262,492
6	24,992	15%	143,178	119,314	262,492
7	31,890	19%	181,359	119,314	300,673
8	15,774	9%	85,907	119,314	205,221
Total	168,316	100.00%	954,522	954,512	1,909,034

*The percentage for LMI persons were rounded to the nearest whole number.

** Program income funds are not reflected in this total.

C. Estimate of Funds to Benefit Low and Moderate Income Persons

Title I of the Housing and Community Development Act of 1974, as amended (HCD ACT), requires that the State must estimate the amount of funds to be used to benefit low and moderate income persons. Since the State must assure that for the three year period 2010, 2011, and 2012, its funds benefit low and moderate income persons, the following depicts the minimum amount that must directly benefit such persons:

2010 Total Estimated Funds Available for Distribution				$6,724,958
Less Local Administration				672,496
		Subtotal		6,052,462
Minimum Amount Estimated to Benefit	.70 x	$6,052,462	=	$4,236,723
2011 Total Estimated Funds Available for Distribution				$5,896,197
Less Local Administration				589,619
		Subtotal		5,306,578
Minimum Amount Estimated to Benefit	.70 x	$5,306,578	=	$3,714,604
2012 Total Estimated Funds Available for Distribution				$5,108,990
Less Local Administration				510,899
		Subtotal		4,598,091
Minimum Amount Estimated to Benefit	.70 x	$4,598,091	=	$3,218,664

North Dakota will assure that 70 percent of the funds spent during the three year period beginning with the 2010 program year, will be spent on projects benefiting low and moderate income persons. This will be achieved through the State's funding distribution system. Each Regional Council is required to individually meet this goal and will adjust their project review/priority ranking system and funding allocations so that each spends 70 percent of their yearly allocation on projects which meet the national objective of benefiting low and moderate income persons.

D. Grant Minimum and Maximum

Waivers may be requested for situations where an applicant is being offered the remaining funds in the allocation or the funds will be used to meet an emergency need threatening the health and welfare of a community. Minimum and maximum grant levels (excluding administration) are as follows:

Public Facilities	
Minimum Amount	$20,000.00
Maximum Amount	300,000.00

Housing - Single Family	
Minimum Amount	$25,000.00
Maximum Amount	500,000.00
Housing - Multi- Family	
Minimum Amount	$25,000.00
Maximum Amount	500,000.00
Economic Development	
Retail Sector & Tourism	
Minimum Amount	$10,000.00
Maximum Amount	300,000.00
Primary Sector	
Minimum Amount	$50,000.00
Maximum Amount	500,000.00
Planning & Other Activities	
Minimum Amount	$5,000.00
Maximum Amount	15,000.00
Governor's Fund for Community Development	
Minimum Amount	$10,000.00
Maximum Amount	1,500,000.00

E. Limitation of Award of Funds for Economic Development Projects

Applicants who have previously received the $500,000 maximum award for economic development and need additional funds for expansion, may apply for additional funds if:

1. The existing CDLF is current;
2. All other requirements of the program are met; and
3. The total outstanding at any time is not more than $500,000.
4. On a case-by-case basis, a request for a waiver must be made to the Director of DCS to allow CDLF to be used above the $500,000 maximum, with conditions being taken into consideration such as significant size of the project, and its public benefit as well as the appropriateness for the type of assistance provided.

These applications will be considered using the same criteria used for all other economic development applications.

No individual, corporation, or organization with an existing program loan or has defaulted on a loan that is not in good standing at the local and/or state levels may receive additional or new financing from the program.

F. Amendments to Program Statement Affecting the Action Plan of the Consolidated Plan

The following information must be submitted to DCS when amending Regional Program Statements:

1. The Regional Council Board or its designated committee must approve amendments to the Regional Program Statement prior to notifying cities, counties and other interested parties.

2. All cities, counties and other interested parties in the region must be notified in writing of the intended change and allow 30 days for comment. The written notice should be sent in letter or memo form.

3. A copy of the notification must be submitted to the DCS **within 10 working days of the date of the notification**, along with a copy of the board approval and the minutes approving the amendment.

4. Upon receipt of the intended change, DCS will forward a copy of all changes to HUD.

5. Changes to the Regional Program Statement cannot be implemented prior to the 30 day process.

What constitutes an amendment to the Action Plan? (the following are examples, but the list is not inclusive)

1. Changes to initially established grant selection criteria.

2. Funding of activities not initially identified in the annual Action Plan.

3. Funding of an activity not identified in the Plan as a high or medium priority.

G. Amendments to Regional Program Statement for the CDBG Program

The following information must be submitted to the DCS when amending Regional Program Statements:

1. The Regional Council Board or its designated committee must approve amendments to the Regional Program Statement prior to notifying cities, counties and other interested parties.

2. All cities, counties and other interested parties in the region must be notified in writing of the changes to be made and given 15 days to respond. The written notice should be sent in letter or memo form.

3. Changes to the Regional Program Statement cannot be implemented prior to notifying cities, counties and other interested parties.

4. A copy of the notification must be submitted to the DCS **within 10 working days after the end of the 15-day comment period**, along with a copy of the board approval and the minutes approving the amendment. **If the notification is not submitted within the required time frame, the amendment will not be valid.**

What constitutes an amendment to the CDBG Program? (the following are examples, but the list is not inclusive)

1. Transferring money from one emphasis area to another.

2. Modifications to deadline dates.

EXCEPTION:

Transfers without Notice

1. After scoring and ranking has occurred, transfers between funding categories that are $20,000 and less can be made without public notice.

2. If a balance remains in a funding category, and not all applications received for that category were funded, an explanation must be provided why the applicant(s) were not offered the balance of the funds remaining.

3. Transfers without notice will be limited to two transfers per year.

4. The DCS must be notified of all transfers in writing within 10 days of the Board decision, along with a copy of the board approval and the minutes approving the transfer.

NOTE: This policy applies to allocation funds only. Revolving Loan funds can only be used for Economic Development projects.

H. Timely Distribution of Funds

One hundred percent (100%) of FY2012 CDBG funds must be obligated and announced to units of general local governments within 15 months of the State signing its grant agreement with HUD.

At the Governor's direction, any unobligated and deobligated regional allocation funds as of April 30, 2013 will be recaptured and placed in the Governor’s Fund for Community Development.

All CDBG applications and amendments must be received in the DCS office by March 15, 2013 for the FY2012 program year.

I. Monitoring Findings

Findings that are identified during annual systems and compliance reviews of each Regional Planning Council must be cleared within six months of the date of the monitoring visit. If the findings are not cleared, the Regional Allocation of Funds will be forfeited to the Governor's Fund for community development projects.

SECTION V

Community Development Block Grant and Community Development Loan Fund General Policies and Procedures and Statement of Assurances

This section identifies general policies and procedures that are applicable to all applicants and activities.

A. General CDBG and CDLF Policies and Procedures

1. A grant recipient must sign and return its Financial Award within 60 days of the effective date of the award, or the award may be terminated.

2. Federal funds may not be obligated prior to a Financial Award and the completion of the environmental requirements. After a congratulations letter has been issued but prior to completion of the environmental review requirements and receipt of a Notice of Release of Funds from the DCS, the grantee may only incur eligible administrative, engineering, and architectural costs. For Economic Development projects, match dollars that would not incur any Title I dollars can be expended up to six months prior to the date of the DCS financial award. To ensure compliance with the federal environmental regulations, consultation with the DCS should commence prior to any commitment of funds.

3. A grantee may not change the activities of an approved project without first obtaining written approval from the DCS. An amendment form must be completed for this approval.

4. If a grantee has not incurred eligible project costs for other than administrative activities within twelve months of the effective date of the Financial Award, the award can be terminated at the option of the DCS. If project dollars are deobligated, administrative funds will be deobligated proportionately. Administrative dollars will be allowed on projects that do not come to fruition. Based on documented expenses, up to 10 percent of CDBG administrative funds budgeted will be allowed.

5. Affirmatively Furthering Fair Housing: Each applicant must develop a positive program to affirmatively further fair housing. The application contains a section to be completed indicating what action(s) will be undertaken by the applicant if funded. The requirement to affirmatively further fair housing is a Congressional mandate which pertains to any use of CDBG/CDLF funds.

6. Reasonable fees may be charged for the use of facilities assisted with CDBG/CDLF funds, but charges such as membership fees which will have the effect of precluding lower income persons from using the facilities are not permitted.

7. If the final activity costs are less than originally funded, the amount of CDBG funds awarded and local funds will be adjusted proportionately.

8. In-kind contributions will not be considered as eligible match dollars except for land purchased within a twelve month period prior to a grant application in association with a proposed Public Facilities activity. In-kind contributions are those that represent the value of noncash contributions provided by or to the grantee, regardless of the source.

9. The legislature adopted a moratorium on the expansion of basic care and nursing home beds and to be consistent with legislative intent. CDBG funds will not be used in this area. Definitions regarding these facilities are as follows:

Long Term Residential Facilities

The cost associated with operating, maintaining or providing services through long term care (more than one year) residential facilities are not eligible.

Assisted Living

- A building or structure containing a series of living units operated as one entity to provide services for five or more individuals who are not related by blood, to the owner or manager of the entity and which is kept, used, maintained, advertised, or held out to the public as a place that provides or coordinates individualized support services to accommodate an individual's needs and abilities to maintain as much independence as possible.

Basic Care

- A facility licensed by the department under North Dakota Century Code chapter 23-09.3 whose focus is to provide room and board and health, social, and personal care to assist the residents to attain or maintain their highest level of functioning, consistent with the resident assessment and care plan, to five or more residents not related by blood or marriage to the owner or manager. These services shall be provided on a twenty-four-hour basis within the facility, either directly or through contract, and shall include assistance with activities of daily living and instrumental activities of daily living; provision of leisure, recreational, and therapeutic activities; and supervision of nutritional needs and medication administration.

Nursing Facility

- An institution or a distinct part of an institution established to provide health care under the supervision of a licensed health care practitioner and continuous nursing care for twenty-four or more consecutive hours to two or more residents who are not related to the licensee by marriage, blood, or adoption; and who do not require care in a hospital setting.

10. Administrative funds may be requested at the following levels:

- Housing Rehabilitation and Conversion – 15 percent of CDBG project funds requested, up to a maximum of $15,000

- Public Facilities Construction, Public Facilities in support of new Housing, Economic Development Purchase of Inventory, Economic Development Purchase of Equipment, Economic Development Acquisition of Buildings and Economic Development Purchase of Preferred Stock – 10 percent of CDBG project funds requested, up to a maximum of $10,000 and a minimum of $1,000.

- Public Facilities Special Assessment – 15 percent of CDBG project funds requested, up to a maximum of $15,000

- Public Facilities Non-Construction – 5 percent of CDBG project funds requested, up to a maximum of $5,000 and a minimum of $1,000

- Economic Development Construction – 15 percent of CDBG project funds requested, up to a maximum of $15,000 and a minimum of $1,000. Any amount over $10,000 must be matched dollar for dollar with local funds. A letter of commitment from the local entity must be included with the CDBG application.

- Administrative funds will not be allowed for permanent supportive housing projects.

Grant administrators that are required to submit documentation that would normally be reviewed during annual monitoring with request for funds will be allocated 50 percent of the allowed amount for grant administration.

DCS will evaluate each project individually and determine whether an adjustment in administration dollars is required.

If project dollars are deobligated, administrative funds will be deobligated proportionately. Based on documented administrative expenses, up to 10 percent of CDBG administrative funds budgeted will be allowed on projects that do not come to fruition.

Administrative dollars will be paid to recipients on a reimbursement basis. The recipient must retain documentation to support administrative expenses in their files. The DCS will request submission of the documentation with Request for Funds on a case by case basis.

Recipients receiving any additional administrative funds in 2010 and beyond will be required to retain documentation to support administrative expenses in their files.

11. Income verification must be completed on 100 percent of the households receiving direct benefit from CDBG activities. Acceptable verification consists of: income tax forms for the last 12 month period or income tax forms closest to verification date; SSA 1099 forms; and State of North Dakota Department of Human Services/Social Service Income Statement. Other sources of documentation must be first approved by the DCS.

B. Statement of Assurances

The applicant hereby assures and certifies that:

1. Resolution of Authority

   Its governing body has duly adopted or passed as an official act a resolution, motion or similar action authorizing the submission of the application, including all understandings and assurances contained herein, and directing and authorizing the signatory to additional information as may be required.

2. Access to Records

   It will give the State of North Dakota, DCS, State Auditor's Office, and the Comptroller General of the United States, through any authorized representatives, access to and the right to examine all records, books, papers, or documents related to the grant.

3. Legal Authority

   It possesses legal authority to apply for the grant and to execute the proposed project under North Dakota law and, if selected to receive a CDBG, will make all efforts necessary to assure timely and effective implementation of the project activities described in the attached application.

4. Financial Management

   It will comply with the applicable requirements of Office of Management and Budget (OMB) Part 85, "Common Rule for Assistance to State and Local Governments," or any equivalent procedures and requirements that the DCS may prescribe. The circular is the basis for a number of specific requirements on the financial management and recordkeeping of CDBG funds. The directive applies to cash depositories, bonding insurance, recordkeeping, program income, property management, procurement, closeout, audit, and other requirements.

   It will comply with applicable requirements and policies of OMB Circular A-87, "Cost Principles for State and Local Governments," as specified by the Department of Commerce.

5. HUD Disclosure

   It will comply with HUD Disclosure Requirements (Subpart C of 24 CFR Part 12) prior to receiving a financial award from the Division of Community Services.

6. Assessments for Public Improvements

   It will not attempt to recover any capital costs of public improvements assisted in whole or part with CDBG funds by assessing any amount against properties owned and occupied by persons of low and moderate income, including any fee charged or assessment made as a condition of obtaining access to such public improvements, unless:

a. CDBG funds are used to pay the portion of such fee or assessment that relates to the capital costs of such public improvements that are financed from revenue sources other than CDBG funds; or

b. For purposes of assessing any amount against properties owned and occupied by persons of low and moderate income who are not persons of very low income, the applicant certifies that it lacks sufficient CDBG funds to comply with the requirements of clause (a), above.

7. Citizen Participation

The applicant will:

a. Provide for and encourage citizen participation, particularly by low and moderate income persons who reside in slum or blighted areas and areas in which CDBG/ CDLF funds are proposed to be used;

b. Ensure that citizens will be given reasonable and timely access to local meetings, information, and records relating to the unit of local government's proposed and actual use of CDBG/CDLF funds;

c. Furnish citizens information, including but not limited to:

(1) The amount of CDBG/CDLF funds expected to be made available for the current fiscal year (including the grant and anticipated program income);

(2) The range of activities that may be undertaken with the CDBG funds;

(3) The estimated amount of the CDBG/CDLF funds proposed to be used for activities that will meet the national objective of benefit to LMI persons; and

(4) The proposed CDBG/CDLF activities likely to result in displacement and the unit of general local government's anti-displacement and relocation plans required under § 570.488.

d. Provide technical assistance to groups representative of persons of low and moderate income that request assistance in developing proposals in accordance with the procedures developed by the state. Such assistance need not include providing funds to such groups;

e. Provide for a minimum of two public hearings, each at a different stage of the program, for the purpose of obtaining citizens' views and responding to proposals and questions. Together the hearings must cover community development and housing needs, development of proposed activities and a review of program performance. The first public hearing is to cover community development and housing needs and must be held no earlier than 180 days prior to submitting an application to the state. The second public hearing is to cover a review of program performance. There must be reasonable notice of hearings and they must be held at times and locations convenient to potential or actual beneficiaries, with accommodations for the handicapped. Public hearings shall be conducted in a manner to meet the needs of

non-English speaking residents where a significant number of non-English speaking residents can reasonably be expected to participate. The Citizen Participation Plan and Public Notice and Notice of Public Hearing format found in the CDBG Supplement to the Action Plan is required to be adopted by each city and county;

f. Provide citizens with reasonable advance notice of, and opportunity to comment on, proposed activities in an application to the state and, for grants already made, activities which are proposed to be added, deleted or substantially changed from the unit of general local government's application to the state. Substantially changed means changes made in terms of purpose, scope, location or beneficiaries as defined by criteria established by the state; and

g. Provide citizens the address, phone number, and times for submitting complaints and grievances, and provide timely written answers to written complaints and grievances, within 15 working days where practicable.

8. Building Standards

The grantee must assure that activities involving new building construction, alterations, or rehabilitation comply with the State Building Code (NDCC Chapter 54-21.3). Uniform Building Code and Uniform Mechanical Code and Section 54-21.3-04.1 requires compliance with the Americans with Disabilities Act Guidelines (ADAAG). For new construction of multi-family dwellings containing four or more units, the grantee must assure compliance with the Fair Housing Accessibility Guidelines for implementation of the accessibility requirements of the Fair Housing Act.

9. Conflict of Interest

a. Conflicts prohibited. Except for eligible administrative or personnel costs, the general rule is that no persons described in paragraph (b) of this section who exercise or have exercised any functions or responsibilities with respect to CDBG activities assisted under this subpart or who are in a position to participate in a decision-making process or gain inside information with regard to such activities, may obtain a financial interest or benefit from the activity, or have an interest or benefit from the activity, or have an interest in any contract, subcontract or agreement with respect thereto, or the proceeds thereunder, either for themselves or those with whom they have family or business ties, during their tenure and for one year thereafter.

b. Persons covered. The conflict of interest provisions for paragraph (a) of this section apply to any person who is an employee, agent, consultant, officer, or elected official or appointed official of the state, or of a unit of general local government, or of any designated public agencies, or subrecipients which are receiving CDBG funds.

c. Exceptions: Thresholds requirements. Upon written request by the State, an exception to the provisions of paragraph (a) of this section involving an employee, agent, consultant, officer, or elected official or appointed official of the state may be granted by HUD on a case-by-case basis. In all other cases, the state may grant such an exception upon written request of the unit of general local government provided the state shall fully document its determination in compliance with all requirements of this paragraph including the state's position with respect to each factor to be

considered for exceptions and such documentation shall be available for review by the public and by HUD. An exception may be granted after it is determined that such an exception will serve to further the purpose of the Act and the effective and efficient administration of the program or project of the state or unit of general local government as appropriate. An exception may be considered only after the unit of general local government has provided the following and the state has considered all factors for the exception found in 570.489 (h)(5):

(1) A disclosure of the nature of the conflict, accompanied by an assurance that there has been public disclosure of the conflict and a description of how the public disclosure was made; and

(2) An opinion of the attorney for the state or the unit of general local government, as appropriate, that the interest for which the exception is sought would not violate state or local law.

d. Factors to be considered for exceptions. In determining whether to grant a requested exception after the requirements of paragraph (C) of this section have been satisfactorily met, the cumulative effect of the following factors, where applicable, shall be considered:

(1) Whether the exception would provide a significant cost benefit or an essential degree of expertise to the program or project which would otherwise not be available;

(2) Whether an opportunity was provided for open competitive bidding or negotiation;

(3) Whether the person affected is a member of a group or class of low or moderate income persons intended to be the beneficiaries of the assisted activity, and the exception will permit such person to receive generally the same interests or benefits as are being made available or provided to the group or class;

(4) Whether the affected person has withdrawn from his or her functions or responsibilities, or the decision-making process with respect to the specific assisted activity in question;

(5) Whether the interest or benefit was present before the affected person was in a position as described in paragraph (b) of this section;

(6) Whether undue hardship will result either to the State or the unit of general local government or the person affected when weighed against the public interest served by avoiding the prohibited conflict; and

(7) Any other relevant considerations.

10. Anti-Displacement

In the event an applicant is awarded CDBG funds by the State, it will:

a. Follow a residential anti-displacement and relocation assistance plan which shall:

(1) In the event of such displacement, provide that:

(a) Governmental agencies or private developers shall provide within the same community comparable replacement dwellings for the same number of occupants as could have been housed in the occupied and vacant occupiable low and moderate income dwelling units demolished or converted to a use other than for housing for low and moderate income persons, and provide that such replacement housing may include existing housing assisted with project based assistance provided under section 8 of the United States Housing Act of 1937;

(b) Such comparable replacement dwellings shall be designed to remain affordable to persons of low and moderate income for 10 years from the time of initial occupancy;

(c) Relocation benefits shall be provided for all low or moderate income persons who occupied housing demolished or converted to a use other than for low or moderate income housing, including reimbursement for actual and reasonable moving expenses, security deposits, credit checks, and other moving-related expenses, including any interim living costs; and, in the case of displaced persons of low and moderate income, provide either:

(i) Compensation sufficient to ensure that, for a 5-year period, the displaced families shall not bear, after relocation, a ratio of shelter costs to income that exceeds 30 percent; or

(ii) If elected by a family, a lump-sum payment equal to the capitalized value of the benefits available under subclause (i) to permit the household to secure participation in a housing cooperative or mutual housing association.

(d) Persons displaced shall be relocated into comparable replacement housing that is:

(i) Decent, safe, and sanitary;

(ii) Adequate in size to accommodate the occupants;

(iii) Functionally equivalent; and

(iv) In an area not subject to unreasonably adverse environmental conditions.

(2) Persons displaced shall have the right to elect, as an alternative to the benefits under this subsection to receive benefits under the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 if such persons determine that it is in their best interest to do so; and

(3) Where a claim for assistance under subparagraph (1)(d) is denied by grantee, the claimant may appeal to the State, and that the decision of the State shall be final unless a court determines the decision was arbitrary and capricious.

11. Displacement and Relocation

It will minimize displacement as a result of activities assisted with CDBG funds.

It will comply with:

a. Sections 301 and 302 of Title III (Uniform Real Property Acquisition Policy) of the Uniform Relocation Assistance and Real Property Policies Act of 1970 (as amended 1986) and will comply with Sections 303 and 304 of the Title III, and HUD implementing instructions contained in 24 CFR Part 42. The grantee must inform affected persons of their rights and of the acquisition policies and procedures set forth in the regulations of 24 CFR, Part 42 and 24 CFR 570.602(b); and

b. Title II (Uniform Relocation Assistance) of the Uniform Relocation Assistance and Property Acquisition Act of 1970 (as amended 1986) and HUD implementing regulations of 24 CFR Part 41 and 24 CFR 570.602(a) which require the Grantee to provide relocation payments and offer relocation assistance as described in Section 205 of the Uniform Relocation Assistance Act to all persons displaced as a result of acquisition of real property for an activity assisted under the CDBG Program. Such payments and assistance must be provided in a fair, consistent, and equitable manner that ensures that the relocation process does not result in a different or separate treatment of such persons on account of race, color, religion, national origin, sex or source of income. The grantee must assure that, within a reasonable period of time prior to displacement, decent, safe and sanitary replacement dwellings will be available to all displaced families and individuals and that the range of choices available to such persons will not vary on account of their race, color, religion, national origin, sex or source of income.

c. Where necessary, will comply with section 104(d) of the Housing and Community Development Act of 1974, as amended, which requires the replacement of low and moderate income housing units that are demolished or converted to another use in connection with an assisted activity and the provision of specified relocation assistance to certain low and moderate income persons.

12. Civil Rights

It will comply with Title VI of the Civil Rights Act of 1964 (42 U.S.C. 200d et seq.), and the regulations issued pursuant thereto (24 CFR Part 1), which provides that no person in the United States shall on the grounds of race, color, or national origin, be excluded from participation in, be denied in the benefits of, or be otherwise subjected to discrimination under any program or activity for which the applicant received Federal

financial assistance and will immediately take any measures necessary to effectuate this assurance. If any real property or structure thereon is provided or improved with the aid of Federal financial assistance extended to the applicant, this assurance shall obligate the applicant, or in the case of any transfer of such property, any transferee, for the period during which the real property or structure is used for a purpose for which the Federal financial assistance is extended, or for another purpose involving the provision of similar services or benefits.

13. Excessive Force Policy

The grantee adopts and will enforce a policy prohibiting the use of excessive force by law enforcement agencies within its jurisdiction against any individuals engaged in non-violent civil right demonstrations and the grantee will enforce applicable state and local laws against physically barring entrance to or exit from a facility or location which is the subject of such nonviolent civil rights demonstrations within its jurisdiction.

14. Equal Opportunity

It will comply with:

a. Section 109 of the Housing and Community Development Act of 1974 (ACT), as amended, and the regulations issued pursuant thereto (24 CFR 570.601), which provides that no person in the United States shall, on the grounds of race, color, national origin, or sex, be excluded from participation in, be denied the benefits, of, or be subjected to discrimination under, any program or activity funded in whole or in part with funds provided under the act;

b. The Age Discrimination Act of 1975, as amended (42 U.S.C. 6101 et seq.) The act provides that no person shall be excluded from participation, denied program benefits or subjected to discrimination on the basis of age under any program or activity receiving federal funding assistance;

c. Section 504 of the Rehabilitation Act of 1973, amended (29 U.S. C. 794). The act provides that no otherwise qualified individual shall, solely, by reason of his or her handicap be excluded from participation, denied program benefits or subjected to discrimination on the basis of age under any program or activity receiving federal funding assistance.

The grant recipient must complete or update a Self-Evaluation, in accordance with 24 CFR Part B of the Federal Register. An example of a Self-Evaluation guidebook will be provided upon request;

d. Section 3 of the Housing and Community Development Act of 1968 (12 U.S.C. 170/u) (24 CFR Part 135). Section 3 of the Housing and Urban Development Act of 1968 requires, in connection with the planning and carrying out of any project assisted under the Act, to the greatest extent feasible, that opportunities for training and employment be given to lower-income persons residing within the unit of local government or the non-metropolitan county in which the project is located, and contracts for work in connection with the project be awarded to eligible business concerns which are located in, or owned in substantial part, by persons residing in the project area. The grantee must assure good faith efforts toward compliance with the

statutory directive of Section 3; and

e. Executive Order 11246, as amended by Executive Orders 11375 and 12086, and the regulations issued pursuant thereto (24 CFR Part 130 and 41 CFR Chapter 60) prohibit a CDBG recipient and subcontractors, if any, from discriminating against any employee or applicant for employment because of race, color, religion, sex or national origin. The grantee and subcontractors, if any, must take affirmative action to ensure that applicants are employed, and that employees are treated during employment, without regard to their race, color, religion, sex or national origin. Such action must include, but not be limited to, the following: employment; upgrading; demotion or transfer; recruitment or recruitment advertising; layoff or termination; rate of pay or other forms of compensation; and selection for training, including apprenticeship. The grantee and subcontractors must post in conspicuous places, available to employees and applicants for employment, notices to be provided setting for the provisions of this nondiscrimination clause. For contracts over $10,000, the grantee or subcontractors will send to each applicable labor union a notice of the above requirements, the grantee and subcontractors will comply with relevant rules, regulations and orders of the U.S. Secretary of Labor. The grantee or subcontractors must make their books and records available to State and federal officials for purposes of investigation to ascertain compliance.

15. Fair Housing

It will affirmatively further fair housing and will comply with:

a. Title VIII of the Civil Rights Act of 1968 (42 U.S.C. 3601 et seq.), as amended. The law states that it is the policy of the United States to provide for fair housing throughout the United States and prohibits any person from discriminating in the sale or rental of housing, the financing of housing or the provision of brokerage services, including in any way making unavailable or denying a dwelling to any person, because of race, color, religion, sex or national origin. CDBG grantees must also administer programs and activities relating to housing and community development in a manner that affirmatively promotes fair housing and furthers the purposes of Title VIII; and

b. Executive Order 11063, as amended by Executive Order 12259, requires CDBG recipients to take all actions necessary and appropriate to prevent discrimination because of race, color, religion, creed, sex or national origin; in the sale, leasing, rental and other disposition of residential property and related facilities (including land to be developed for residential use); or in the use of occupancy thereof if such property and related facilities are, among other things, provided in whole or in part with the aid of loans, advances, grants or contributions from the federal government.

16. Labor Standards

It will comply with:

a. Section 110 of the Housing and Community Development Act of 1975, as amended, 24 CFR 570.605, and State regulations regarding the administration and enforcement of labor standards. Section 110 requires that all laborers and mechanics employed by contractors or subcontractors on construction work assisted under the Act shall be paid wages at rates not less than those prevailing on similar construction in the

locality as determined by the Secretary of Labor in accordance with the Davis-Bacon Act, as amended (40 U.S.C. 276-a-276a-5). By reason of the foregoing requirement the Contract Work Hours and Safety Standards Act (40 U.S.C. 327 et seq.) also applies. However, these requirements apply to rehabilitation of residential property only if such property is designed for residential use for eight or more families;

b. Davis-Bacon Act, as amended (40 U.S.C. a- et seq.), Section 2; June 13, 1934, as amended (48 Stat. 948.40 U.S.C. 276(C), popularly known as The Copeland Anti-Kickback Act. The Act mandates that all laborers and mechanics be paid unconditionally and not less often than once a week, and without subsequent deduction or rebate on any account except "permissible" salary deductions, the full amounts due at the time of payments, computed at wage rates not less than those contained in the wage determination issued by the U.S. Department of Labor. Weekly compliance statements and payrolls are required to be submitted to the federally-funded recipient by the contractor;

c. Contract Work Hours and Safety Standards Act (40 U.S.C. 327 et seq.) According to the Act, no contract work may involve or require laborers or mechanics to work in excess of eight hours in a calendar day, or in excess of 40 hours in a work week, unless compensation of not less than one and one-half times the basic rate is paid for the overtime hours. If this Act is violated, the contract or subcontractor is liable to any affected employee for unpaid damages as well as to the United State for liquidated damages; and

d. Federal Fair Labor Standards Act, (29 U.S.C.S. 201 et seq.). The act requires that covered employees be paid at least the minimum prescribed wage, and also that they be paid one and one-half times their basic wage rate for all hours worked in excess of the prescribed work-week.

17. EPA Listing of Violating Facilities

It will ensure that the facilities under its ownership, lease or supervision which shall be utilized in the accomplishment of the program are not listed on the U.S. Environmental Protection Agency's (EPA) List of Violating Facilities and that it will notify the Department of Commerce of the receipt of any communication from the Director of the EPA Office of Federal Activities indicating that a facility to be used in the project is under consideration for listing by EPA.

18. Environmental Impact

It will comply with:

a. Section 104(f) of the Housing and Community Development Act of 1974, as amended through 1981. This section expresses the intent that "the policies of the National Environmental Policy Act of 1969 and other provisions of law which further the purposes of such Act be most effectively implemented in connection with the expenditure of funds under" the Act. Such other provisions of law which further the purpose of the National Environmental Policy Act of 1969 are specified in regulations issued pursuant to Section 104(f) of the Act and contained in 24 CFR Part 58; and

b. The National Environmental Policy Act of 1969 (42 U.S.C. Section 4321, et seq. and 24 CFR Part 58). The purpose of this Act is to attain the widest use of the environment without degradation, risk to health or safety or other undesirable and unintended consequences. Environmental review procedures are a necessary part of this process. The grantee must certify that the proposed project will not significantly impact the environment and that the grantee has complied with environmental regulations and fulfilled its obligations to give public notice of the funding request, environmental findings and compliance performance.

Its chief executive officer or other officer of applicant approved by the State:

(1) Consents to assume the status of responsible federal official under the National Environmental Policy Act of 1969 (NEPA) and other provisions of federal law, as specified in 24 CFR Part 58, which further the purposes of NEPA, insofar as the provisions of such federal law apply to the North Dakota Community Development Block Grant Program; and

(2) Is authorized and consents on behalf of the applicant and himself to accept the jurisdiction of the federal courts for the purpose of enforcement of his responsibilities as such an official.

19. Floodplain Management and Wetlands Protection

It will comply with:

a. The Flood Disaster Protection Act of 1973, Public Law 93-234, 87 Stat. 975, approved December 31, 1973. Section 102(a) required, on and after March 2, 1974, the purchase of flood insurance in communities where such insurance is available as a condition for the receipt of any federal financial assistance for construction or acquisition purposes for use in any area that has been identified by the Secretary of the Department of HUD as an area having special flood hazards. The phase "Federal financial assistance" includes any form of loan, grant, guaranty, insurance payment, rebate, subsidy, disaster assistance loan or grant, or any other form of direct or indirect Federal assistance;

b. Executive Order 11988, May 24, 1978: Floodplain Management (42 F.R. 26951, et seq.) The intent of this Executive Order is to (1) avoid, to the extent possible, adverse impacts associated with the occupancy and modification of floodplains and (2) avoid direct or indirect support of floodplain development wherever there is a practical alternative. If the grantee proposes to conduct, support or allow an action to be located in the floodplain, the grantee must consider alternatives to avoid adverse effects and incompatible involvement in the floodplains. If siting in a floodplain is the only practical alternative, the grantee must, prior to taking an action: (1) design or modify it s actions in order to minimize a potential harm to the floodplain; and (2) prepare and circulate a notice containing an explanation of why the action is proposed to be located in a floodplain; and

c. Executive Order 11990, May 24, 1977: Protection of Wetlands (42 F.R. 26961, et seq.). The intent of this Executive Order is to avoid adverse impacts associated with the destruction or modification of wetlands and direct or indirect support of new construction in wetlands, wherever there is a practical alternative. The grantee must

avoid undertaking or providing assistance for new construction located in wetlands unless there is no practical alternative to such construction and the proposed action includes all practical measures to minimize harm to wetlands which may result from such use.

20. Historic Preservation

It will comply with:

a. Section 106 of the National Historic Preservation Act of 1966 (16 U.S.C. 470, as amended) through completion of the procedures outlined in 36 CFR 800 and 36 CFR 63. Compliance with these procedures should include:

(1) Consulting with the State Historic Preservation Office (SHPO) to identify properties listed in or eligible for inclusion in the National Register of Historic Places that exist with a proposed CDBG project's area of potential environmental impact; and

(2) Consulting, as needed with the SHPO, Keeper of the National Register of Historic Places, and the Advisory Council on Historic Preservation to evaluate the significance of historic or prehistoric properties which could be affected by CDBG work and to determine how to avoid or mitigate adverse effects to significant properties from project work.

21. Farmlands Protection

It will comply with the Farmland Protection Policy Act (1981) (PL 97-98, Dec. 22, 1981) (Subtitle I Sec. 1539-1554) which requires recipients of federal assistance to minimize the extent to which their projects contribute to the unnecessary and irreversible commitment of farmland to nonagricultural uses.

22. Lead-Based Paint

It will comply with Sections 1012 and 1013 of Title X of the Housing and Community Development Act of 1992. The new regulation appears within Title 24 of the Code of Federal Regulations as part 35. (24 CFR 35). The purpose of this regulation is to protect young children from lead-based paint hazards in housing that is financially assisted by the Federal government or sold by the government. This regulation applies only to structures built prior to 1978.

23. Solid Waste

It will comply with the Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act of 1976 (42 U.S.C. Section 6901, et seq.). The purpose of this Act is to promote the protection of health and the environment and to conserve valuable material and energy resources.

24. Air Quality

It will comply with the Clean Air Act (42 U.S.C. 7401, et seq.) which prohibits engaging in, supporting in any way or providing financial assistance for licensing or permitting, or approving any activity which does not conform to the North Dakota Air Pollution Control Rules (NDCC Article 33-15), which includes standards for asbestos and other hazardous air pollutants, and the State implementation plan for the control of air pollution.

25. Water Quality

It will comply with:

a. The Safe Drinking Water Act of 1974 (42 U.S.C. Section 201, 300(f) et seq. and U.S.C. Section 349), as amended, particularly Section 1424(e)(42 U.S.C. Section 300H-303(e)) which is intended to protect underground sources of water. No commitment for federal financial assistance can be entered into for any project which the U.S. Environmental Protection Agency determines may contaminate an aquifer which is the sole or principal draining water source for an area; and

b. The Federal Water Pollution Control Act of 1972, as amended, including The Clear Water Act of 1977, Public Law 92-212 (33 U.S.C. Section 1251, et seq.) which provides for the restoration and maintenance of the chemical, physical and biological integrity of the nation's water.

26. Noise, Facility Siting

It will comply with HUD Environmental Standards (24 CFR, Part 51, Environmental Criteria and Standards and 44 F.R. 40860-40866, July 12, 1979) which prohibit HUD support for most new construction of noise-sensitive uses on sites having unacceptable noise exposure. HUD assistance for the construction of new noise-sensitive uses is prohibited in general for projects with unacceptable noise exposures and is discouraged for projects with normally unacceptable noise exposure. Additionally projects may not be located near facilities handling materials of an explosive or hazardous nature, or in airport clear zones.

27. Wildlife

It will comply with:

a. The Endangered Species Act of 1973, as amended (16 U.S.C. 1531 et seq.). The intent of this Act is to ensure that all federally assisted projects seek to preserve endangered or threatened species. Federally authorized and funded projects must not jeopardize the continued existence of endangered and threatened species or result in the destruction of or modification of habitat of such species which is determined by the U.S. Department of the Interior, after consultation with the state, to be critical; and

b. The Fish and Wildlife Coordination Act of 1958, as amended, (U.S.C. 661 et seq.) which requires that wildlife conservation receives equal consideration and is coordinated with other features of water resource development programs.

SECTION VI

Final Grant Application Submission Requirements

A. Application Requirements

This section describes the application submission requirements applicable to all Public Facilities, Housing and Economic Development projects. Each region will have additional application requirements.

Each region utilizing score sheets in their review of any project will be required to submit individual review committee member's score sheets for each project recommended for funding. The score sheet must identify the board person scoring the application. The scores must be summarized and totaled, and that sheet must also be submitted to our office. A copy of the board minutes approving the project must be submitted to the DCS before the DCS will give final approval and prepare a Financial Award.

Each applicant must:

1. Provide a map which delineates the boundaries of the entire jurisdiction and identifies the location of the proposed activity. (In most cases a map is not included in the business plan for economic development projects.)

2. Conduct a local Community Needs Assessment in accordance with the requirements described in the application package.

3. Provide evidence that a minimum of one public hearing was conducted no earlier than 180 days prior to submitting the application to the state. A second public hearing will be required prior to grant closeout. The format in the CDBG Supplement to the Action Plan is required to be adopted by each city and county. The evidence of public hearing must include an affidavit of publication, a list of the persons attending and minutes of the public hearing.

4. Complete the Resolution of Sponsorship.

5. Acknowledge by signature the Applicant Assurance Certifications.

6. Indicate the activity(s) it will undertake to "affirmatively further fair housing" in accordance with Title VIII of the Civil Rights Act of 1968, as amended. This activity will be made a part of the Financial Award.

7. Justify which national objective is to be achieved for each proposed activity in accordance with the definitions in Section I. Income surveys will be accepted only if they meet the following criteria:

Surveys must be completed prior to the submission of pre-applications and must be completed according to the guidelines included in Section I of the CDBG Supplemental to this Action Plan. This section contains complete guidelines and forms to be used in completing income surveys.

8. Complete the requirements of Subpart C of 24 CFR Part 12 "Accountability in the Provisions of HUD Assistance." (See HUD Disclosure Report in the CDBG Supplement to the Action Plan.)

9. All final applications must be submitted with the original signatures to the DCS.

10. A Housing Rehabilitation Program Application or a form containing equivalent information for each potential household must be submitted with the application. (See the CDBG Supplement to the Action Plan.) A Housing Rehabilitation Program Application Summary Sheet must also be submitted.

11. Each application must contain documentation of who prepared the application, who reviewed the application with their score and who will administer the application, if already chosen. This includes Economic Development if applicable.

12. Each applicant for removal of architectural barriers must also submit a Transition Plan for the building or buildings that will be altered to remove architectural barriers.

SECTION VII
Program Design - Economic Development

The North Dakota CDLF program for Economic Development has been designed to more effectively meet the goals set by the Governor. The program is targeted to both Primary and Retail Sector business proposals which will operate within North Dakota. CDLF assistance is intended to be used in situations where a funding gap exists and alternative sources of public and private financing are not adequate. On a case-by-case basis, a request to waive any of the policy and procedures must be approved and granted by the Division of Community Services. The Division of Community Services will have the authority to deny any economic development project that is not well conceived and fully developed. All CDLF projects will be funded with Revolving Loan funds prior to CDBG allocation of funds.

A. General Economic Development Policies & Procedures

1. Section 104 (j) of Title I of the Housing and Community Development Act of 1974, as amended, permits any unit of local government to retain any program income that is realized from a CDBG award. Section 104 (j) also permits a state to require as a condition that a unit of general local government shall pay to the state any program income generated, except that the state shall waive this condition to the extent that program income is applied to continue the activity from which such income was derived.

   Since the North Dakota CDLF program requires that the use of funds be proposed as a loan to a business, program income will be generated in the form of loan repayments. <u>The state requires that program income be repaid to the State</u>. The state will permit applicants to request a waiver of this repayment requirement in order to retain program income at the local level under the following conditions:

   a. Community Development Loan Funds are being used as a match for another federal program which requires the establishment of a loan fund to which all funds must be repaid; or

   b. The Applicant desires to use program income to make loans to continue the same activity at a later date. Activity is defined as an economic development project that meets the national objective of creating jobs for low and moderate income persons. In order for a locality to request to retain program income, all of the following must occur:

      (1) The business generating the program income must have met all special conditions of the financial award, to include the business generating the program income and the grantee must satisfy all conditions of the financial award, to include job creation;

      (2) A final report and audit must be completed and accepted by the DCS; and

(3) A notice of grant closeout must be issued.

Once these steps have been completed, the locality may submit a request to retain program income for future economic development projects. The locality must submit with its request a full economic development plan in accordance with the requirements of the CDLF program. The DCS will review the economic development plan for eligibility, only. The Director of the DCS will be responsible for approving and disapproving a waiver request. The DCS reserves the right to request additional documentation if needed.

2. Once the program income is returned it will be redistributed to the region in which the funds originated or to the Governor's Revolving Loan Fund. The program income funds will be used for economic development activities in the respective regions.

3. The city/county may retain 50 percent of the interest on the loan repayment after all jobs have been created and an Administrative or Final Closeout has been issued by the DCS. Until this occurs 100 percent of the interest must be returned to the State.

4. For a direct loan, the grantee must make provisions in the loan agreement and promissory note for the repayment of the loan by the business to the unit of general local government on a monthly basis. Exceptions to this policy will be granted by the DCS on a case-by-case basis.

5. A bank must be involved in financing of a CDLF project unless in a disaster situation.

6. Applicants may apply for loans (both interim and long term) and grants for activities which are carried out by public or private nonprofit entities, including (a) acquisition of real property; (b) acquisition, construction, reconstruction, rehabilitation, or installation of 1) public facilities (except for building for the general conduct of government), site improvements (water, sewer, roads, railroad spurs), and utilities; 2) commercial or industrial buildings or structures and other commercial or industrial real property improvements; and 3) planning.

7. In the event that CDLF are used to provide for the purchase of common or preferred stock, the grantee must make provisions for the redemption of the stock and repayment to the CDLF. The terms of the preferred stock arrangement must clearly indicate the par value of the stock and the dividend to be achieved before redeeming the stock.

8. CDLF dollars may be used to finance general operating costs. General operating costs of a business will be eligible with the exception of travel, entertainment, research and development, donations and pre-startup costs (i.e. legal fees for incorporation, consulting for business plan development). The terms of the loan will be 5 years or less (including any deferment period). The interest rate will be fixed for the term of the loan. Interest will begin accruing at the time principal payments begin. Principal and interest payments will begin 30 days after the funds are fully advanced or 24 months from the financial award date, whichever comes first.

CDLF funds will provide no more than 50% of the financing of the total operating costs up to $500,000 for primary sector business and up to $300,000 for retail/service/tourism businesses. All loans must be secured with assets, personal guarantees or any other reasonable source of available collateral.

Funds will be released as follows: The initial Request for Funds will be based on the projected financial needs of the business (not to exceed 2 months). Advances will be contingent upon the company meeting their projections. To receive funds, an inter-creditor agreement must be completed stipulating the criteria to be met for the advances. Any changes to the inter-creditor agreement must be done in writing and signed by all parties. Monthly financial statements will also be required and must be in accordance with GAAP. The grant administrator will be required to submit the financial statements and an analysis for funding with each Request for Funds.

9. The North Dakota CDLF Program will not assist projects that facilitate the relocation of industrial or commercial facilities within the state, unless the region finds such relocation does not adversely affect the level of unemployment, available jobs or the economic base of the area from which the industrial or commercial plant or facility is to be re-located. In order to satisfy this requirement, the grant applicant must submit sufficient evidence that:

    a. The relocation will not have a significant economic effect on the community of original site location, and/or

    b. The city/county of original site location cannot provide similar facilities and/or conditions as offered by the city/county where the business is proposing to relocate.

10. The cost per job for CDLF should be at or below $35,000.

11. Only those jobs proposed to be created within the first two years will receive consideration during the review process. The two year period begins with the date of the financial award.

12. At least 51 percent of the jobs to be created or retained must be held or made available to low and moderate income persons or the employee resides in a census tract where no less than 70 percent of the residents are low and moderate income persons. LMI status is based on family gross income at the time of hiring. It is not based on the salary to be paid. Refer to the CDBG Supplement to the Action Plan for guidance on determining low and moderate income, and to the CDBG Supplement to the Action Plan for the job income survey form.

    Each applicant is required to provide evidence that the business has contacted Job Service of North Dakota if 51% of the jobs created are not filled by low and moderate income individuals.

Where the public facility or improvement is undertaken principally for the benefit of one or more particular businesses, but where other businesses might also benefit from the assisted activity, the requirement may be met by aggregating only the jobs created or retained by those businesses for which the facility/improvement is principally undertaken, provided that the cost (in CDLF funds) for the facility/improvement is less than $10,000 per permanent full-time equivalent job to be created or retained by those businesses.

In any case where the cost per job to be created or retained is $10,000 or more, the requirement must be met by aggregating the jobs created or retained as a result of the public facility or improvement by all businesses in the service area of the facility/ improvement. This aggregation must include businesses which, as a result of the public facility/improvement, locate or expand in the service area of the facility/ improvement between the date the recipient identifies the activity in its final statement and the date one year after the physical completion of the facility/improvement.

13. Only permanent jobs may be considered in determining proposed jobs to be created or retained. All jobs must be on a "full time equivalent (FTE)" basis. Full time is based on 32 hours per week. In converting part time jobs to full time, the applicant must indicate the hours of employment for each part time position. **Jobs created prior to a Financial Award will not be counted as new jobs.**

    Seasonal jobs may be considered only if the business can demonstrate that the duration of the season will be long enough for the job to be considered as a person's principal occupation. Jobs taken by students who are legal dependents or by persons such as farmers and school teachers employed during their off season, cannot be considered as a principal occupation. The applicant must also demonstrate that the job itself is a permanent position. Eligible seasonal jobs must also be converted to full time equivalents. FTE must be based on hours worked and length of the season. For instance, four persons working full time for three months would equal one FTE.

14. For an activity that retains jobs, the unit of general local government must document that the jobs would actually be lost without the CDLF assistance and that either or both of the following conditions apply with respect to at least 51 percent of the jobs at the time the CDLF assistance is provided: The job is known to be held by a low or moderate income person; or the job can reasonably be expected to turn over within the following two years and that it will be filled by or that steps will be taken to ensure that it is made available to a low or moderate income person upon turnover.

    Applicants proposing job retention must undertake a survey of those retained individuals to determine their household income and status as a full or part time employee. A copy of each survey must be submitted with the original application. A sample survey form is included in the CDBG Supplement to the Action Plan.

15. An applicant may apply for economic development funds for a project that proposes to provide area benefit. This is an activity, the benefits of which are available to all the residents in a particular area, where at least 51 percent of the residents are low and moderate income persons. Such an area need not be coterminous with census tracts or

other officially recognized boundaries, but must be the entire area served by the activity. Units of general local government may, at the discretion of the state, use either HUD provided data comparing census data with appropriate low and moderate income levels or survey data that is methodologically sound. An activity that serves an area that is not primarily residential in character shall not qualify under this criterion.

The project must provide goods or services to residents of an area, such that the number of low and moderate income person residing in the areas served by the assisted businesses amounts to at least one low and moderate income person per $350 of CDLF funds used.

Where CDLF assistance for an activity is expected both to create or retain jobs and to provide goods or services to residents of an area, the grantee may elect to count the activity under either the jobs standard or the area residents standard, but not both.

16. Refinancing of existing debt and interest buydown will not be accepted.

17. Each applicant must identify the sources and uses of matching funds. Matching funds may come from a variety of sources, such as new investments by a firm to be assisted, bank loans, loans to be repaid to a state or federal loan program, or grants. Applicants must include documentation committing matching dollars that at least indicates funds are available contingent upon the receipt of CDLF. Applicants must meet a minimum leverage requirement of 1:1. Match dollars that would not incur any Title I dollars can be expended up to six months prior to the date of the DCS financial award. To ensure compliance with the federal environmental regulations, consultation with the DCS should commence prior to any commitment of funds. For economic development infrastructure projects, a waiver of the 1:1 match will be considered on a case-by-case basis and must receive DCS approval.

    The following will not be considered as match:

    a. In-kind services;

    b. Refinancing of existing debt; and

    c. An operating line of credit - unless it can be proved that it will be spent within the budget period.

18. All loans must be secured with fixed assets (i.e. land, buildings, and equipment), personal guarantees, or any other reasonable source of available collateral.

    Applicants must include documentation for the value of the collateral offered and a description of all security positions held by lenders and any liens which may apply to the collateral.

19. An equity investment which equals a minimum of 10 percent of the total project cost must be made by the principal(s). Unless in the case of nonprofit corporations where equity requirements may be less, however, they will be determined on their own merits. This equity requirement may be met through a direct cash injection or through tangible balance sheet equity, as defined by generally acceptable accounting principles. The equity must be available upon receipt of the full application.

    Equity is defined as capital that has no guaranteed or mandatory repayment or has no definite timetable for repayment of the capital investment, and cannot be withdrawn at the contributor's option without the permission of the superior debt holders. In the event a source of grant funds is proposed as equity, the funds must be firmly committed.

20. In the process of reviewing an application and developing a funding recommendation, the applicant may be required to secure a first, shared first, or second security position on the assets, or other forms of collateral for the project. A third position may be considered, on a case-by-case basis. Approval must be requested from DCS for this to occur.

21. Each applicant must provide a signed letter of commitment from the business that upon award of CDLF to the applicant, it will locate or expand its business in the applicant's jurisdiction.

22. Applicants may request consideration of an interest free period or deferment of payments of principal and/or interest.

23. Community Development Loan Fund Terms:

    a. Fixed Assets – Up to 25 years. (Will be on a case-by-case basis)

    b. Equipment – equipment will not exceed 10 years. Under no circumstances will terms be extended longer than 15 years. The actual terms, to include any deferment of interest and/or principal, will be based on the recommendation of the staff review committee.

    c. Inventory – The loan may carry a maximum term of five (5) years, to include the deferment period.

    d. Operating Cost Financing – The loan will be for a period of no more than 5 years to include the deferment period. Maximum participation will be $500,000 for primary sector and $300,000 for retail/service/tourism businesses.

    e. Infrastructure Projects – Up to 15 years. (Will be determined on a case-by-case basis)

B. Economic Development Funding Set-Asides

Primary Sector: An individual, corporation, partnership, limited liability company, or association, which through the employment of knowledge or labor, adds value to a product, process or service that results in the creation of new wealth. Primary sector does not include "Production Agriculture" except as follows: An investor-owned livestock feeding or milking operation located apart from a farm headquarters, which is managed by employees.

Retail Sector: Those businesses involved in the direct sale of goods, commodities, activities, or services to the consumer. Retail also includes tourism related activities.

1. Funding Cycle

   Primary and Retail - Funding cycles will remain open year round and in accordance with timely distribution of funds listed in Section IV.

2. Infrastructure Projects - All public improvement projects funded under the CDBG Economic Development category shall procure plans, drawings and specifications for the work from a licensed architect or registered professional engineer with an estimated project cost of $50,000 or more.

   A copy of the State Health Department's letter of design approval must be submitted for all water and sewer projects prior to the first draw down of project funds.

C. Business Plan

NOTE: All business plan information and financial exhibits will be considered confidential, for evaluation purposes only, and will not, except as required by law, be provided to any third person, firm, corporation or public entity without the express written consent of the business.

Each applicant must submit a business plan for each business or entity to receive direct assistance, whether for-profit or nonprofit. Each business plan must contain sufficient information in order to obtain an adequate understanding of the business to be assisted, including the products or services offered, estimated market potential, management experience of principals, current financial posture, and details of the proposed venture. The business plan components contained in this section are required for CDLF economic development applications involving loans, grants, or public improvements directly assisting for-profit or nonprofit entities.

Applications involving more than one business will require a longer review period. Each business included in an application will be evaluated separately.

The business plan must include the following elements and must provide sufficient detail for adequate analysis:

1. Business Description

   Include a description of the company or enterprise and an explanation of the products or services offered.

2. Management

   Provide the names, titles, and resumes of each of the principals to be responsible for the management of the business.

3. Market

   Discuss the present or proposed market area and share, as well as future projections, and provide an explanation of how the information was developed (for example, market surveys). Document any identified potential markets (for example, contracts, letters, or other evidence of interest in the product(s) by potential buyers or distributors), especially if sales projections show annual increases exceeding 25 percent.

4. Sources and Uses of All Funding

   This section would discuss the source, use, and terms of all funds to be included in the project.

5. Financial Exhibits

   The business must be able to show that projected cash flow will be sufficient to cover projected debt service and that a positive net worth can be attained. The projections must include a narrative explanation of how the figures and assumptions were derived with special emphasis on any changes in major assumptions from existing conditions (i.e., changes in cost of goods sold and general administrative expenses as a percentage of sales, or if sales increases exceed 25 percent annually). Special care should be taken to include increased labor costs related to achieving the hiring goals contained in the hiring and training plan.

   The business plan must include the following financial exhibits:

   a. Financial Statements

      For existing businesses, provide financial statements for the three most recent years of operation to include the following:

      - Balance Sheet
      - Profit and Loss Statement
      - Cash Flow Statement

Every effort should be made to provide current financial statements compiled or reviewed by an independent certified public accountant, with full disclosure notes for businesses that have been in operation for more than one complete business fiscal year. If these statements cannot be prepared by an accountant, contact the DCS. All financial information must be signed by a responsible officer of the business. Financial statements must also include a current Aging of Accounts Receivable and Payable. There should not be significant time period gaps (generally more than 120 days from the start of the regional application acceptance) between the historical statements and the projected statements. The CPA prepared financial statement should not be dated more than 120 days prior to the date the application is submitted. The projections should use the same fiscal year periods as the historical financial statements.

b. Provide the following projections for three years:

- Balance Sheet
- Profit and Loss Statement
- Cash Flow Statement

Projections must include a projected monthly cash flow analysis for at least one year and until the breakeven point is projected to be reached by the business. For businesses that experience regular or occasional cyclical variations in cash flow, provide a narrative explanation of the reason(s) for the occurrence of the cycles and the effect, if any, on the businesses' ability to meet its debt obligations identified in the existing and projected debt schedules.

c. Debt Schedule

Provide descriptions of all existing and projected debts and lenders, annual debt service amounts, and any related loan requirements. Financial statements should include current maturities of long term debt and adjusted principal balances. All debt sources must be identified independently and not combined into one long term debt number on the balance sheet. Principal and interest payments for at least three years should be included for all sources.

d. Working Capital Needs

Provide information on working capital needs and verify through cash flow projections, explaining changes in inventory and receivables.

e. Personal Financial Statements

Provide current personal financial statements for each individual in the proposed project. Require the submittal of personal or corporate income tax returns, if necessary.

f. Personal Credit Check Release

The principal owners of the business, as defined above, must provide a release allowing for a personal credit history check by the Regional Council as part of the application review.

Applicants should include any other information which may be helpful in documenting the economic viability of the project.

6. Private Sector Commitments

Applications should be submitted only for those projects that are ready to proceed pending receipt of CDLF.

Applicants must provide firm commitment letters from any private sector lenders or investors involved in the project. Such commitments should be binding, contingent only upon receipt of CDLF. All terms and conditions that apply to each funding source must be submitted as part of the application.

Applications that include a loan guarantee from the Small Business Administration must include the letter of authorization from the SBA which contains the terms and conditions that apply to the loan. Terms and conditions for proposed debentures must be included.

Letters of commitment from private financing institutions must specify the amount and type (for example, interim construction financing) of the loan being provided for the specific activity to be undertaken. The commitment should be binding, contingent only upon receipt of CDLF.

7. Public Sector Commitments

If resources from the public sector or nonprofit entities are to be involved in the proposed economic development project, applicants must provide written evidence of firm commitment of public funds and/or other resources. Such commitments should be binding, contingent only upon receipt of CDLF to the project. Evidence should include resolutions passed by the local governing body and/or a letter of commitment from other sources.

See the CDBG Supplement to the Action Plan for "Evaluation Guidelines for Project Costs and Financial Requirements"

8. A thorough due diligence review will be completed on all projects recommended for funding by the Regional Councils. This must be documented in the Staff Review.

9. All CDLF loans must follow the CDLF Loan Lending Procedures. Contact DCS for a copy of this document.

SECTION VIII

Program Design – Public Facilities

The Division of Community Services will have the authority to deny any public facility project that is not well conceived and fully developed.

A. Public Facilities Special Requirements

1. Requirement for Public Improvements

   All public improvement projects funded under the CDBG Public Facilities category shall procure plans, drawings and specifications for the work from a licensed architect or registered professional engineer with an estimated project cost of $50,000 or more.

   A copy of the State Health Department's letter of design approval must be submitted for all water and sewer projects prior to the first draw down of project funds.

2. Requirement for Infrastructure

   All infrastructure projects will require a preliminary engineering/architectural report. This requirement may be waived on a case-by-case basis.

3. Requirement for projects purchasing equipment

   No engineering/architectural report is required, however cost estimates are required.

4. Contents of a preliminary engineering/architectural report are as follows:

   (a) Name, address, telephone of the person who prepared the report.

   (b) Date the report was prepared.

   (c) Age of the existing facility (if a replacement project).

   (d) Description of the problem.

   (e) Detailed discussion of alternatives and the scope of work for the proposed activity.

   (f) Detailed cost estimate (by line item) for the proposed project. (If scope of work includes more activities than proposed for the CDBG part of the project, please separate these activities and costs.)

   (g) Discuss the long term operation and maintenance plan for the proposed facility. Include in the discussion future operation and maintenance costs. The discussion must provide a description of the plan to technically and financially maintain the proposed public facility project, or the total system of which the project is a component, for the long term after construction.

It is highly recommended that each applicant proposing significant water, sewer or solid waste disposal activities discuss the proposed project with the State Health Department prior to submitting the preliminary engineering report in order to prevent any disagreements in the design of the solution.

B. Special Assessments for Public Improvements

1. Public improvements initially assisted with CDBG funds. Where CDBG funds are used to pay all or part of the cost of a public improvement, special assessments may be imposed as follows:

   a. Special assessments to recover the CDBG funds may be made only against properties owned and occupied by persons not of low and moderate income. These assessments constitute program income.

      (1) Special assessments to recover the non-CDBG portion may be made, provided that CDBG funds are used to pay the special assessment on behalf of all properties owned and occupied by low and moderate income persons; except that CDBG funds need not be used to pay the special assessments on behalf of properties owned and occupied by moderate income persons if, when permitted by the state, the unit of general local government certifies that it does not have sufficient CDBG funds to pay the assessments on behalf of all of the low and moderate income owner-occupant persons. Funds collected through such special assessments are not program income.

   b. Public improvements not initially assisted with CDBG funds. CDBG funds may be used to pay special assessments levied against property when this form of assessment is used to recover the capital cost of eligible public improvements initially financed solely from sources other than CDBG funds. The payment of special assessments with CDBG funds constitutes CDBG assistance to the public improvement. Therefore, CDBG funds may be used to pay special assessments, provided that:

      (1) The installation of the public improvements was carried out in compliance with requirements applicable to activities assisted under this subpart, including labor, environmental and citizen participation requirements;

      (2) The installation of the public improvement meets a criterion for national objectives.

      (3) The requirements of § 570.482(a)(ii) are met.

SECTION IX

Program Design – Housing

This section describes specific requirements applicable to basic Rehabilitation and New Construction Housing activities. The Division of Community Services will have the authority to deny any housing project that is not well conceived and fully developed.

A. Housing Policy and Procedures

1. Applicants are encouraged to determine the eligibility of potential household recipients by considering total net worth in addition to gross income. (See CDBG Supplement to the Action Plan for definition of gross income.)

2. Applicants must include in their application evidence of the following:

   a. All residents of the city/county were notified of the availability of CDBG funds.

   b. All eligible residents were given the opportunity to apply for program assistance.

   c. The applicant review process was conducted in a manner which eliminates conflict of interest. This is accomplished by removing from the decision-making process anyone who is a direct applicant, or related to an applicant.

3. The Section 8 Housing Quality Standards (HQS) Checklist must be used to identify housing rehabilitation needs. All inspectors must be Section 8 HQS Certified or be an individual who has demonstrated knowledge of the State Building Code. If the inspector is not HQS certified, the application must include the inspector's qualifications demonstrating knowledge of the State Building Code. The State requires that all rehabilitation work must meet Section 8 Housing Quality Standards or the State Building Code, whichever is more restrictive. DCS may grant a waiver of the required use of the Section 8 HQS Checklist on a case-by-case basis for emergency housing repairs. This request must be submitted to the DCS along with justification.

4. For the rehabilitation of manufactured homes, the units must conform to the following requirements in order to be eligible for rehabilitation with CDBG funds:

   a. The unit and the land it rests on are in common ownerships;

   b. Upon completion of rehabilitation activities, the unit will be attached to a foundation which cannot reasonably be relocated, and must be placed on the site in a stable manner and be free from hazards such as sliding or wind damage.
   DCS may waive these requirements when it finds, based on information provided by the grantee, that no alternative affordable housing is available for residents of such units in the community.

5. North Dakota CDBG Affordable Rent Policy for Multi-Dwelling Units

    a. Rental units rehabilitated totally or in part with CDBG funds must be occupied by low and moderate income persons at affordable rents. Affordable rent is defined as 30 percent of the gross household income as determined by Section 8 of Title I of the Housing and Community Development Act of 1974.

    b. A "majority" of the units in a building after rehabilitation must be occupied by low and moderate income persons at affordable rents.

6. In the event that financial assistance is provided to a non-low and moderate income property owner for the benefit of a low and moderate income renter, the grantee must secure a written agreement from the owner to:

    a. Limit rent increases for five years to the rate of inflation; and

    b. Continue to rent to low and moderate income persons for a period of five years.

7. In the event a city or county chooses to provide a loan for housing activities, any repayments will be retained by the State to be used to continue the same activity.

B. Creation of New Housing Units

1. CDBG funds cannot generally be used for the construction of new permanent residential structures or for any program to finance new construction, except for:

    a. Last resort housing provisions in relocation;

    b. Provision of assistance through Community Based Development Organization (CBDO); or

    c. Activities which facilitate the development of housing, including clearance, site and public improvements, and property acquisition.

    For further guidance refer to CPD Notice 07-08 dated November 21, 2007.

2. Detailed information must be provided concerning financial feasibility, management, tenant occupancy, start-up costs, preliminary architectural plans, cost estimates, and ownership or nonprofit data.

3. Any activity carried out with CDBG funds that involves the acquisition or rehabilitation of property to provide housing is considered to benefit persons of low and moderate income only to the extent such housing will, upon completion, be occupied by such persons at affordable rents. In addition, a "majority" of the units in a multi-dwelling building must be occupied by low and moderate income persons at affordable rents.

C. Relocation (temporary or permanent):

Contact the DCS for the North Dakota CDBG Displacement Policy and for information on the Uniform Relocation Act.

D. Housing Revolving Loan Fund

1. CDBG funds may be used for Housing projects that will generate program income. **Single family housing rehabilitation activities will be on a grant basis only**.

2. All projects being considered as a revolving loan fund project must be presented to the DCS for approval prior to the Regional Council scoring and ranking the project.

3. One hundred percent (100%) of the program income generated through loan repayments will be repaid to the State.

4. Once program income is returned, it will be redistributed for Housing activities to the region in which the funds originated.

SECTION X

Program Design – Governor's Fund for Community Development

The Governor's Fund for Community Development will be $1,499,956.

The following policies/procedures have been established to access the dollars:

1. Request for the Governor's Fund are accepted anytime throughout the year. All requests must go through their respective Regional Council.

2. Regional Councils will submit all requests to the Division of Community Services. The proposed activity must be CDBG eligible and meet a national objective. The Program Design for Economic Development (Section VII of the CDBG PDS) must be followed.

3. The focus of the fund will be to fund primary sector projects. The definition of primary sector is: an individual, corporation, limited liability company, partnership, or association, which through the employment of knowledge and/or labor, adds value to a project, process or export service that results in the creation of new wealth. Primary sector does not include "Production Agriculture" except as follows: an investor-owned livestock feeding or milking operation located apart from a farm headquarters, which is managed by employees. The funds may also be used to fund emergency projects and special needs housing for the homeless.

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

5. The decision to fund emergency project(s) will be based on the projects ability to alleviate an immediate health or safety concern within the community.

6. Up to $100,000 may be obligated to a maximum of two projects for permanent supportive housing (PSH) to address long term homelessness. The decision to fund a PSH project will be based on the project's 1) proposed impact on long term homelessness; 2) the supportive services coupled with the housing units and; 3) demonstrated local support for the project via cash match or other forms of financial support. Administrative funds will not be allowed for PSH projects.

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

8. The Application/Business Plan must be reviewed and approved by the Regional Review Committee.

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

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

11. The Program Income generated from loans made through the Governor's Fund will be returned to the Governor's Revolving Loan Fund.

12. The decision to fund housing project(s) will be based on increased housing needs due to economic development activities. Applicants must justify needs by documenting new jobs created by new businesses and/or expansion of existing businesses.

North Dakota
DEPARTMENT OF COMMERCE

2012

REGION I
TRI-COUNTY
REGIONAL COUNCIL

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Williston, ND 58802-0697
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EQUAL HOUSING OPPORTUNITY

ALTERNATIVE FORMATS FOR DISABLED PERSONS ARE AVAILABLE UPON REQUEST

EXECUTIVE SUMMARY

This "Regional Attachment" to the North Dakota Program Distribution Statement for the Community Development Block Grant program and the Community Development Loan Fund reflects the needs of North Dakota Planning Region I and addresses the needs of the low and very low income residents, slum & blight removal, or the urgent needs of those counties and their resident communities.

Total FY 2012 Estimated Amount Available for Distribution:	**$186,131**
Allocations by emphasis area:	
Public Facility	$ 86,131
Housing Rehabilitation	$100,000
Housing Rehabilitation - Multi-Jurisdictional Program – Set aside	$ 0
Housing Opportunity	$ 0
Planning	$ 0
Economic Development	$ 0
Other Eligible Activities	$ 0
Total FY 12 Estimated Funds Available for Distribution	**$186,131**

Initial new project applications will be limited to $100,000 of CDBG project funds (excluding eligible administration). If any funds remain in the Public Facility or Housing allocations after the Scoring and Ranking, the Review Committee will consider amendment requests for the remaining balance after May 4, 2012. All active public facilities and active housing projects will be eligible for review. Additional dollars, if available, will be allocated to projects based on demonstrated need and on a “first-come first-serve” basis. The Review Committee may review Housing Opportunity, Planning and Other Eligible Activities throughout the year at regularly scheduled bi-monthly board meetings.

Economic development proposals, if any, can be accepted at any time during the year and may be funded through the state revolving loan fund programs.

APPLICATION DEADLINES

Public Facility

March 9, 2012	Pre-applications due at Tri-County Regional Development Office
March 29, 2012	Presentations to Tri-County Review Committee and pre-application scoring by Tri-County Review Committee
July 26, 2012	Final applications due at Tri-County Regional Development Office. A time extension may be given at the discretion of the Review Committee.

Housing Rehabilitation

March 9, 2012	Pre-applications due at Tri-County Regional Development Office
March 29, 2012	Presentations to Tri-County Review Committee and pre-application scoring by Tri-County Review Committee
July 26, 2012	Final applications due at Tri-County Regional Development Office. A time extension may be given at the discretion of the Review Committee.

Housing Opportunity

Applications will be accepted throughout the year. Proposals will be reviewed and evaluated for potential grant or loan funding at regularly held Board meetings. Recommendations for funding, if any, are subject to Board approval and availability of funding.

Planning

Applications will be accepted throughout the year. Proposals will be reviewed and evaluated for potential grant or loan funding at regularly held Board meetings. Recommendations for funding, if any, are subject to Board approval and availability of funding.

Emergency Activities

Applications are accepted at any time. Public Facility local match requirements may be waived at the discretion of the Review Committee.

Economic Development

Economic Development projects, in addition to the regional funds available, may also be funded from those funds revolved from previous projects, or returned funds from other projects. Applications are accepted at any time.

Other Eligible Activities

Applications will be accepted throughout the year. Proposals will be reviewed and evaluated for potential grant or loan funding at regularly held Board meetings. Recommendations for funding, if any, are subject to Board approval and availability of funding.

APPLICATION SUBMITTAL

Applications for eligible activities will be accepted from eligible applicants (City or County units of government). Application forms are available at the Tri-County Regional Development Council office. Technical Assistance is available from Tri-County staff.

Conflict of Interest

In order to avoid a real or perceived conflict of interest, Review Committee members will abstain from voting on projects where the committee member represents the applicant.

Review Process

A. Public Facility, Housing Rehabilitation & Opportunity, Planning, Emergency and Other (CDBG)

1. A Review Committee made up of the Board of Directors of the Tri-County Regional Development Council will be empowered to evaluate and rank all pre-applications generated from North Dakota Planning Region I.

2. Following a review by Council staff, the Council's Review Committee will meet to review proposals, interview applicants, score/rank all eligible pre-applications, and invite full applications from successful entities.

3. Full applications, recommended for funding, will be sent to the ND Division of Community Services for HUD compliance review and development of the Financial Award.

B. Economic Development Applicants (CDLF)

1. An economic development "Request for Application" from eligible entities for eligible activities may be generated internally by the local government, private entrepreneur, local development corporation and/or with technical assistance from the regional council staff.

2. The Tri-County Regional Development Council Review Committee will be empowered to rank and evaluate all "Requests for Application" and "Full Applications" generated from North Dakota Planning Region I.

3. Applicants will be required to first submit a "Request for Application" for initial review by the Review Committee and only those applicants who are invited to submit "Full Applications" may be considered for funding.

4. The Review Committee will meet bi-monthly, or as needed, to consider eligible "Requests for Application" and to make recommendations on "Full Applications".

5. After reviewing "Full Applications", interviewing the applicant/entrepreneur, and hearing testimony from interested parties, the Review Committee will make its recommendation.

6. "Full Applications" recommended for funding will be sent to the ND Division of Community Services for HUD compliance review and development of contract agreements.

GENERAL GUIDELINES

It is the intent of the Tri-County Regional Development Council Review Committee to utilize unobligated allocation funds, if any, for the purpose of funding projects that are in any other allocation category, and are in need of additional funding; or if the funding allocation within that category has been depleted. Transfers of unobligated funds from one allocation category to another may be made in accordance with the State Program Distribution Statement.

Although, it is anticipated that funds unobligated within any of the allocation categories will not be available it is the intent of the Tri-County Regional Development Council to allow for other contingencies. These funds, if any, would be made available for projects based on the following definitions:

A. Emergencies are activities needed to alleviate an immediate and urgent condition which possess a serious health, welfare or safety threat which did not become apparent or known until after the application deadline, or in the case of a funded project, where unforeseen and unexpected circumstances require additional CDBG funds which, if not available, would hinder the completion of the project.

B. Applications for emergencies can be submitted throughout the 2012 grant year at any time. The Review Committee will review applications.

C. Other is for other activities which do not fit into any other category but which are eligible for CDBG assistance. Any proposal within this category must meet one of the national objectives of the program.

Application Submission Requirements

Emergency and Other Applications: The application submission requirements will be based on the type of application; if the applicant has previously applied for CDBG funds in this calendar year only limited additional information may be required.

Review and Selection Process

Emergency and Other Applications: The review and selection process will be based on the type of application; if the applicant has previously applied for CDBG funds in this calendar year only limited additional information may be required.

Scoring Criteria

Emergency and Other Applications: No point system; decisions will be subjective based on the availability of funds, need, commitment, appropriateness and benefit to low/very low income.

Conflict of Interest

In order to avoid a real or perceived conflict of interest, Review Committee members will abstain from voting on projects where the committee member represents the applicant.

IMPLEMENTATION SCHEDULE

Public Facility

March 9, 2012	Pre-applications due at Tri-County Regional Development Office
March 29, 2012	Presentations to Tri-County Review Committee and pre-application scoring by Tri-County Review Committee
July 26, 2012	Final applications due at Tri-County Regional Development Council Office

Housing Rehabilitation

March 9, 2012	Pre-applications due at Tri-County Regional Development Office
March 29, 2012	Presentations to Tri-County Review Committee and pre-application scoring by Tri-County Review Committee
July 26, 2012	Final applications due at Tri-County Regional Development Office. A time extension may be given at the discretion of the Review Committee.

Housing Opportunity, Planning and Other Eligible Activities

Applications will be accepted throughout the year. Proposals will be reviewed and evaluated for potential grant or loan funding at regularly held board meetings. Recommendations for funding, if any, are subject to board approval and availability of funding.

Emergency Activities

Applications are accepted at any time. Emergency applications (original and one copy required) will be accepted anytime based on the availability of unobligated funds, if any.

Economic Development

"Request for Applications" and "Full Applications" for economic development proposals will be accepted at any time, although applicants should be aware that the Council staff will attempt to adhere to a deadline of at least 15 days prior to the bi-monthly Review Committee meeting. Applicants will be notified in advance if meeting dates and times change. Review Committee meetings are tentatively scheduled for the last Friday of every other month. This schedule is subject to change. Applicants may contact the Tri-County staff for more information.

PUBLIC FACILITY GUIDELINES

Application Submission Requirements

A two-step process will be utilized to determine the highest priority public facility projects in North Dakota Planning Region I. Pre-applications for public facility monies must be completed and received by the regional council by the deadline date. To apply for funding consideration, eligible applicants must complete the pre-application forms and required attachments that include:

Application Cover Page
Project Narrative
Project Area Map
Preliminary Engineer's or Architect's Report[1]
Resolution of Sponsorship
Low/Very Low Income Benefit Documentation

Pre-applications for eligible activities will be accepted from eligible applicants (City or County units of government). Application forms are available at the Tri-County Regional Development Council office. Technical Assistance is available from Tri-County staff.

If after the completion of the pre-application review process a project is invited to submit a final application, the additional items needed to complete a final application include:

Evidence of One Public Hearing
Applicant Assurance Certification
Fair Housing Certification
Community Development Needs Assessment
Firm Commitment of Other/Matching Funds
Resolution of Excessive Force[2]
Citizen Participation Plan[2]

All applications recommended for funding and which meet the above requirements will be delivered to the ND Division of Community Services for a HUD and State compliance review and for final grant award agreements.

All successful applicants are required to complete a Section 504 Self Evaluation/Transition Plan prior to project closeout.

[1]Please consult Tri-County staff for the required format.

[2]The Displacement Plan, Resolution of Excessive Force, and Citizen Participation Plan are only required if the applicant has not previously submitted these documents to the ND Division of Community Services or if it has amended the plans since the original submission.

Review and Selection Process

A. A Review Committee made up of the Board of Directors of the Tri-County Regional Development Council will be empowered to evaluate and rank all pre-applications generated from North Dakota Planning Region I.

B. Only proposals which meet the full requirements of the application (including minimum matching funds), and determined to be submitted by an eligible applicant for an eligible activity will be considered.

C. Council staff will tally all "objective" scoring criteria for the pre-applications prior to being reviewed by the Review Committee.

D. The Review Committee will hold a CDBG Review meeting at which time all proposals will be presented. Representative(s) of the applicants may be present for the Review Committee to interview and present their proposals.

E. After all proposals have been reviewed by the committee, committee members will score all "subjective" scoring criteria for each public facility proposal. Those scores will then be totaled and averaged to determine ranking.

F. After rankings have been determined, the committee will consider a recommended amount to award to each project according to ranking starting from highest to lowest. The committee reserves the right to adjust the amount of each award from the amount requested, and to determine the amount awarded, if any, to public facility projects as it deems appropriate.

G. The committee will establish funding levels for each project in order of ranking, but if not enough funds are available to fund an application, the committee may:

    1. Offer to the applicant the funds remaining in the allocation, and if it is not accepted, offer the funds to the next eligible applicant in order of ranking until the funds are expended; or,

    2. The Review Committee may transfer unobligated funds to another allocation for immediate or later distribution within the guidelines of the State Program Distribution Statement; or

    3. Any combination of the above.

Scoring Criteria - Public Facilities

Scoring criteria will be divided into two categories; scores that are "objective" in nature and require no personal judgment and scores that are "subjective" in nature and will require personal judgment by an individual.

A. Objective Scoring (450 points Maximum)

1. Project Type: (maximum 150 points)

Installation of water and/or sewer facilities	150 Points
Rehabilitation of slum or blighted buildings	125 Points
Fire protection facilities/equipment	115 Points
Install flood & drainage facilities	95 Points
Street construction/reconstruction	80 Points
Community Center	75 Points
Construction/repair of Senior Citizen Centers	70 Points
Removal of architectural barriers	60 Points
All other eligible CDBG projects	50 Points

2. Score 2 points for each Very Low/Low percentage point above 50%. (maximum 100 points).

3. Score 2 points for each percentage point of total project costs paid out of Local Funds or other funds. Do not include CDBG or administration funds requested. (100 points maximum)

4. CDBG cost per Very Low/Low income person to benefit: (maximum 50 points).

$250 or below	50 Points
$251 - $500	40 Points
$501 - $1,000	30 Points
$1,001 - $1,500	20 Points
$1,501- $2,000	10 Points
$2,001 & above	0 Points

5. Public Facilities funding received from CDBG in prior years: (maximum of 50 points)

No Prior Funding	50 Points
5 Years Prior	40 Points
4 Years Prior	30 Points
3 Years Prior	20 Points
2 Years Prior	10 Points
1 Year Prior	0 Points

B. Subjective Scoring (400 points Maximum)

The following criteria are guidelines for the review committee to utilize when making subjective scoring determinations with regard to public facility pre-applications. These criteria will be utilized by each of the committee members to arrive at a subjective score within the range of a maximum score of 400 points and a minimum score of 1 point.

- The degree to which the problem presents a direct threat to the public's health and safety.
- The immediacy of the problem in terms of solving it.
- Efforts of the community to alleviate the problem.
- Efforts of the community toward economic development.
- Does the community have sufficient infrastructure to support its economic development efforts.
- Does the proposed activity appear to be the most effective long-term solution to the problem.
- Is the project effective/appropriate when compared with similar projects in the region.
- Whether the proposed project is necessary to comply with court orders or State or Federal requirements.
- The need for outside financial assistance to complete the project.

Matching Funds Requirements

Due to limited funds available and to attempt to address as many of the priority projects as possible and to demonstrate a commitment by each applicant in alleviating their own problems; the Tri-County Regional Development Council will require a minimum local funding match. The match must be committed by the applicant or the entity for which the applicant is submitting an application.

The minimum local match percentage is 25% of the total project. Emergency Public Facility match requirements may be waived at the discretion of the Review Committee. Local match requirements on non-emergency project applications or amendments may be waived based on demonstrated financial hardship and at the discretion of the Review Committee.

HOUSING

HOUSING REHABILITATION

Application Submission Requirements

A two-step process will be utilized to determine the highest priority housing projects in North Dakota Planning Region I. Pre-applications for housing monies must be completed and received by the regional council by the deadline date. To apply for funding consideration, eligible applicants must complete the pre-application forms and required attachments which include:

Application Cover Page
Project Narrative and Objective Scoring Worksheet
Individual Housing Applications & Summary Sheet
For Rehabilitation Activities: *(See Rehabilitation Notes)**
Section 8 HQS Inspection
Lead-Based Paint Risk Assessment
Project Area Map
Resolution of Sponsorship

Pre-applications for eligible activities will be accepted from eligible applicants (City or County units of government). Application forms are available at the Tri-County Regional Development Council office. Technical assistance is available from Tri-County staff.

A city or county applying for financial assistance on a multi-family housing unit must include with the pre-application documentation which discloses any/all amounts held in reserve by the applicant. The amount held in reserve may determine the amount of grant, up to 100%, the applicant can be eligible for. The Tri-County Regional Development Council will not accept and review any pre-applications for housing assistance that does not include documentation of the reserve account.

If the applicant has funds in the reserve account that are pledged for another project or activity, the applicant must provide documentation (board minutes) that discloses the planned activity and the amount obligated for the activity.

If it has been determined the applicant has funds in the reserve account to pay for some of the proposed project activities, the Board of Directors, at its discretion, may require the applicant to apply the reserve funds against the cost of the proposed project.

If after the completion of the pre-application review process a project is invited to submit a final application, the additional items needed to complete a final application include:

Evidence of One Public Hearing
Fair Housing Certification
Community Development Needs Assessment
Applicant Assurance Certification
Firm Commitment of Other/Matching Funds
HUD Disclosure Report
Resolution of Excessive Force[1]
Citizen Participation Plan[1]

All applications recommended for funding and which meet the above requirements will be delivered to the ND Division of Community Services for a HUD and State compliance review and for final grant award agreements.

All housing applicants are required to complete a Section 504 Self Evaluation/Transition Plan prior to project closeout.

Rehabilitation Notes: Housing rehabilitation applicants are advised of The Lead Safe Housing Regulation issued by the Department of HUD requiring a lead-based paint risk assessment and subsequent notification, evaluation and reduction of lead-based paint hazards in federally subsidized residential housing built prior to 1978. Applicants are advised that the Regulation will substantially increase the costs of rehabilitation activities and should conduct HQS inspections and Lead-based paint risk assessments prior to pre-application submission and/or be prepared to commit additional funding to the proposed project. Certified/licensed lead-based paint contractors are required to accomplish the work and must be identified.

[1]The Displacement Plan, Resolution of Excessive Force, and Citizen Participation Plan are only required if the applicant has not previously submitted these documents to the ND Division of Community Services or if it has amended the plans since the original submission.

Review and Selection Process

A. A Review Committee made up of the Board of Directors of the Tri-County Regional Development Council will be empowered to evaluate and rank all pre-applications generated from North Dakota Planning Region I.

B. Only proposals which meet the full requirements of the application process, and determined to be submitted by an eligible applicant for an eligible activity will be considered.

C. Council staff will tally all "objective" scoring criteria for the applications prior to being reviewed by the Review Committee.

D. The Review Committee will hold a CDBG Review meeting at which time all proposals will be presented. Representative(s) of the applicants may be present for the Council to interview and present their proposals.

E. After all proposals have been reviewed by the committee; committee members will score all "subjective" scoring criteria for each housing proposal. Those scores will then be totaled and averaged to determine ranking.

F. After rankings have been determined, the committee will consider a recommended amount to award to each project according to ranking starting from highest to lowest. The committee reserves the right to adjust the amount of each award from the amount requested, and to determine the amount awarded, if any, to public facility and housing projects as it deems appropriate.

G. The committee will establish funding levels for each project in order of ranking, but if not enough funds are available to fund an application, the committee may:

1. Offer to the applicant the funds remaining in the allocation, and if it is not accepted, offer the funds to the next eligible applicant in order of ranking until the funds are expended; or,

2. The Review Committee may transfer unobligated funds to another allocation for immediate or later distribution within the guidelines of the State Program Distribution Statement; or

3. Any combination of the above.

Scoring Criteria - Housing

A. Objective Scores (Maximum 350 points)

1. Percent of elderly, handicapped, female headed, children under 18, or minority households residing in substandard housing in the entire project area:

More than 80%	100 Points
60.1% - 80%	75 Points
40.1% - 60%	50 Points
20.1% - 40%	25 Points
1% - 20%	0 Points

2. Percent of very low income households to benefit:

100%	100 Points
90% - 99%	75 Points
70% - 89%	50 Points
30% - 69%	25 Points
1% - 29%	0 Points

3. Other funding sources:

Over 40% of total project cost	100 Points
30% - 39%	75 Points
20% - 29%	50 Points
Less than 20%	0 Points

4. Housing funding received from CDBG in prior years:

No Prior Funding	50 Points
5 Years Prior	40 Points
4 Years Prior	30 Points
3 Years Prior	20 Points
2 Years Prior	10 Points
1 Year Prior	0 Points

B. Subjective Score (Maximum 300 points)

The following criteria are guidelines for the review committee to utilize when making subjective scoring determinations with regard to housing pre-applications. These criteria will be utilized by each of the committee members to arrive at a subjective score within the range of a maximum score of 300 points and a minimum score of 1 point.

The degree to which the housing conditions present a direct threat to health and safety of the occupants and the public.

- Efforts of the community to alleviate the problem.
- Efforts of the community toward economic development.
- Does the community have sufficient infrastructure to support its economic development efforts.
- Is the project effective/appropriate when compared with similar projects in the region.
- The need for outside financial assistance to complete the project.

C. Bonus Subjective Scoring (25 points)

The following questions reflect areas that have been targeted as priorities by TCRDC. Project applications addressing the described priorities may be awarded up to 25 bonus points.

Does the project assist with home ownership activities?

Does the project assist in writing down land acquisition and/or preparation costs for the construction of affordable rental housing projects and planned unit developments for low and very low income households?

Does the project emphasize:

- Making single family homes and apartments handicap accessible where needed,
- Modernize single family homes owned by the elderly, or
- Rehabilitate rural single and multi-family housing?
- Is the project designed to comply with the State Building Code and State Energy Code if the use of funds is for new construction?
- Does the project provide assistance to clients in the Welfare-to-Work Program?

HOUSING OPPORTUNITY GUIDELINES

Application Submission Requirements

Applications will be accepted throughout the year. Proposals will be reviewed and evaluated for potential grant or loan funding at regularly held Board meetings. Recommendations for funding, if any, are subject to Board approval and availability of funding. Housing Opportunity proposals can be differentiated from Housing Rehabilitation projects in that they should address issues other than simple rehabilitation of housing units currently occupied by low and very low income persons. Generally, Housing Opportunity proposals will include activities other than simple rehabilitation that will provide, save, or maintain affordable housing.

Review and Selection Process

1. Housing Opportunity proposals will be considered only if funds are available. Proposals must be complete and meet CDBG eligibility requirements.

2. The Review Committee will review Housing Opportunity applications and make recommendations for grant awards.

3. Tri County staff will prepare summary reviews of proposals. The staff reviews will be provided to Review Committee members prior to the meeting.

4. Housing Opportunity applicants will be invited to meet with the Review Committee to answer questions and provide clarification.

5. The Review Committee will evaluate and rank applications reserving the right to adjust grant or loan award amounts where appropriate and/or to decline awarding any funds to the proposal.

6. Applications recommended for funding and which meet the eligibility requirements will be delivered to the ND Division of Community Services for a HUD and State compliance review and for final grant award agreements.

Scoring Criteria – Housing Opportunity

Housing Opportunity proposals will be evaluated based on the following eleven categories with a maximum total score of 1000 points

1. Project Need – Maximum 150 Points

a. 100 -150 points will be applied to proposals that demonstrate the project will address all of the following criteria:

   (1) Thorough documentation of need for the type of housing proposed, utilizing census, survey, market study, or other reliable statistical data is provided; and

   (2) Meets both current and long-term benefit in addressing existing and future needs; and

   (3) The project will have significant impact on meeting the needs as documented.

b. 50 - 99 points will be awarded to proposals that substantially meet most of the above criteria and no major concerns are apparent with those criteria it does not clearly meet.

c. 0 - 49 points will be awarded to proposals which meet few of the above criteria, or which significantly fail to meet one or more of the criteria.

2. Financial Need – Maximum 150 Points

a. 100 -150 points will be applied to projects that can document all of the following:

(1) The project can not proceed without CDBG assistance because the applicant or recipient does not have available the necessary financial resources, nor are future revenue sources likely to become available; and,

(2) The amount and type of funds requested (loan, grant or a combination) the terms proposed or as may be offered, are reasonable and appropriate; and,

(3) Other potential sources of assistance have been explored and cannot provide the assistance necessary.

b. 50 - 99 points will be awarded to proposals that substantially meet most of the above criteria and no major concerns are apparent with those criteria it does not clearly meet.

c. 0 - 49 points will be awarded to proposals that meet few of the above criteria, or which meet most of the criteria but one or more major concerns are apparent which affect the demonstrated financial need.

3. Appropriateness – Maximum 150 Points

a. 100 - 150 points will be applied to projects that can document all of the following:

(1) The proposed project represents a logical and cost-effective strategy for addressing the needs as documented considering the amount of funds being requested, the terms proposed, the number of people who will benefit, and the degree to which they will benefit; and,

(2) The applicant can document the sustainability and viability of the project, as can be documented by the likelihood of repayability if loans are proposed, and through past performance and credit rating, strength and credibility of pro forma financial statements and cash flows, value of security, and financial strength and commitment of the principals or borrowers; or whether debt service and loans are or are not involved, that policies proposed and/or financial information provided indicate the feasibility of the project and the ability to assure the housing can be and will remain occupied, affordable and properly maintained; and,

(3) The project would meet all federal and state requirements and standards, as may apply; and,

(4) Cost estimates appear to be reasonable and are well documented (based on either architect/engineer estimates or multiple vendor quotes as is appropriate).

b. 50 - 99 points will be awarded to proposals that substantially meet most of the above criteria and no major concerns are apparent with those criteria it does not clearly meet.

c. 0 - 49 points will be awarded to proposals that meet few of the above criteria, or which meet most criteria but one or more major concerns are apparent which affect the appropriateness.

4. Infrastructure Capacity – Maximum 100 Points

a. 0 -100 points will be applied to proposals according to the following criteria:

b. 70 -100 points will be applied if the applicant can document all primary health and safety infrastructure serving, or to serve the proposed housing units – water, sewer, solid waste disposal and fire protection services – are of high quality, readily available, and without problems or deficiencies.

c. 30 - 69 points will be applied if the applicant can document most primary health and safety infrastructure is adequate and there are no major deficiencies, or if there are, such deficiencies will be addressed within the timeframe of the project.

d. 0 - 29 points will be applied if there are one or more serious infrastructure deficiencies that are not likely to be alleviated within the project's timeframe.

5. Timeliness – Maximum 100 Points

a. 70 - 100 points will be applied to projects that can document all of the following is met, or it can be reasonably assured will soon be met:

(1) The applicant/recipient has appropriate site control; and,

(2) The applicant/recipient has all necessary licenses and permits; and,

(3) Proper zoning is in place; and,

(4) Other financing needed is available; and,

(5) Project plans, specifications and cost estimates are complete; and,

(6) All other data, information, commitments, and plans are complete and in place.

b. 30 - 69 points will be awarded to proposals that substantially meet most of the above criteria and those that do not are more likely to delay rather than prevent undertaking the proposed project.

c. 0 - 29 points will be awarded to proposals that meet few of the above criteria, or which meet most criteria but one or more major concerns are apparent which are likely to create long delays or jeopardize undertaking of the project.

6. Community Development Impact – Maximum 100 Points

Up to 100 points will be applied to proposals that will have favorable impact upon the community's economic and community development efforts. In considering the number of points to be applied, the Review Committee will consider several factors, including the following:

a. The degree of impact the project will have on the community's community development efforts, including housing and economic development.

b. Whether it is a part of a larger or comprehensive program or project.

c. Its relationship to a business or housing opportunity or need, such as business retention, expansion, or attraction.

d. Puts to its best use currently vacant or abandoned buildings, space or property.

e. Relates to other housing projects or efforts that are recently completed, underway, or proposed.

f. The quality of the proposed project.

g. Consistency with a priority identified in a community strategic plan, urban renewal plan, development plan or other related plan or strategy.

7. Leveraged Funds – Maximum 100 Points

Up to 100 points will be applied if funding will leverage other funds that might otherwise be lost if CDBG funds are not awarded. Maximum points will be awarded if the leverage amount is significant and both certain and dependent upon CDBG funding. Lower scores will be applied based on lesser amounts of leverage and degree of certainty and dependence upon the CDBG funding.

8. Other Services Capacity – Maximum 50 Points

Up to 50 points will be applied if the applicant and/or recipient can document it has the capacity to provide other essential services to its residents benefiting from the project. Depending on the nature of the project, this may include in-house social programs, health services, transportation, meals, personal services and other, and/or may include community services that would serve beneficiaries, such as medical, public transportation, youth and senior citizen services and programs, availability of Meals on Wheels, and handicapped accessibility at public buildings.

9. Innovation – Maximum 50 Points

Up to 50 points may be applied to projects that propose an innovative approach to providing affordable housing.

10. Management Capability – Maximum 25 Points

Up to 25 points will be applied if the applicant and/or recipient can show strong management, marketing and administrative skills, or provision of counseling and technical assistance, as the project may require, that should assure project success.

11. Community Support – Maximum 25 Points

Up to 25 points may be applied to projects that can demonstrate strong support for the proposal. This, at a minimum, should include letters of support from public or private individuals or entities, and may also include consideration of past community efforts and successes in providing affordable housing, and the level of financial, technical assistance or other community support or partnerships that are being provided for the project.

PLANNING GUIDELINES

Application Submission Requirements

Applications will be accepted throughout the year. Proposals will be reviewed and evaluated for potential grant or loan funding at regularly held Board meetings. Recommendations for funding, if any, are subject to Board approval and availability of funding. The application must address eligible activities relating to the establishment of a Capital Improvement Plan, Community Strategic Plan, Comprehensive Plan, Zoning or other plans. Application proposals should specifically address the need for the proposed planning activity, its impact, cost, benefit to Low Income or Very Low Income households, and local matching funds provided. Contact Tri-County staff for assistance in developing proposals for planning funding.

Review and Selection Process

1. Planning grant proposals will be considered only if funds are available. Proposals must be complete and meet CDBG eligibility requirements.

2. Planning grant applicants may be invited to meet with the Review Committee to answer questions and provide clarification.

3. Tri-County staff will prepare summary reviews of proposals. The staff reviews will be provided to Review Committee members prior to the meeting.

4. The Review Committee will review planning applications and make recommendations for grant awards.

5. Planning grant applicants may be invited to meet with the Review Committee to answer questions and provide clarification.

6. The Review Committee will evaluate and rank applications reserving the right to adjust grant award amounts where appropriate or to decline awarding any funds to the proposal.

7. Applications recommended for funding and which meet the eligibility requirements will be delivered to the ND Division of Community Services for a HUD and State compliance review and for final grant award agreements.

Scoring Criteria – Planning

Planning grant proposals will be evaluated based on the following categories with a maximum of 50 points in each category (Maximum total score – 250 points).

1. **Need (50 point Maximum)**

   Does the proposal clearly respond to an existing or anticipated need and describe how the planning process will help address the need or problem?

2. **Impact (50 point Maximum)**

   Highest scores will be applied to those applications that best meet the following criteria:

   - Work products are clearly defined
   - Work products and results clearly address described need
   - Consultant selected is qualified and experienced

3. **Cost (50 point Maximum)**

   Is the cost documented and appear reasonable?

4. **Low Income/Very Low Income Benefit (50 point Maximum)**

   One point will be applied for each percent of LI/VLI above 50 percent who will benefit.

5. **Match (50 point Maximum)**

75-100%	50 points
50-74%	40 points
25-49%	30 points
10-24%	20 points
5-9%	10 points
0-4%	0 points

ECONOMIC DEVELOPMENT GUIDELINES

Application Submission Requirements

Applications for Community Development Loan Funds (CDLF) will be accepted anytime during 2012. A two-step process will be utilized to determine the best primary and/or retail sector projects in North Dakota Planning Region I. A "Request for Application" for economic development monies must be completed by an eligible applicant for a loan directly to the government entity, local development corporation or private developer. A bank must be involved in all CDLF projects unless it is determined that the project is a disaster situation. To apply for funding consideration, eligible applicants must complete the "Request for Application" forms and required attachments which include:

Application Cover Page
Preliminary Staffing Plan
Source and Use of Funds Statement
Proposed Security Position
Principal's Proposed Equity Investment

Application Submittal

Applications for eligible activities will be accepted from eligible applicants (City or County units of government). Application forms are available at the Tri-County Regional Development Council office. Technical Assistance is available from Tri-County Staff.

If after the completion of the "Request for Application" review process a project is invited to submit a "Full Application", the additional items needed to complete that application include:

Full Business/Marketing Plan
Personal Financial Statement
Commitment to Locate in Planning Region I
Firm Commitment of Other/Matching Funds
Resolution of Sponsorship
Evidence of One Public Hearing
Fair Housing Certification
Applicant Assurance Certification
Community Development Needs Assessment
Proposed Grant Administrator and Qualifications
Citizen Participation Plan [1]
Resolution of Excessive Force Plan[1]

All full applications recommended for funding and which meet the above requirements will be delivered to the ND Division of Community Services for a HUD and State compliance review and for final loan agreements.

[1]The Displacement Plan, Resolution of Excessive Force, and Citizen Participation Plan are only required if the applicant has not previously submitted these documents to the ND Division of Community Services or if it has amended the plans since the original submission.

Review and Selection Process

A. The Tri-County Regional Development Council Review Committee will be empowered to rank and evaluate all "Requests for Application" and "Full Applications" generated from North Dakota Planning Region I.

B. Applicants will be required to first submit a "Request for Application" for initial review by the Review Committee.

C. Only proposals which meet the minimum State and/or HUD requirements in the "Request for Application" and are determined to be submitted by an eligible applicant for an eligible activity and are concluded to be a viable economic venture will be invited to submit a "Full Application". A Bank must be involved in the CDLF project unless it is a disaster situation.

D. The Review Committee will meet to consider eligible "Requests for Application" and to make recommendations on "Full Applications".

E. After reviewing "Full Applications", interviewing the applicant/entrepreneur and hearing testimony from interested parties the Review Committee will make its recommendation.

F. After discussing the proposal with representative(s) of the applicant, as well as, consideration of subjective scoring criteria the Review Committee may:

1. Approve the project as proposed;
2. Approve with modifications or conditions;
3. Withhold a decision until a later date;
4. Request additional information;
5. Deny the request; or
6. Any combination of the above.

Evaluation Criteria - Economic Development

The Review Committee will use no structured scoring system; decisions will be subjective and will be based on the following criteria:

Financial Strength of the Proposal
Probability of Monetary Success
Likelihood of Loan Repayment
Need and Appropriateness for Funds
Strength of Management Person/Team
Potential Success in Marketing
Past Expertise and Experience
Benefit for Job Creation
Degree of benefit to the local economy
Benefit to low/moderate income persons

ALLOCATION OF FUNDS

Allocation amounts for each planning region in North Dakota are estimates and subject to change, and amounts may be transferred to other emphasis areas as the regional council and/or Governor determines to be proper. The level of funds awarded and terms and conditions from what is requested by individual applicants are subject to change by the Review Committee of the Tri-County Regional Development Council.

Initial funding targets for the North Dakota Planning Region I are as follows:

Total FY 2012 Estimated Amount Available for Distribution:	**$186,131**
Allocations by emphasis area:	
Public Facility	$ 86,131
Housing Rehabilitation	$100,000
Housing Rehabilitation - Multi-jurisdictional Program – Set aside	$ 0
Housing Opportunity	$ 0
Planning	$ 0
Economic Development	$ 0
Other Eligible Activities	$ 0
Total FY 12 Estimated Funds Available for Distribution	**$186,131**

Funds may be designated, but not beyond the requirements of the Governor, within the allocation limits for the following activities:

A. Public Facilities, Housing, Planning and Other - Eligibility, activities and projects as described in the State Action Plan.

B. Economic Development - Eligibility, activities and projects as described in the State Action Plan.

C. Unobligated - Unobligated funds within all allocation categories, if any, may at the option of the Tri-County Regional Development Council Board and in accordance with the State Program Distribution Statement be used for housing, public facilities, economic development, emergency projects, and other activities that are eligible for CDBG assistance.

If you require special arrangements under the Americans with Disabilities Act, contact either the Tri-County Regional Development Council at 701-577-1358, the State Relay Service at 1-800-366-6888 (text), or 1-800-366-6889 (voice).

North Dakota
DEPARTMENT OF COMMERCE

2012

REGION II

SOURIS BASIN REGIONAL COUNCIL

925 20th Avenue Southwest
P.O. Box 2024
Minot, ND 58702
Phone: 839-6641
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info@sourisbasin.org
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EQUAL HOUSING OPPORTUNITY

ALTERNATIVE FORMATS FOR DISABLED PERSONS ARE AVAILABLE UPON REQUEST

EXECUTIVE SUMMARY

This "Regional Attachment" to the North Dakota Action Plan for the Community Development Block Grant program and the Community Development Loan Fund reflects the needs of North Dakota Planning Region 2 and addresses the needs of the very low/low income residents of those counties.

Estimated Funds Available

Total Estimated amount available for distribution:

Target Category –	
Public Facilities	192,492
Housing	20,000
Economic Development	50,000
FY2012 Region 2 Allocation	262,492

Economic Development projects in addition to the regional funds available may also be funded from those funds revolved from previous projects or funds from the Governor's Set-aside for Community Development.

Application Deadlines

	Pre-Application	Final Application
Housing	March 9, 2012	March 8, 2013
Public Facilities	March 9, 2012	March 8, 2013
Economic Development	February 1, 2013	March 8, 2013

Eligible Applicants

Eligible applicants include only incorporated cities or counties within ND Planning Region 2.

Review Process

A. Public Facilities and Housing Applicants (Community Development Block Grant)

1. A Review Committee made up of the Executive Board of the Souris Basin Planning Council will be empowered to evaluate and rank all pre-applications generated from applicants within ND Planning Region 2.

2. Following a review by Council staff, the Council's Review Committee will meet to review proposals, score/rank pre-applications, and invite final applications from successful entities.

3. Final applications recommended for funding will be sent to the North Dakota Division of Community Services for HUD compliance review and development of contract grant agreements.

B. Economic Development Applicants (Community Development Loan Fund)

1. The Souris Basin Planning Council Revolving Loan Fund (RLF) Committee will be empowered to evaluate all "Notices of Intent" and "Full Applications" generated from ND Planning Region 2.

2. Applicants will be required to first submit a "Notice of Intent" for initial review by the RLF Committee and only those applicants who are invited to submit "Full Applications" may be considered for funding.

3. The RLF Committee will meet the first Tuesday of each month to consider eligible "Notices of Intent" and to make recommendations on "Full Applications". (For consideration by the RLF Committee submissions should be made 10 days prior to the scheduled RLF Committee meeting.)

4. After reviewing "Full Applications", interviewing the applicant/entrepreneur and hearing testimony from interested parties the RLF Committee will make its recommendation.

5. "Full Applications" recommended for funding will be sent to the NDDCS for HUD compliance review and development of contract agreements.

6. The Revolving Loan Fund Committee reserves the right to waive the initial review of the Notice of Intent.

C. Emergency and Other Applicants

1. Depending on the availability of funds for such purposes, these applications will be processed with the same procedure described for Public Facility and Housing applicants with the exception of compliance with the deadline dates.

PUBLIC FACILITY GUIDELINES

Application Submission Requirements

A two-step process will be utilized to determine the highest priority public facility projects in ND Planning Region 2. Pre-applications for public facility monies must be completed and received by the regional council by the deadline date. To apply for funding consideration, eligible applicants must complete the pre-application forms and required attachments, which include:

- Application Cover Page
- Project Narrative and Budget Questions
- Project Area Map
- Engineer's or Architect's Report
- Resolution of Sponsorship
- Very low/low Income Benefit Documentation
- Facility rates and/or capital improvement fund balance for the public facility being proposed for construction or improvement.
- Any entity subject to Title II of the Americans with Disability Act (public services) must complete and/or submit a copy of their transition plan with the pre-application when applying for funds to remove architectural barriers. Certification must be provided by the Applicant that all programs, services and activities delivered in the structure being considered will be fully accessible.

Pre-applications may be generated by the local unit of government. Technical assistance is available from the regional council staff.

If after the completion of the pre-application review process a project is invited to submit a final application, the additional items needed to complete a final application include:

- Evidence of One Public Hearing
- Fair Housing Certification
- Community Development Needs Assessment
- Assurance of Compliance with Federal Laws
- Firm Commitment of Other/Matching Funds
- HUD Disclosure Report
- Code of Conduct
- Most Current Citizen Participation Plan
- Resolution of Excessive Force

All final applications recommended for funding and which meet the above requirements will be delivered to the North Dakota Division of Community Services for a HUD and State compliance review and for final grant award agreements.

Review and Selection Process

A. A review committee made up of the Executive Board of the Souris Basin Planning Council will be empowered to evaluate and rank all pre-applications generated from ND Planning Region 2.

B. Only proposals that meet the full requirements of the pre-application (including minimum matching funds), and determined to be submitted by an eligible applicant for an eligible activity will be considered.

C. Council staff will score all "objective" scoring criteria for the pre-applications prior to being reviewed by the Planning Council Board.

D. The Review Committee will hold a public CDBG Review meeting at which time all proposals will be presented.

E. After all proposals have been reviewed by the committee, committee members will award a "subjective" score for each public facility proposal based upon the criteria listed. Those scores will then be averaged to determine ranking. (Those committee members that are residents of the city that is applying for CDBG funds or those committee members who also represent a county government that is applying for CDBG funds shall abstain from the scoring and funding recommendation process for that application.)

F. After rankings have been determined, the committee will consider a recommended amount to award to each project according to ranking. The committee reserves the right to adjust the amount of each award from the amount requested as it determines appropriate.

G. The committee will establish funding levels for each project in order of ranking, but depending on the funds available, the committee may:

    1. Offer to the applicant a reduced amount, and if it is not accepted, offer the funds to the next eligible applicant in order of ranking until the funds are expended; or,

    2. Table the pre-application until such time when additional funds may become available through either;

        a. The deobligation of funds from public facility or housing project, or by

        b. Utilizing any unused funds or repayment of funds from the current program year or any previous program year; or,

    3. Opt to hold funds in reserve for any other funding category or emergency or planning applications; or,

    4. Any combination of the above.

H. Successful pre-applications recommended for funding will be invited to submit final applications. Final applications must not deviate in project scope, matching requirements or implementation schedule from what was proposed in the pre-application. If for any reason an applicant who has been invited to submit a final application does not, the next highest ranked project will receive an invitation to submit a final application based on funding request and funding availability.

Scoring Criteria

Scoring criteria will be divided into two categories; scores that are "objective" in nature and require no personal judgment and scores that are "subjective" in nature and will require personal judgment by an individual.

A. Objective Scores (maximum 400 points):

1. Project Type: (maximum 150 points):

Install water facilities	150 Points
Install sanitary sewer facilities	150 Points
Combination water/sewer facilities	150 Points
Strategic/Comprehensive Planning	150 Points
Emergency protection facilities & equipment	100 Points
Solid waste activities	90 Points
Install storm sewer facilities	90 Points
Install flood & drainage facilities	80 Points
Removal of architectural barriers	50 Points
Other eligible activities	30 Points

2. Percentage of very low/low income persons in the project area to benefit from funding. (1 point for every percentage point): (maximum 100 points). For objective scoring purposes, the percentage of very low/low income persons is determined using the most recent decennial census or income survey.

3. Percentage of local and other funds greater than the required match percentage (2 points for every percentage point over the required match): (maximum 100 points).

4. CDBG cost per very low/low income person to benefit: (maximum 50 points):

$250 & below	50 Points
$251 - $ 500	40 Points
$501 - $1,000	30 Points
$1,001 - $1,500	20 Points
$1,501 - $2,000	10 Points
$2,001 & above	0 Points

B. Subjective Scores (maximum 600 points):

The following criteria are guidelines for the review committee to utilize when making subjective scoring determinations with regard to public facility pre-applications. These criteria will be utilized by each of the committee members to arrive at a subjective score within the range of a maximum score of 600 points and a minimum score of 0 points. Those committee members that are residents of the city that is applying for CDBG funds or those committee members who also represent a county government that is applying for CDBG funds shall abstain from the scoring and funding recommendation process for that application.

- The degree to which the problem presents a direct threat to the public's health and safety.
- The immediacy of the problem in terms of solving it.
- The cause of the problem, how long the problem has existed and how often it has reoccurred.
- Whether the proposed project is necessary to comply with court orders or state or federal requirements.
- The need for outside financial assistance to complete the project.
- Efforts of the community to alleviate the problem.
- Does the proposed activity appear to be the most effective long-term solution to the problem.
- Are all the proposed activities necessary for completion of the project.
- Is the project effective/appropriate when compared with similar projects in the region.
- Does the project benefit very low/low income residents in the community.

C. Ranking

The objective score and the average subjective score will then be totaled to determine a ranked order for projects to then be evaluated by the committee for recommended funding levels.

Matching Funds Requirements

Due to limited funds available and to attempt to address as many of the priority projects as possible and to demonstrate a commitment by each applicant in alleviating their own problems; the Souris Basin Planning Council will require a minimum local funding match. The match must be committed by the applicant or the entity for which the applicant is submitting an application.

Applicants who feel they do not have the means to match CDBG funds considering the local resources available, must clearly demonstrate the lack of that ability and the review committee will subjectively determine the eligibility of that applicant.

Local match percentages will be determined based on the estimated project cost minus other state and/or federal funds. The following is a list of various eligible activity categories and the local match:

Project Type	Local Match Required
• Installation of water facilities	35%
• Installation of sewer facilities	35%
• Combination water and sewer facilities	35%
• Emergency protection facilities/equipment	40%
• Removal of architectural barriers	50%
• Installation of storm sewers	50%
• Installation of flood/drainage facilities	50%
• Strategic/Comprehensive Planning	25%
• Other eligible public facilities:	60%

- Solid waste facilities
- Recycling or conversion facilities
- Street construction/reconstruction
- Community Centers
- Senior Centers
- Group Homes
- Handicapped facilities
- Historic property rehabilitation
- Public utilities
- Pedestrian malls and walkways
- Recreational facilities
- Public Services
- Property acquisition
- Demolition of non-residential structures
- Other activities not listed but CDBG eligible

HOUSING GUIDELINES

Application Submission Requirements

A two-step process will be utilized to determine the highest priority housing projects in ND Planning Region 2. Pre-applications for housing monies must be completed and received by the regional council by the deadline date. To apply for funding consideration, eligible applicants must complete the pre-application forms and required attachments that include:

- Application Cover Page
- Individual Site Detailed Estimates
- Individual Site Demographics
- Project Area Map
- Resolution of Sponsorship
- Very low/low Income Benefit Documentation
- Certified HUD Section 8 HQS Inspection of each site/unit
- Lead-Based Paint Risk Assessment conducted by a certified Lead-Based Paint Risk Assessor for all properties constructed prior to 1978.

Pre-applications may be generated by the local unit of government. Technical assistance is available from the regional council staff.

If after the completion of the pre-application review process a project is invited to submit a final application, the additional items needed to complete a final application include:

- Evidence of One Public Hearing
- Fair Housing Certification
- Community Development Needs Assessment
- Assurance of Compliance with Federal Laws
- Firm Commitment of Other/Matching Funds
- HUD Disclosure Report
- Individual Housing Application Certifications and Summary Sheets
- Code of Conduct
- Most Current Citizen Participation Plan
- Resolution of Excessive Force

The final application recommended for funding and which meets the above requirements will be delivered to the North Dakota Division of Community Services for a HUD and State compliance review and for a final grant award agreement.

Review and Selection Process

A. A review committee made up of the Executive Board of the Souris Basin Planning Council will be empowered to evaluate and rank all pre-applications generated from ND Planning Region 2.

B. Only proposals that meet the full requirements of the pre-application, (including minimum matching funds) and determined to be submitted by an eligible applicant for an eligible activity will be considered.

C. Council staff will score all "objective" scoring criteria for the pre-applications prior to being reviewed by the Planning Council Board.

D. The review committee will hold a public CDBG Review meeting at which time all proposals will be presented.

E. After all proposals have been reviewed by the committee, committee members will award a "subjective" score for each housing proposal based upon the criteria listed. Those scores will then be averaged to determine ranking. (Those committee members that are residents of the city that is applying for CDBG funds or those committee members who also represent a county government that is applying for CDBG funds shall abstain from the scoring and funding recommendation process for that application.)

F. The objective score and average subjective score and any bonus score will be totaled to determine a ranked order. The committee will then consider a recommended amount to award to the highest ranked project. The committee reserves the right to adjust the amount of the award from the amount requested as it determines appropriate.

G. The committee will establish funding levels for each project in order of ranking, but depending on the funds available, the committee may:

1. Offer to the applicant a reduced amount, and if it is not accepted, offer the funds to the next eligible applicant in order of ranking until the funds are expended; or,

2. Table the pre-application until such time when additional funds may become available through either;

    a. The deobligation of funds from public facility or housing project, or by

    b. Utilizing any unused funds or repayment of funds from the current program year or any previous program year; or,

3. Opt to hold funds in reserve for any other funding category or emergency or planning applications; or,

4. Any combination of the above.

H. A successful pre-application recommended for funding will be invited to submit a final application. Final applications must not deviate in project scope, matching requirements, or implementation schedule from what was proposed in the pre-application. If for any reason an applicant who has been invited to submit a final application does not, the next highest ranked project will receive an invitation to submit a final application based on funding request and funding availability.

Scoring Criteria

A. Objective Scores (maximum 400 points)

1. Percent of very low income households to benefit:

100%	100 Points
90% - 99%	80 Points
70% - 89%	60 Points
30% - 69%	40 Points
1% - 29%	20 Points

2. Average CDBG rehabilitation cost per home:

$0 - $6,500	50 Points
$6,501 - $8,000	40 Points
$8,001 - $10,000	30 Points
$10,001 - $12,000	20 Points
Over $12,001	10 Points

3. Types of households to receive direct benefit: (100 points maximum)

Elderly (Greater than 25% of all households)	20 Points
Handicapped (Greater than 25%)	20 Points
Female Head of Household (Greater than 25%)	20 Points
Children under 18 (Greater than 25%)	20 Points
Minority (Greater than 25%)	20 Points

4. Percentage of priority work items for the project: (100 points maximum)

Electrical (Greater than 75% of all homes in the project)	25 Points
Plumbing (Greater than 60% of all homes in the project)	25 Points
Heating (Greater than 50% of all homes in the project)	25 Points
Weatherization (Greater than 50% of all homes in the project)	25 Points

5. The following items, when they are included (and clearly identified) in the overall design of a housing proposal, will receive the points outlined below (Maximum 50 points)

   - Use of CDBG funds and/or other federal, state and local resources for gap financing to help homeowners to obtain home financing. (10 points)

   - Use of CDBG funds and/or other funding resources for home ownership activities. (10 points)

   - Use of CDBG funds that emphasizes, making single family homes and apartments handicapped accessible where needed; modernizing single family homes owned by the elderly; and rehabilitating rural single family and multi-family housing. (10 points)

   - Use of CDBG funds to help write down land acquisition and/or preparation costs for the construction of affordable rental housing projects and/or planned unit developments for very low and low income households. (10 points)

   - Evidence of Compliance with the State Building Code and State Energy Code when proposing new construction. (10 points)

   - Proposals which leverage over 15 percent local or private investment that is not in conflict with CDBG program regulations. (10 points)

   - Proposals which provide assistance to clients in the State of North Dakota's Welfare-to-Work Program. (10 points)

B. Subjective Scores (maximum 600 points)

The following criteria are guidelines for the review committee to utilize when making subjective scoring determinations with regard to housing pre-applications. These criteria will be utilized by each of the committee members to arrive at a subjective score within the range of a maximum score of 600 points and a minimum score of 0 points. Those committee members that are residents of the city that is applying for CDBG funds or those committee members who also represent a county government that is applying for CDBG funds shall abstain from the scoring and funding recommendation process for that application.

- The degree to which the housing conditions present a direct threat to health and safety of the occupants and the public.

- The need for outside financial assistance to complete housing rehabilitation.

- Efforts of the community to alleviate the problem.

- Is the project effective/appropriate when compared with similar projects in the region.

- Does the project benefit very low/low income residents in the community.

C. Ranking

The objective score and the average subjective score and any bonus scores will be totaled to determine a ranked order for projects to then be evaluated by the committee for recommended funding levels.

Matching Funds Requirements

Due to limited funds available and to attempt to address as many of the priority projects as possible and to demonstrate a commitment by each applicant in alleviating their own problems; the Souris Basin Planning Council will require a minimum of 15 percent of local funding match. The match must be committed by the applicant or the entity for which the applicant is submitting an application.

Applicants who feel they do not have the means to match CDBG funds considering the local resources available, must clearly demonstrate the lack of that ability and the review committee will subjectively determine the eligibility of that applicant. Local match percentages will be determined based on the estimated project cost minus other state and/or federal funds.

ECONOMIC DEVELOPMENT GUIDELINES

Application Submission Requirements

Applications for Community Development Loan Funds (CDLF) will be accepted anytime during the program calendar year. A two-step process will be utilized to determine the best primary and/or retail sector projects in ND Planning Region 2. A "Notice of Intent" for economic development monies must be completed by an eligible applicant for all loans to local development corporations or private developers. To apply for funding consideration, eligible applicants must complete the "Notice of Intent" forms and required attachments that include:

- Application Cover Page
- Preliminary Staffing Plan
- Source and Use of Funds Statement
- Proposed Security Position
- Principal's Proposed Equity Investment
- Resolution of Sponsorship
- Job Creation/Retention for Very Low/Low Income Documentation

CDLF applications may be generated by the local unit of government, private entrepreneur, or local development corporation. Technical assistance is available from the regional council staff. If after the completion of the "Notice of Intent" review process a project is invited to submit a "Full Application", the additional items needed to complete that application include:

- Evidence of One Public Hearing
- Fair Housing Certification
- Community Development Needs Assessment
- Assurance of Compliance with Federal Laws
- Firm Commitment of Other/Matching Funds
- HUD Disclosure Report
- Full Business/Marketing Plan
- Personal Financial Statement
- Commitment to Locate in Planning Region 2
- Code of Conduct
- Most Current Citizen Participation Plan
- Resolution of Excessive Force

In addition, a private financial institution must be part of the overall financing package of all economic development proposals, unless it is a disaster situation.

All full applications recommended for funding and which meet the above requirements will be delivered to the North Dakota Division of Community Services for a HUD and State compliance review and for final loan agreements.

Economic Development Infrastructure

A. Requirements for economic development infrastructure projects will follow the same format as the Community Development Loan Fund process, but in addition will also require application information appropriate to public infrastructure projects (i.e. plans and specifications).

B. Notices of Intent/Full Applications will be accepted at any time during the program year.

C. For economic development infrastructure projects a 1:1 match is required. Applicants can request a waiver of the 1:1 match; each request will be considered individually and must receive approval from the North Dakota Division of Community Services prior to regional approval.

Review and Selection Process

A. The Souris Basin Planning Council Revolving Loan Fund (RLF) Committee will be empowered to rank and evaluate all "Notices of Intent" and "Full Applications" generated from North Dakota Planning Region 2.

B. Applicants will be required to first submit a "Notice of Intent" for initial review by the RLF Committee.

C. Only proposals which meet the minimum State requirements in the "Notice of Intent" and are determined to be submitted by an eligible applicant for an eligible activity and are concluded to be a viable economic venture will be invited to submit a "Full Application".

D. The RLF Committee will meet the first Tuesday of each month to consider eligible "Notices of Intent" and to make recommendations on "Full Applications".

E. After reviewing "Full Applications", interviewing the applicant/entrepreneur and hearing testimony from interested parties the RLF Committee will make its recommendation.

F. After discussing the proposal with representative(s) of the applicant, as well as, consideration of subjective scoring criteria the RLF Committee may:

1. Approve the project as proposed;
2. Approve with modifications or conditions;
3. Withhold a decision until a later date;
4. Request additional information;
5. Deny the request; or
6. Any combination of the above.

Scoring Criteria

The RLF Committee will use no structured scoring system; decisions will be subjective and will be based on to the following criteria:

- Financial Strength of the Proposal
- Probability of Monetary Success
- Likelihood of Loan Repayment
- Need and Appropriateness for Funds
- Strength of Management Person/Team
- Potential Success in Marketing
- Past Expertise and Experience
- Benefit for Job Creation
- Degree of benefit to the local economy
- Benefit to very low/low income persons

Other Guidelines

It is the intent of the Souris Basin Planning Council to allow for project contingencies aside from the emphasis areas of Public Facilities, Housing and Economic Development that have been previously outlined. These funds, if any, may be made available for projects based on the following definitions:

A. Emergencies are activities needed to alleviate existing conditions that pose a serious and immediate threat to the health and welfare of the community which are of recent origin or which recently became urgent. The applicant must also provide evidence that it is unable to finance the activity on its own and that other sources of funding are not available. The concurrence of these circumstances from the North Dakota Division of Community Services will also be required.

B. Other, is for other activities which do not fit into any category but which may be eligible for CDBG assistance.

Application Submission Requirements

A. Emergency Applications: The application submission requirements will be based on the type of application; if the applicant has previously applied for CDBG funds in this calendar year only limited additional information may be required.

B. "Other" applications will utilize the submission requirements and deadlines established for public facilities projects.

Review and Selection Process

A. Emergency Applications: The review and selection process will be based on the type of application; if the applicant has previously applied for CDBG funds in this calendar year only limited additional information may be required.

Scoring Criteria

A. Emergency Applications: No point system; decisions will be subjective based on the availability of funds, need, commitment, appropriateness and benefit to very low/low income.

Available Funding

A. In the event of a public facility emergency, funding will be utilized from any unobligated regional funds. When funding from the regional allocation has been depleted, funds may be requested from the Governor's fund at the discretion of the North Dakota Division of Community Services and concurrence from the regional review committee.

Conflict of Interest

The Souris Basin Planning Council and its Community Development Block Grant and Revolving Loan Fund committees are concerned with avoiding conflict of interest situations, whether real or perceived. To avoid even an appearance of conflict of interest, the following policies shall be in effect.

A. Adoption of HUD Conflict of Interest Policy: The committee shall adopt as its own the HUD conflict of interest policy, as stated in the State's Program Distribution Statement.

B. Other Policies: To further assure no conflict of interest, or appearance of conflict of interest, the following policies and steps shall be taken.

   1. Committee members who represent the jurisdiction of an applicant will provide full disclosure during the scoring process and shall refrain from scoring the application.

   2. Committee members, who by business arrangement, organizational membership, employer-employee relationship, or other relationship, may have interest in or benefit from the proposed project, shall provide full disclosure during the scoring process and shall refrain from scoring the application.

   3. If it is not clear whether a conflict of interest, real or apparent, may exist, a committee member may abstain from voting, or may ask the Chairman to determine whether abstention is advisable, or the Chairman may ask other committee members to determine if abstention should be required.

IMPLEMENTATION SCHEDULE

A. Public Facilities and Housing Proposals

March 9, 2012	Submission deadline for pre-applications (original and one copy required, must be post-marked on or before deadline date).
March 14, 2012	Pre-applications will be reviewed, scored, recommended funding amounts determined and invitations for final applications.
April 10, 2012	Final applications are due (original only).
April 12, 2012	Submission of the CDBG Review Committee recommendations for funding and final applications to the North Dakota Division of Community Services.

Extensions of time from the implementation schedule must be requested in writing to the Souris Basin Planning Council. Such requests must state unusual or unavoidable circumstances of just cause for deviation from the implementation schedule to receive approval.

B. Economic Development Proposals

Open - "Notices of Intent" and "Full Applications" for economic development proposals will be accepted at any time, although applicants should be aware that the Council staff will attempt to adhere to a deadline of at least 10 days prior to the monthly RLF meeting. (Monthly RLF meeting is scheduled for the first Tuesday of each month.)

C. Emergency Proposals

Open - Submission deadline for applications (original and one copy required) will be accepted anytime based on the availability of unobligated funds, if any.

ALLOCATION OF FUNDS

Allocation amounts for each planning region in North Dakota are estimates and subject to change. Estimated funds available for distribution by category have been established in the Executive Summary of this "Regional Attachment" to the 2012 North Dakota Action Plan. The Executive Board of the Souris Basin Planning Council shall be empowered to transfer unallocated funds from one category to another at regularly scheduled Council meetings, held at 2:00 p.m. on the second Wednesday of every month. Unallocated funds shall not be transferred from one category to another after the regularly scheduled December Council meeting.

Due to the limited funding availability, applicants may submit only one pre application for public facilities or housing projects for each program year. As an exception, Counties may sponsor more than one pre application "on behalf of" projects for entities located within their boundaries.

Funds may be designated, but not beyond the requirements of the Governor, within the allocation limits for the following activities:

- Housing
- Public Facilities
- Economic Development

For eligibility, activities and projects as described in the North Dakota's most recent State Action Plan.

North Dakota
DEPARTMENT OF COMMERCE

2012

REGION III

NORTH CENTRAL REGIONAL COUNCIL

PO Box 651
Devils Lake, ND 58301
Phone: 662-8131
Fax: 662-8132
rickncpc@gondtc.com
TTY: 800-366-6888
ND Relay Voice: 800-366-6889

EQUAL HOUSING OPPORTUNITY

ALTERNATIVE FORMATS FOR DISABLED PERSONS ARE AVAILABLE UPON REQUEST

ALLOCATION OF FUNDS

The following are based on the actual amount of funds available from the North Dakota Division of Community Services (DCS).

2012 Allocation		$233,857	
Total 2012 Funds Available			$233,857
2011 CDBG/CDLF Breakdown			
Housing	$50,000		
Public Facilities	$183,857		
Total 2012			$233,857

Economic Development Projects when approved will be funded out of the State Revolving Loan Fund.

Eligible projects and activities include those described in the 2012 State Program Distribution Statement.

Application Information

Any county or city having questions on the eligibility of a project may contact North Central Planning Council staff.

Pre-application and final application forms may be obtained from:

North Central Planning Council
417 5th St NE
P O Box 651
Devils Lake, ND 58301
Telephone - 662-8131

IMPLEMENTATION SCHEDULE

Public Facilities and Housing

March 26, 2012	Submission deadline for pre-applications (original and one copy must be postmarked on or before deadline date).
April 11, 2012	Eligible applications will be accepted and ranking committee appointed.
April 18, 2012	Pre-applications will be reviewed, scored and recommended funding amounts determined.
December 31, 2012	Full applications will be submitted to DCS.

Urgent Need and Emergency Projects

Open	Applications for Urgent Need and Emergency Projects will be accepted at any time.

Economic Development

Open	Applications for Economic Development will be accepted at any time.

GOALS AND REQUIREMENTS

North Central Planning Council has established goals and requirements for each emphasis area. To be eligible to receive funding, pre-applications and notices of intent must address at least one of the program goals and meet all of the requirements of that emphasis area.

HOUSING

Goals

1. Rehabilitation of single family and multi-family units
2. Site preparation for new low income units
3. Acquisition and site preparation for multi-family units
4. Activities that support construction of new single family LMI housing (site work, utility hook ups etc.)

Requirements

1. $75,000 grant/loan maximum
2. 100% benefit to LMI for single family housing rehab. All others must be at least 51% LMI
3. No match required
4. The project must conform to all "lead base paint" requirements in place at the time of the award

PUBLIC FACILITIES

Goals

1. Upgrade infrastructure (water, sewer, or community facilities)
2. Expand infrastructure where growth takes place
3. Removal of architectural barriers

Requirements

1. CDBG 90% of total project costs maximum
2. CDBG funds are grant funds
3. At least 51% benefit to LMI, special assessments or limited clientele.
4. $100,000 grant maximum

ECONOMIC DEVELOPMENT

Goals

1. Job creation (primary sector, retail, tourism)
2. Value-added manufacturing activities
3. Diversification
4. Retention and expansion of existing business
5. Use of vacant buildings/facilities

Requirements

1. Grant and/or loan funds available for publicly-owned infrastructure essential to economic development
2. $500,000 maximum, $50,000 minimum
3. 10% owner equity required
4. Grant funds available at the discretion of the NCPC CDLF Review Board

URGENT NEED

Eligible activities in this category are those that demonstrate an immediate threat to health and safety. The project will need to meet the eligibility requirements and have concurrence that the project constitutes an Urgent Need from the North Dakota Division of Community Services (DCS). No funding is set-aside for Urgent Need. However, funding for an Urgent Need project maybe allocated at the time of the application from funding unallocated, returned funds, or funds transferred from other emphasis areas. Funding decisions including transfers from one emphasis area to another will be made by the Executive Board at their monthly meeting. CDBG funding for Urgent Need projects can be up to 100% of the total project.

EMERGENCY PROJECTS

Eligible activities in this category are those that alleviate a condition that poses a serious health, welfare or safety threat or that may result in a loss of jobs and/or the inability of the community to provide essential services to its jurisdiction area. The project will need to meet the eligibility requirements and have concurrence that the project constitutes an Emergency Project from the North Dakota Division of Community Services (DCS). No funding is set-aside for Emergency Projects. However, funding for an Emergency Project may be allocated at the time of the application from funding unallocated, returned funds, or funds transferred from another emphasis area. Funding decisions including transfer from one allocation to another will be made by the Executive Board at their monthly meeting. CDBG funding for emergency projects can be up to 100% of the total project.

TRANSFER OF FUNDS

The transfer of allocations from one funding category to another without public notice can only be completed if one or more of the following conditions are met.

1. The project meets the criteria of Urgent Need as defined in this document.

2. The project meets the criteria of Emergency Project as defined in this document.

3. The funding allocation from any category may, at the discretion of the ranking committee, be transferred to another category if no applications are received in that category.

GRANT APPLICATION SUBMISSION REQUIREMENTS

A. Housing and Public Facilities

1. Applicants have the option of submitting either a pre-application or a full-application by March 26, 2012. This is to allow applicants wishing to begin a project as soon as possible the opportunity to receive a final grant award in a more timely manner. To be in consideration, the minimum requirements of a pre-application must be met; to be considered a full-application, all requirements for a full-application must be met. However, because scoring is based on only information required in the pre-application, full-applications will have no advantage in scoring over pre-applications.

2. Applicants who have been invited for a full-application may change the proposal shown in the pre-application, but only if the proposal is within the same emphasis area, is intended to address the same problem identified and the amount of CDBG funds is not more than identified in the pre-application. If any changes affect the score it received in the pre-application, the NCPC-CDBG Board reserves the right to re-score and adjust rankings.

3. Although projects must meet the minimum requirements of the project emphasis area (outlined in that section of this document), a project may exceed these requirements and, in most cases, receive bonus points during the ranking process.

4. Public facilities pre-applications should include a preliminary architect/engineering report as required by state law. If an architect or engineer is not used and a report is not included, the applicant must state the reasons why. All public facility projects exceeding $50,000 must comply with the North Dakota Program Distribution Statement.

GRANT REVIEW AND SELECTION PROCESS

A. Public Facilities and Housing

1. The CDBG Review Board will consist of 12 members. The members will include four officers of North Central Planning Council, one North Central Planning Council member from each Indian Reservation and one member of North Central Planning Council from each of our six counties. Prior to Scoring and Ranking, each member of the CDBG Review Board will sign a "Conflict of Interest Disclosure". The disclosure states that if they have a conflict of interest with any application being reviewed, that they not take part in the ranking or discussion of that application.

2. The CDBG Review Board will be responsible for reviewing, scoring, ranking and making grant award recommendations.

3. Only proposals which meet the full requirements of the pre-application and those determined by Council staff to be eligible will be reviewed.

4. Upon receiving proposals, Council staff will review each for eligibility and completeness; and prior to the CDBG Review Board meeting on April 18, 2012; staff will send to each member a copy of the submitted pre-application.

5. Staff will prepare summary reviews for each application to be given to Board members at the ranking and scoring meeting.

6. Representative(s) of applicants will be given the opportunity to present their proposal to the Board at the meeting, with up to 10 minutes each for presentations and questions from the committee and staff.

7. After all proposals have been reviewed by the Ranking Committee, the Board Members will score each application with points and formulas described in the scoring and ranking criteria section.

8. After rankings have been determined, the Board will consider the amount requested for each project according to ranking. The Board reserves the right to adjust the amount of each award from the amount requested as it determines appropriate.

9. The Board will establish funding levels for each project in order of ranking, but if not enough funds are available to fund an application, the Board may:

    a. Offer to the applicant the funds remaining in the allocation, and if it is not accepted, offer the funds to the next eligible applicant in order of ranking until the funds are expended; or,

    b. Adjust the regional allocation to reflect needs by emphasis area on the timeline permitted by the State Program Distribution Statement.

10. Pre-applicants recommended for funding will be invited to submit final applications. Final applications which staff determines are different to the extent that the pre-application score may be reduced will be re-scored, re-ranked and funding levels altered as the Board deems necessary.

11. If an applicant fails to meet the requirements of the full application within a reasonable period of time (typically 90 days from notification), the CDBG Review Board reserves the right to withdraw its recommendation of funds and recommend to another suitably ranked project.

12. All final applications recommended for funding will be delivered to the Division of Community Services for review as to their compliance with Federal and State requirements and for final Financial Award.

13. The City or County has the responsibility to obtain a “lead base paint” certified contractor and risk assessor. If one is not available, the County or City must relinquish their grant allocation back to CDBG to fund other eligible projects.

B. Economic Development

1. Funding recommendations under the economic development allocation, to be called the North Central Community Development Loan Fund (NCCDLF) will be made by the North Central Planning Council CDLF Review Board.

2. Prior to submitting a full-application, applicants must submit a Request for Financial Assistance to North Central Planning Council to be reviewed by staff to determine eligibility. If the project is determined eligible for the NCPC-CDLF Program, the applicant will be notified and an Economic Development Packet will be given, which will contain the information needed to submit a full application.

3. The NCPC-CDLF Review Board will meet as needed to review all final and complete applications. The applicant will be adequately notified of the time and place of the meeting.

4. Prior to consideration by the CDLF Review Board of the final application, staff will review the final application and prepare recommendations regarding denial or approval, terms, conditions and other matters.

5. After discussing the proposal with representative(s) of the applicant as well as consideration of staff recommendations, the CDLF Review Board may:

   a. approve as proposed,

   b. approve with modifications or conditions,

   c. agree to withhold a decision until a later date, or

   d. deny the request.

6. Applications recommended for approval will be forwarded to the Division of Community Services for review as to their compliance with Federal and State requirements and for final grant award agreements.

SCORING AND RANKING CRITERIA

A. Public Facilities - Maximum 350 points – **The Ranking Committee reserves the option to not fund any projects scoring less than 175 points.**

1. Project Need - Maximum 100 points

   On the basis of project need, the committee will score each proposal from 0-100 points, applying 70-100 for proposals showing high need, 40-69 for moderate need and 0-39 for low need using the following criteria:

a. 70-100 points will be applied to proposals that:

Address an already demonstrated significant problem which clearly affects health and/or safety;

Address a significant problem which in the immediate future is likely to affect health and/or safety; or

Address a situation in which all or the most critical services otherwise available cannot be provided because of architectural barriers or other physical impediments to the handicapped.

b. 40-69 points will be applied to proposals that:

Address a potentially significant problem which could clearly and significantly affect health and/or safety, but the likelihood or immediacy is not clear or apparent;

Address an immediate problem of health and/or safety but where no life-threatening or serious health/safety problems can be anticipated; or

Address a situation in which services to the handicapped can be provided, but not fully or only with major inconvenience and/or additional costs.

c. 0-39 points will be applied to proposals that:

Have not shown that immediate or serious health and/or safety problems exist; or

Have the applicant has not shown that services to the handicapped cannot be provided with any more than minor inconvenience and/or costs.

2. Local Commitment - Maximum 100 points

One point will be given for each percentage point of local financial commitment. For example, an applicant that commits 20% of total project costs will be awarded 20 ranking points.

3. Project Appropriateness - Maximum 100 points

On the basis of project appropriateness, the committee will score each proposal 0-100 points, applying 70-100 points for proposals showing high appropriateness, 40-69 for moderate appropriateness, and 0-39 for low appropriateness using the following criteria:

a. 70-100 points will be awarded to proposals that show the applicant has substantially met all the following criteria:

The project would address the best immediate solution to the problem;

The project would address the best long-term solution to the problem;

The project would meet all Federal and State requirements and standards;

The project's cost-effectiveness appears reasonable considering the number of people to benefit and the indicators of community readiness;

Cost estimates appear to be reasonable and are well documented (based on either architect/engineer estimates or multiple vendor quotes as is appropriate); and,

Project appears ready to proceed in a timely manner.

b. 40-69 points will be awarded to proposals which substantially meet most of the above criteria and no major concerns are apparent with those criteria it does not clearly meet.

c. 0-39 points will be awarded to proposals which meet few of the above criteria, or which meet most criteria, or which meet most criteria but one or more major concerns are apparent which affect the appropriateness.

4. Low and Moderate Benefit - Maximum 50 points

One point for each percent above 50% LMI to benefit will be applied. Projects to assist exclusively low and moderate income persons, senior citizens, handicapped accessibility or removal of architectural barriers will receive 100% LMI benefit. Otherwise LMI benefit will be determined from census data or from approved survey method results.

B. Housing – Maximum 400 Points – **The Ranking Committee reserves the option to not fund any projects scoring less than 200 points.**

1. Project Need – Maximum 100 points

On the basis of project need, the committee will score each proposal from 0-100 points, applying 70-100 for proposals showing high need, 40-69 for moderate need and 0-39 for low need using the following criteria:

a. 70-100 points will be applied to proposals that:

Address an already demonstrated significant problem which clearly affects health and/or safety;

Address a significant problem which in the immediate future is likely to affect health and/or safety; or

Address a situation in which architectural barriers or other physical impediments to the handicapped are present in the home.

b. 40-69 points will be applied to proposals that:

Address a potentially significant problem which could clearly and significantly affect health and/or safety, but the likelihood or immediacy is not clear or apparent;

Address an immediate problem of health and/or safety but where no life-threatening or serious health/safety problems can be anticipated; or

Address a situation in which architectural barriers or other physical impediments are present but only as an inconvenience.

c. 0-39 points will be applied to proposals that:

If the applicant has not shown that immediate or serious health and/or safety problems exist.

2. Local Commitment – Maximum 100 points

One point will be given for each percentage point of other financial commitment. This may be from the homeowner or from other sources.

3. Project Appropriateness – Maximum 100 points

On the basis of project appropriateness, the committee will score each proposal 0-100 points, applying 70-100 points for proposals showing high appropriateness, 40-69 for moderate appropriateness, and 0-39 for low appropriateness using the following criteria:

a. 70-100 points will be awarded to proposals that show the applicant has substantially met all the following criteria:

The project would address the best immediate solution to the problem;

The project would address the best long-term solution to the problem;

The project would meet all Federal and State requirements and standards:

The project's cost-effectiveness appears reasonable considering the number of persons to benefit and the indicators of community readiness;

Cost estimates appear to be reasonable and are well documented (based on either architect/engineer estimates or multiple vendor quotes as is appropriate); and,

Project appears ready to proceed in a timely manner.

b. 40-69 points will be awarded to proposals which substantially meet most of the above criteria and no major concerns are apparent with those criteria it does not clearly meet.

c. 0-39 points will be awarded to proposals which meet few of the above criteria, or which meet most criteria, or which meet most criteria but one or more major concerns are apparent which affect the appropriateness.

4. Low and Moderate Benefit – Maximum 50 points

One point for each percent above 50% LMI to benefit will be applied. Projects to assist exclusively low and moderate income persons, senior citizens, handicapped accessibility or removal of architectural barriers will receive 100% LMI benefits. Otherwise LMI benefit will be determined from census data or from approved survey method results.

5. Bonus Points – Maximum 50 points

Home Ownership – 10 points

a. 10 points will be given if the project is designed to help homeowners to obtain home financing or will assist with other home ownership activities.

Rehabilitation – 10 points

a. 10 points will be given if the project is designed to make single family homes and apartments handicapped accessible where needed, or modernizing single family homes owned by the elderly or rehabilitated rural single family and multi-family housing.

Construction – 20 points

a. Use CDBG funds to help write down land acquisition and/or preparation costs for construction of affordable rental housing projects and planned unit developments for low and moderate income households.

b. Design all State administered housing programs to require compliance with the State building code and State energy code in the use of funds for new construction.

Other – 10 points

a. Project leverages at least 15-25 percent local or private investment where not in conflict with program regulations.

b. Project is designed to provide assistance to clients in the welfare-to-work program.

C. Economic Development

No point system will be utilized for economic development (CDLF) requests; however, decisions will be based on the following:

1. Financial strength

2. Likelihood of success

3. Likelihood of repayability

4. Need and appropriateness for funds and terms

5. Management strength, expertise and past performance

6. Marketing

7. Degree of likely benefit to the economy and very low and low income persons.

North Dakota
DEPARTMENT OF COMMERCE

2012

REGION IV

RED RIVER REGIONAL COUNCIL

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EQUAL HOUSING OPPORTUNITY

ALTERNATIVE FORMATS FOR DISABLED PERSONS ARE AVAILABLE UPON REQUEST

2012 FUNDING ALLOCATION

The funding allocation for 2012 is anticipated to be $195,676. Following is the allocation:

Total FY 2012 estimated funding	**$195,676**
Allocation by emphasis area:	
Economic Development	$ 15,676
Public Facilities/ROAB	$160,000
Grafton Housing Rehabilitation Project Set-Aside	$ 20,000

IMPLEMENTATION SCHEDULE FOR 2012 PUBLIC FACILITIES/HOUSING

October 6, 2011	Public hearing - Regional Council office
November 3, 2011	Public hearing – Abbott Hall, UND, Grand Forks, ND
January 20, 2012	Public facilities pre-application deadline
February 16, 2012	CDBG Review Committee meeting (scoring/ranking) of public facilities applications/present to full board
March 15, 2012	CDBG Review Committee meeting (scoring) of Grafton housing application/present to full board
Before March 15, 2013	Final date for completion of full applications submitted to Division of Community Services (DCS) for approval

ECONOMIC DEVELOPMENT APPLICATIONS

Applications for Economic Development funds will be accepted and reviewed throughout the year. Projects requesting $20,000 or more may be funded by the State Revolving Loan Fund.

ACRONYMS

CDBG ..... Community Development Block Grant
CDLF ..... Community Development Loan Fund
DCS ..... Division of Community Services
ED ..... Economic Development
FTE ..... Full Time Equivalent
PDS ..... Program Distribution Statement
RLF ..... Revolving Loan Fund
RRRC ..... Red River Regional Council
VL & LI ..... Very Low and Low Income

A. PUBLIC FACILITIES

1. Pre-Application Review Process

Pre-applications for public facilities projects are due to the Regional Council on January 20, 2012 at 4:30 p.m. (Please see appendices for applications and/or checklists). Upon receipt of the pre-application, it will be reviewed by the Regional Council staff to ensure eligibility and completeness. Only proposals which meet the full requirements of the program will be considered. The Community Development Block Grant (CDBG) Review Committee will receive copies of all of the pre-applications for public facilities and planning prior to the February 16, 2012 meeting. The Community Development Committee comprised of Red River Regional Council board members will score and rank CDBG pre-applications.

2. Local Match for Project Costs

Public Facilities projects are eligible for CDBG funds to pay for construction costs of the project if the population in the project area is 51% or greater very low and low income (VL & LI). The percentage of local match recommended for project costs is based on population as shown in the table below. If the population is less than 51% VL&LI, CDBG funds can only be used to pay for special assessments on behalf of very low and low income households.

	POPULATION			
PERCENT VL & LI	< 200	200-999	1000+	25,000+
0 to 50%	CDBG Pays Special Assessments for VL & LI Households			
51 to 70%	15%	20%	25%	30%
71% +	5%	10%	15%	20%

The CDBG Committee will evaluate each application, and may waive or reduce the local match requirement, based on the applicant's financial status.

3. Pre-Application Scoring and Ranking
Applicants will have the opportunity to provide a 20-minute presentation before the CDBG Review Committee on February 16, 2012. The Review Committee will score each public facility proposal in the areas of need, commitment, and appropriateness, as well as quantifiable data regarding benefit to VL & LI.

4. Project Funding Recommendations
After scoring and ranking is completed by the Review Committee, the committee will consider the amount of the requested grant funds to each project according to ranking. The committee reserves the right to adjust the amount of each award from the amount requested as it determines appropriate. The committee will establish funding levels for each project in order of ranking, but if the balance of available funds is not sufficient to meet the request, the committee may:

a. Offer to the applicant the funds remaining in the allocation. The applicant can either accept the award or decline offered funds. If the project is a special assessment project, the applicant must commit other funds to ensure that 100% of the special assessments on behalf of very low income households are paid. If the applicant declines, the committee will offer the funds to the next eligible applicant in order of ranking until the funds are expended; or

b. Transfer the funds to any other allocation for immediate or later distribution.

5. Full Application

Pre-applicants approved by the Board of Directors will be invited to submit full applications which will be forwarded to the Division of Community Services (DCS) for compliance and award. Regional Council staff will assist with the full application process.

All final applications will be delivered by March 15, 2013 to DCS for review as to their compliance with federal and state requirements and for a final grant award.

B. HOUSING

The 2012 housing allocation is set aside for the Grafton Housing Rehabilitation Project. No other housing applications will be accepted.

1. Housing Rehabilitation Policies and Procedures

a. Applicants are encouraged to determine the eligibility of potential household recipients by considering total net worth in addition to gross income.

b. Applicants must include in their application evidence of the following:

1) All residents of the City of Grafton were notified of the availability of funds.

2) All eligible residents were given the opportunity to apply for program assistance.

3) The applicant review process was conducted in a manner which eliminates conflict of interest. This is accomplished by removing from the decision-making process anyone who is a direct applicant or related to an applicant.

c. It is the goal of the program and a State requirement for houses to be rehabilitated to meet Section 8 Standards. If the home cannot be brought up to the Section 8 housing code due to emergency requests, a request may be made to DCS for a waiver of this requirement. The inspector should utilize the Section 8 rehabilitation checklist available from the Regional Council to identify housing rehab needs.

d. The Section 8 Housing Quality Standards (HQS) Checklist must be used to identify housing rehabilitation needs. All inspectors must be Section 8 HQS Certified or be an individual who has demonstrated knowledge of the State

Building Code. If the inspector is not HQS certified, the application must include the inspector's qualifications demonstrating knowledge of the State Building Code. The State requires that all rehabilitation work must meet Section 8 HQS or the State Building Code, whichever is more restrictive. DCS may grant a waiver of the required use of the Section 8 HQS Checklist on a case-by-case basis for emergency housing repairs. This request must be submitted to the DCS along with justification.

e. If local guidelines permit the rehabilitation of mobile homes and manufactured homes, the units must conform to the following requirements in order to be eligible for rehabilitation with CDBG funds:

1) The unit and the land it rests on are in common ownerships;

2) Upon completion of rehabilitation activities, the unit will be attached to a foundation which cannot reasonably be relocated, be equipped with at least one smoke detector in working condition, and must be placed on the site in a stable manner and be free from hazards such as sliding or wind damage.

The DCS may waive these requirements when it finds, based on information provided by the grantee, that no alternative affordable housing is available for residents of such units in the community.

C. ECONOMIC DEVELOPMENT

The Economic Development allocation, to be called the Community Development Loan Fund (CDLF), is under the authority of the Regional Council's Economic Development Committee (ED Committee). Applications to the CDLF are taken on an ongoing basis throughout the program year. The complete application may be requested from the RRRC staff. The application outline for a CDLF grant/loan for publicly-owned infrastructure is included as Appendix E.

Should all available CDLF funds be committed, applicants will be informed of the status of program funding and potential timeline for future funding. Staff will also assist in researching other potential financing sources.

1. Eligible and Ineligible Activities

For a complete listing of eligible and ineligible activities, please refer to the State Program Distribution Statement.

2. Lending Policies

A complete list of the Regional Council's lending policies can be found in Appendix F. The ED Committee prefers primary sector projects. A primary sector business is defined as an individual, corporation, partnership or association, which through the employment of knowledge and/or labor, adds value to a product, process or export service that results in the creation of new wealth. Primary sector does not include Production Agriculture except as follows: an investor-owned livestock feeding or

milking operation located apart from a farm headquarters, which is managed by employees. A retail sector business is defined as a business involved in the direct sale of goods, commodities, activities, or services to the consumer.

3. Review Committee

The ED Committee consists of members from the Board of Directors, one banking representative, and two representatives from the private sector in Region IV. The ED Committee will consider all applications for funding. The ED Committee will make acceptance/denial recommendations to the Board of Directors.

4. Application

The application checklist is contained in this Program Distribution Statement. The complete application packet can be obtained from the RRRC. State eligibility requirements will be applied to regional projects.

The staff will assist applicants to complete the application materials. A complete application must be submitted at least fourteen days prior to the upcoming monthly committee meeting at which the applicant would like its application to be considered. Applications that are lacking information may be delayed until the application is considered complete. Typically, the Committee meets on the third Thursday of each month.

Applicants are required to seek assistance with a professional accountant to complete all financial statements included in the application.

5. Staff Review

The staff will review the application for completeness and program compliance. If necessary, the staff will request additional information or clarification. The staff will prepare a staff recommendation that will be sent to each ED Committee member with the application packet at least one week prior to its upcoming meeting.

Minimum program requirements include:

1. At least 51% of the jobs created or retained by the proposed project must be available to very low and low income people;

2. Principal(s) must provide at least 10% of the total project in the form of equity; (the ED Committee reserves the right to increase this requirement if it deems necessary);

3. CDLF may only participate a maximum of fifty percent of the total project;

4. The CDLF target is $10,000 investment per job to be created or retained; (however, the ED Committee retains the flexibility to allow up to $35,000 per job maximum investment).

Bank participation is a requirement in all economic development projects unless it is a disaster situation.

Upon a determination that the application does not comply with minimum requirements, a letter will be sent to the applicant identifying specifically what can be done to bring the proposal into compliance with the application requirements.

Upon determination that the application meets minimum requirements, the staff will invite the applicant to present its application to the ED Committee. If possible, the staff will arrange and hold the mandated public hearing prior to the ED Committee meeting so that any public comments may be presented to the ED Committee for their consideration. Additionally, this will expedite the application process.

The staff will also begin the environmental review process on each application to expedite the potential draw down of loan funds.

6. Applicant Presentation

Each applicant will be asked to present its application to the Committee and answer any additional questions the Committee may have. Typically, the presentation and question/answer period will be limited to one half hour.

7. Committee Review

The Committee will review the CDLF request based on an analysis of the following factors:

- Need and appropriate use of funds.
- Cash flow and the ability to meet debt service requirements.
- Strength of the balance sheet and profit and loss statement.
- Reasonableness and credibility of proforma financial statements (existing and new businesses).
- Financial strength of principals.
- Appropriateness of the proposed terms of the CDLF request.
- Management strength and expertise.
- Past performance of the firm or principal(s).
- Other sources or lack of other sources of funding.
- Marketing expertise and potential.
- Proposed staffing plan, to include cost per job based on amount of CDLF requested.
- Character of borrower.
- Likelihood of success.
- Staff recommendation.
- Likelihood of repayment.

8. Committee Recommendation

An ED Committee recommendation will be given to the Board of Directors at its next meeting. The Board of Directors shall take action on the application based on the Committee's recommendation.

The Committee recommendation may come in the form of any of the following actions:

- the Committee may recommend funding as requested; or
- the Committee may recommend funding with conditions; or
- the Committee may ask the applicant to restructure its financial package for reconsideration; or
- the Committee may request additional information before a recommendation can be made; or
- the Committee may recommend that the application not be funded and not be allowed to restructure its financial package for further consideration.

9. Application Approval

If the application is approved by the Board of Directors, the staff will organize the following:

1. public hearing held by sponsoring applicant jurisdiction;
2. completion of community application requirements;
3. complete staff review and submit application to DCS for a compliance review and award.

10. Amendment Requests

Amendment requests to approved loans or grants include requests for additional financing; change in the terms of the loan; loan deferment; or loan write-off. Loan recipients need to make amendment requests to the City/County. The City/County needs to approve, alter or disapprove, then forward the amendment to the Regional Council for concurrence; if approved, the request will be forwarded to DCS. The City/County may ask the Regional Council for technical assistance.

D. EMERGENCY APPLICATION

Emergency requests may be considered at any time if the criteria are met and funds are available. Funding may be obtained from any unallocated funds at the discretion of the Board. Upon approval by the Community Development Committee and Board, the funding recommendation will then be submitted to the DCS for concurrence. The Board will recommend funds based on documentation of emergency and evidence that CDBG funds are required to address the problem. No point system will be used for emergency requests. Decisions will be based on need, commitment, appropriateness and availability of funds.

CONFLICT OF INTEREST STATEMENT

Members of the Community Development Committee have the responsibility to score and rank applications. ED Committee members will review business plans and make recommendation to the Board of Directors. To ensure that review committee members do not have a conflict of interest, the following steps will be taken.

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

AMERICANS WITH DISABILITIES ACT (ADA)

It is a Federal requirement that all cities and counties receiving funds through the CDBG Program must provide a copy of their Section 504 Self-Evaluation and Transition Plan prior to project closeout. All projects involving removal of architectural barriers (ROAB) (i.e., handicap accessible bathrooms, entries, etc.) must have a transition plan included with the application. In addition, this plan and a completed thirteen (13) point checklist must be included in the pre-application for funding. (Checklist found on pages 47-68 of the 504 Self-Evaluation Guide. See website below.)

The Transition Plan Outline can be found in Section III of the Section 504/ADA Technical Assistance Handbook. The Transition Plan identifies the following items:

- Physical barriers in the building
- Changes that can be made without changing the structure of the Building to make program and services accessible
- Structural changes required to make the building handicapped accessible

The Section 504/ADA Technical Assistance Handbook can be found at:
http://www.communityservices.nd.gov/government/ada-504-self-evaluation-guide/

SCORING AND RANKING CRITERIA

A. Public Facilities

The scoring and ranking criteria for Public Facilities are contained in this Program Distribution Statement; the section describes the scoring/ranking criteria to be used for each Public Facilities project.

The maximum score that can be received is 1,100 points. The minimum threshold score required for funding is 650 points. The CDBG Review Committee reserves the right to make adjustments to the minimum threshold requirement as needed depending on the scores of the applications received. If an adjustment is made, all applicants will be notified.

B. Housing

The housing scoring criteria are contained herein. The section describes the scoring criteria to be used for the proposed housing application.

Housing rehabilitation is ranked on a scale of 0 - 720 points, based on the respective criteria and objectives.

C. Economic Development

Each applicant will be required to complete a business plan based on a business plan outline available from the Regional Council. The business loan will be evaluated based on the loan report found in Appendix G.

D. Emergency

Emergency requests will not be ranked and scored. Decisions regarding funding will be based on the project need, commitment, appropriateness, and availability of funds. Emergency applications will be considered at any time.

CDBG
PUBLIC FACILITIES SCORE SHEET

1. NEED - Maximum 150 points

The committee will score each pre-application or full application on the basis of perceived need.

a. 120 to 150 points will be awarded to applications which:

- address an already demonstrated significant problem which clearly affects health, and/or safety of the community or a targeted VL&LI group within the community;
- address a situation in which all or the most critical services otherwise available cannot be provided because of architectural barriers or other physical impediments to the disabled.

b. 90 to 120 points will be awarded to applications which:

- address a significant problem which is likely to affect health, and/or safety of a community or targeted VL&LI group within a community in the immediate future.
- address a situation in which services to the handicapped can be provided, but not fully, or only with major inconvenience and/or additional costs.

c. 60 to 90 points will be awarded to applications which:

- address a problem which could significantly affect health and/or safety of the community, or a targeted VL&LI group within the community, but the likelihood or immediacy is not clearly documented or apparent.

- have not shown that services to the disabled cannot be provided with any more than minor inconvenience and/or costs.

d. 0 to 59 points will be awarded to applications which:

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

2. COMMITMENT - Maximum 125 points

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

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

1) project cannot proceed without the requested funds;

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

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

4) the problem is:

i. long standing or existing but the applicant has made all reasonable efforts to obtain local or other financing to address the problem; or

ii. immediate and unexpected, not reasonably foreseen by the applicant.

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

c. 0 to 64 points will be awarded to Applications that do now show grant funds are needed to proceed with the project, for which other funds are available, or which meet few of the criteria in 2.a. (above).

3. APPROPRIATENESS - Maximum 125 points

100 to 125 points to projects that meet each of the following criteria;
80 to 99 points to those that meet 6 of 7;
60 to 79 points to those that meet 5 of 7;
40 to 59 points to those that meet 4 of 7;
0 to 39 points to those that meet fewer than 4 of the 7 criteria.

a. the project would address the best immediate solution to the problem;

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

c. the project would meet all federal and state requirements and standards;

d. the project appears to be cost effective considering the number of people to benefit versus the cost as compared to other projects;

e. cost estimates appear to be reasonable and are well documented;

f. project appears ready to proceed in a timely manner, with construction beginning in a 12-month period; and

g. applicant proposes to utilize an experienced and qualified administrator.

4. PERCENTAGE OF VL & LI IN THE PROJECT AREA - Maximum 100 points

One point for every percentage point of VL & LI population will be awarded.

5. VERY LOW AND LOW INCOME AND/OR TARGET GROUPS BENEFIT - Maximum 100 points

Two points for each percentage point above 50 percent to benefit will be awarded. Projects to assist exclusively VL & LI persons, including senior citizens, handicapped accessibility and removal of architectural barriers projects will receive 100 percent LMI benefit. Otherwise, VL & LI benefit will be determined from 2000 Census Data or from approved survey method results.

6. PROJECT TYPE - Maximum 100 points

Install water and/or sewer facilities and/or streets	100 points
Install storm sewer, flood and drainage facilities	100 points
Fire protection facilities	100 points
Ambulance projects	80 points
Other public facilities projects	50 points

7 TOTAL PER CAPITA COST - Maximum 100 points

$0 to $100	100 points
$101 to $300	90 points
$301 to $600	80 points
$601 +	70 points

8. CDBG COST PER VL & LI PERSON TO BENEFIT - Maximum 100 points

$ 250 and below	100 points
$ 251 to $ 500	80 points
$ 510 to $1,000	60 points
$1,001 to $1,500	40 points
$1,501 to $2,000	20 points
$2,001 and above	10 points

9. MATCHING FUNDS - Maximum 100 points

Applicants committing greater than required local match, as shown on page 3 of this document, will receive 4 points for each percentage point over the required match from 1 percent to 25 percent.

10. RECEIPT OF PUBLIC FACILITY CDBG FUNDS IN THE PAST - Maximum 100 points

No prior funding	100 points
5 year or more prior	80 points
within the past 4 years	60 points
within the past 3 years	40 points
within the past 2 years	20 points
within the past year	0 points

NOTE: Years are to be counted from (and including) the most recent year in which funds were awarded, up to (and including) the funding year immediately prior to the current year.

CDBG funds from any source (including disaster funds) are to be considered as prior funds received.

TOTAL POINTS POSSIBLE 1100
MINIMUM THRESHOLD 650

CDBG
HOUSING SCORE SHEET

1. NEED - Maximum 150 points

The committee will score each pre-application or full application on the basis of perceived need. 110 to 150 points will be awarded for high need, 60 to 109 points will be awarded to moderate need, and 0 to 59 points for low need.

The following criteria will be considered:

a. 110 to 150 points will be awarded to applications which:

- address an already demonstrated significant problem which clearly affects health and/or safety;

- address a significant problem which is likely to affect health and/or safety in the immediate future;

- address a situation in which all or the most critical services otherwise available cannot be provided because of architectural barriers or other physical impediments to the disabled.

b. 60 to 109 points will be awarded to applications which:

- address a potentially significant problem which could clearly and significantly affect health and/or safety, but the likelihood or immediacy is not clearly documented or apparent;

- address an immediate problem of health and/or safety but where no life threatening or serious health and/or safety problems can be anticipated;

- address a situation in which services to the handicapped can be provided, but not fully or only with major inconvenience and/or additional costs.

c. 0 to 59 points will be awarded to applications which:

- have not clearly shown that immediate or serious health and/or safety problems exist;

- have not shown that services to the disabled cannot be provided with any more than minor inconvenience and/or costs.

2. COMMITMENT - Maximum 100 points

The committee will score each application on the basis of perceived commitment. 75 to 100 points will be awarded for high commitment, 40 to 74 points for moderate commitment, and 0 to 39 points for low commitment. The following criteria will be considered:

a. 75 to 100 points will be awarded to projects that demonstrate the applicant is asking for the minimum amount of grant funds and is, therefore, providing the maximum amount of local match funds. This can be shown by documenting all of the following:

1. project cannot proceed without the requested funds;

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

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

4. the problem is:

   i. long standing or existing but the applicant has made all reasonable efforts to obtain local or other financing to address the problem; or

   ii. immediate and unexpected, not reasonably foreseen by the applicant.

b. 40 to 74 points will be awarded to applications which show grant funds are needed to proceed with the project and which meet most, but not all, of the criteria in 2.a. (above).

c. 0 to 39 points will be awarded to applications that do now show grant funds are needed to proceed with the project, for which other funds are available, or which meet few of the criteria in 2.a.

3. APPROPRIATENESS - Maximum 100 points

The committee will score each application on the basis of perceived appropriateness. 75 to 100 points will be awarded for high appropriateness, 40 to 74 points will be awarded for moderate appropriateness, and 0 to 39 points will be awarded for low appropriateness, using the following criteria:

a. 75 to 100 points will be awarded to projects that show the applicant has met substantially all the following criteria:

   1. the project would address the best immediate solution to the problem;

   2. the project would provide the best long-term solution to the problem;

   3. the project would meet all federal and state requirements and standards;

   4. the project appears to be cost effective considering the number of people to benefit and the degree of benefit versus the costs as compared to other projects;

   5. project appears ready to proceed in a timely manner; and,

   6. applicant proposes to utilize an experienced and qualified administrator.

b. 40 to 74 points will be awarded to applications which substantially meet most of the above criteria and no major concerns are apparent with those criteria it does not clearly meet.

c. 0 to 39 points will be awarded to projects which meet few of the above criteria, or which meet most of the criteria but one or more major concerns are apparent which could affect the appropriateness.

4. PROPOSED NUMBER OF HOMES TO BE REHABILITATED/DEVELOPED
70 points maximum

30 & over	70 points
21 - 29	56 points
16 - 20	42 points
11 - 15	28 points
6 - 10	14 points
1 - 5	7 points

5. TYPES OF HOUSEHOLDS TO RECEIVE DIRECT BENEFIT FROM THE PROJECT: 175 points maximum

Elderly (Greater than 25% of all households)	35 points
Handicapped (Greater than 25%)	35 points
Female Head of Household (Greater than 25%)	35 points
Children under 18 (Greater than 25%)	35 points
Minority (Greater than 25%)	35 points

6. PERCENT OF VERY LOW INCOME HOUSEHOLDS TO BENEFIT: 90 points maximum

100%	90 points
90% - 99%	63 points
70% - 89%	35 points
30% - 69%	14 points
1% - 29%	7 points

7. OTHER FUNDING SOURCES: 35 points maximum

Over 20% of total project cost	35 points
15.1% - 20%	28 points
10.1% - 15%	21 points
5.1% - 10%	14 points
1% - 5%	7 points
No other funding sources	0 points

TOTAL POINTS POSSIBLE 720
MINIMUM THRESHOLD 460

North Dakota
DEPARTMENT OF COMMERCE

2012

REGION V

LAKE AGASSIZ REGIONAL COUNCIL

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EQUAL HOUSING OPPORTUNITY

ALTERNATIVE FORMATS FOR DISABLED PERSONS ARE AVAILABLE UPON REQUEST

ALLOCATION OF FUNDS

The Lake Agassiz Regional Council will be allocated $262,492 in FY 2012. This amount will be distributed among eligible projects and programs of activities in the following manner:

Public Facilities (LI AND VLI Benefit)		$237,492
Public Facilities (Urgent Need)		0
Housing Rehabilitation*		0
Removal of Architectural Barriers	25,000	
Community Development Loan Fund**	0	
Planning Activities***		No Set-Aside
Emergency Public Facilities		No Set-Aside
Total		$262,492

* Although there is no set-aside for housing rehabilitation projects, preapplications will be accepted. Should the board recommend a housing rehabilitation project for funding, funds may be transferred from other categories, provided that funds are available.

** The Community Development Loan Fund is supplemented by repayments to the State Revolving Loan Fund.

*** A Notice of Fund Availability will be sent to cities and counties in the region should funds be available for planning activities beginning June 1, 2012.

EMERGENCY PUBLIC FACILITY APPLICATIONS

In the event of a public facility emergency not addressed with the Urgent Need Set-aside, funding may be obtained by assigning any unallocated public facility funds or funds returned or transferred from other emphasis areas, including economic development, at the discretion of the Lake Agassiz Regional Council Board. The funding recommendation will then be submitted to DCS for concurrence. The board will recommend funds based on documentation of the emergency and evidence that CDBG funds are required to assist in remedying the problem. The public facilities scoring process will be waived for emergency applications.

ELIGIBLE ACTIVITIES

All activities listed as eligible in the North Dakota Community Development Block Grant Program Distribution Statement are eligible in the Lake Agassiz Regional Council Community Development Block Grant Program Distribution Statement. A copy of the North Dakota Community Development Block Grant Program Distribution Statement may be obtained by contacting the Lake Agassiz Regional Council, 417 Main Avenue, Fargo, ND 58103, telephone (701) 235-1197 or the ND Division of Community Services, Century Center, 1600 East Century Ave., Suite 2, Bismarck, ND 58502-2057, telephone (701) 328-5300.

CONFLICT OF INTEREST

All officers, directors, delegates, council members, committee members and staff members of Lake Agassiz Regional Council and its component committees shall avoid conflict, whether real or perceived, between individual, professional or business interests and the interests and decision-making capacity of the Council.

In the event that any officer, director, delegate, council member, committee member or staff member has any direct or indirect interest or any direct or indirect relationship with any individual or organization which proposes to enter into any transaction with the Council or its component committees, such person shall give notice of such interest or relationship to the Council and shall thereafter refrain from discussing or voting on the transaction in which he or she has an interest and from otherwise exerting influence in any way on the Council or its components to affect a decision to participate or not to participate in such a transaction.

TRANSFERS WITHOUT NOTICE

After scoring and ranking has taken place, transfers of $20,000 or less may be made among funding categories without public notice and will be limited to two transfers per fiscal year. The DCS will be notified in writing within 10 days of a Board decision to transfer funds. Minutes of the board decision will accompany the notification.

IMPLEMENTATION SCHEDULE

Public Facilities, Housing and Removal of Architectural Barriers:

January 20, 2012	Pre-applications for Public Facilities (LI AND VLI Benefit), Public Facilities (Urgent Need), Housing Rehabilitation, Other Housing Projects and Removal of Architectural Barriers Projects due at Lake Agassiz Regional Council Office
February 17, 2012	Scoring Review and Recommendations for Funding by Lake Agassiz Regional Council Board of Directors
February 20, 2012	Written Notice to Communities of Recommendations for Funding
March 15, 2013	Final Date for completion of Full Applications and Submittal to DCS for Final Approval

Community Development Loan Fund:

Applications are accepted at any time.

Planning Activities:

June 1, 2012 through February, 28, 2013	Pre-applications accepted, reviewed, scored and recommended for funding throughout this period, pending availability of funds
March 15, 2013	Final Date for completion of Full Applications and Submittal to DCS for Final Approval

SUBMISSION REQUIREMENTS AND SELECTION PROCESS

Housing Rehabilitation

Housing Rehabilitation activities include the rehabilitation of existing structures occupied (owned or rented) by low and very low-income households.

Submission Process - Housing Rehabilitation

1. Obtain and complete a CDBG FY 2012 Pre-Application form mailed to all communities and counties in Region V and also available from the office of the Lake Agassiz Regional Council, 417 Main Avenue, Fargo, ND 58103, telephone: (701) 235-1197 or online at www.lakeagassiz.com. *(click on "Community Development Block Grant")*

2. **January 20, 2012** – Due date for pre-applications and all required supplementary information. Pre-applications must be received in LARC offices by 5:00 p.m. Applications submitted via e-mail or fax must be followed by signed original copies.

3. **January 23, 2012 – February 11, 2012 -** LARC staff determines eligibility, reviews and scores pre-applications.

4. **February 17, 2012** – LARC Board of Directors convenes to review staff scoring, hear project presentations, rank need for each project and develop funding recommendations.

5. **February 20, 2012** – LARC staff notifies applicants of recommendations for funding.

6. **March 15, 2013** – Final date for completion of full applications and submittal to the Division of Community Services.

Selection Process - Housing Rehabilitation (550 points maximum)

The Lake Agassiz Regional Council Staff will assign points to housing rehabilitation projects in the following manner (maximum 350 points):

1. Proposed number of households to be assisted with project funds.

More than 15	100 points
10-15	75 points
Under 10	50 points

2. Percentage of housing units in the community built prior to 1939, according to the most recent Census data available at the time of the pre-application.

50% or more	50 points
40 - 49.9%	40 points
30 - 39.9%	30 points
20 - 29.9%	20 points
< 20%	10 points

3. What activities does the community undertake to encourage housing maintenance and improvement?

Enforcement of Building Code	25 points
Community Clean-Up/Fix-Up	25 points
Enforcement of Nuisance Ordinance	25 points
Prior Housing Rehabilitation Program	25 points

4. Are there employment opportunities within the community or within a reasonable commuting radius of the community, which have created a demand for additional and/or upgraded housing as measured by local vacancy rates?

Yes, within the community	50 points
Yes, within commuting distance	25 points
No	0 points

5. Percentage of VLI households assisted by the project

>50%	50 points
25-50%	25 points
<25%	10 points

The LARC Board of Directors will assign up to 200 points for the perceived need of each project in the following manner:

Each housing rehabilitation applicant will be invited to present a 5-10 minute summary of its project including a description of the need for rehabilitation, current local efforts to upgrade housing, growth of the community, if applicable, and a general description of beneficiaries (e.g. low-income households, elderly, female heads of households, etc.). After all presentations have been heard, each board member will assign need points to each project in increments of 40 points, with 200 points the highest score and 40 points the lowest. Projects may be placed anywhere along the scale, and no two applicants may receive the same score. The need points of each project will be added together and averaged to arrive at a final need score.

The score for the need criterion will then be added to the objective score to arrive at a final score.

A tie score will be broken by written ballot of the Board. The Board will be polled, with the Chairman abstaining from the vote. If a tie again results, the Chairman will cast the deciding vote.

Projects will be displayed in rank order. Projects must attain a minimum of score of 310 points in order to receive funding. Projects that receive the minimum score or higher will be funded in full, plus applicable administrative costs. Should funds be insufficient to fund any application in full, the board may:

1. Offer the remaining funds in the allocation to the applicant; if the applicant declines the offer, the board will offer the remaining funds to the next eligible applicant in rank order;

2. Transfer unobligated funds from other categories and offer awards as described above;

3. Transfer funds to any other category, including economic development, for immediate or later distribution; or

4. Any combination of the above.

Should there be no set-aside for housing in a particular year, qualified housing applications may be funded in full or in part only if funds are available in other categories after projects in those categories have been ranked and recommended for funding.

Preapplications recommended for funding will be invited to submit full applications. A full application must not deviate in general project scope, proportion of local match, if any, or implementation schedule as described in the pre-application. An applicant that has been invited to submit a full application may choose not to go forward with a full application, in which case the next highest ranked project, if any, will receive an invitation to submit a full application, subject to the size of the funding request and funds available.

Should the board reject a preapplication(s) when funds are clearly available in the Housing Rehabilitation category, it will provide a written explanation to the preapplicant and the DCS.

Several alternatives will be considered by the Board for redistribution of funds turned back from funded projects for reasons such as cost under-runs or the inability to use all allocated funds (such as in special assessment type projects).

1. Prior to February 28, 2013 funds may be:

    - Offered to current year unfunded Housing Rehabilitation applicants in rank order.
    - Transferred to Public Facilities – LI and VLI Benefit Activities and offered to current year applicants in rank order.
    - Transferred to Public Facilities – Urgent Need and offered to current year unfunded applicants in rank order
    - Transferred to Public Facilities – Urgent Need and offered to current year unfunded applicants in rank order
    - Transferred to Removal of Architectural Barriers and offered to current year unfunded applicants in rank order.
    - Transferred to a previously funded project in any category that demonstrates a need for additional funding.
    - Held for emergency applications up to February 28, 2013.
    - Transferred to the Community Development Loan Fund.

Should no applications for Housing Rehabilitation be received, the Board may transfer housing set-aside funds to any of the other categories, including the Community Development Loan Fund at the February 17, 2012 scoring and ranking meeting.

Public Facilities –LI and VLI Benefit Activities

Definition: Projects that benefit low-income and very low-income households, as defined by HUD, through direct payment of special assessments to such households or by the reduction of overall project costs in a benefiting area that is comprised of a total population that is at least 51% low-income and/or very low-income.

Submission Process – LI and VLI Benefit Activities

1. Obtain and complete a CDBG FY 2012 Pre-Application form mailed to all communities and counties in Region V and also available from the office of the Lake Agassiz Regional Council, 417 Main Avenue, Fargo, ND 58103, telephone: (701) 235-1197 or online at www.lakeagassiz.com. *(click on "Community Development Block Grant")*

2. **January 20, 2012** – Due date for pre-applications and all required supplementary information. Pre-applications must be received in LARC offices by 5:00 p.m. Applications submitted via e-mail or fax must be followed by signed original copies.

3. **January 23, 2012 – February 11, 2012 -** LARC staff determines eligibility, reviews and scores pre-applications.

4. **February 17, 2012** – LARC Board of Directors convenes to review staff scoring, hear project presentations, rank need for each project and develop funding recommendations.

5. **February 20, 2012** – LARC staff notifies applicants of recommendations for funding.

6. **March 15, 2013** – Final date for completion of full applications and submittal to the Division of Community Services

Selection Process – LI and VLI Benefit Activities (780 points maximum)

The Lake Agassiz Regional Council staff will assign points to Public Facilities – LI and VLI Benefit pre-applications in the following manner (Maximum 500 points):

1. Project type (projects cannot include deferred maintenance activities)

Water System Expansion Activities (including but not limited to development of or access to new source, new water reservoir construction that increases capacity, water treatment plant expansion)	150 points
Sanitary Sewer System Expansion Activities (including but not limited to lagoon cell construction or expansion that increases treatment capacity, lift station rehabilitation or new construction that increases capacity, expansion of sanitary sewer distribution system)	150 points
Sanitary Sewer System Rehabilitation Activities (including but not limited to sewer main replacement or relining, lift station rehabilitation or replacement that does not increase capacity, lagoon repair or replacement that does not increase capacity)	125 points

Flood Mitigation and Protection (including surface drainage improvement, storm sewer main improvement or expansion, storm sewer lift station rehabilitation or expansion, dike construction)	125 points
Water System Rehabilitation Activities (including but not limited to watermain replacement, water treatment plant rehabilitation, water reservoir replacement that does not increase capacity)	125 points
Fire Protection Activities	80 points
Community Center Activities	70 points
Other CDBG Eligible Activities	60 points

2. Very low-income and low-income benefit of project

100.0%	100 points
51.0% to 99.9%	90 points
Under 51.0%	Not Eligible

3. Project matching funds

Assign 3 points for each percentage of total project costs paid from local or other sources	150 points max.

4. Number of prior unsuccessful pre-applications for this project.

Two or more	50 points
One	25 points
None	0 points

5. Number of successful CDBG Public Facilities applications for other projects within the past five years:

None	*50 points*
One	25 points
Two or more	0 points

The LARC Board of Directors will assign up to 280 points for the perceived need of each project. In determining need for a project, the board may take into account a number of factors including an applicant's water and sewer rates, mill levy, bonded indebtedness and level of reserve funds. The board will assign the need in the following manner:

Each public facilities applicant will be invited to present a 5-10 minute summary of its project including a description of the problem, the severity of the problem, the local capacity to fund the project, current rates (as applicable) and benefit to the community. After all presentations have been heard, each board member will assign need points to each project in increments of 40 points, with 280 points the highest score and 40 points the lowest. Projects may be placed anywhere along the scale, and no two applicants may receive the same score. The need points of each project will be added together and averaged to arrive at a final need score.

The score for the need criterion will then be added to the objective score to arrive at a final score.

A tie score will be broken by written ballot of the Board. The Board will be polled, with the Chairman abstaining from the vote. If a tie again results, the Chairman will cast the deciding vote.

Projects will be displayed in rank order. Projects must attain a minimum score of 450 points in order to receive funding. Projects that receive the minimum score or higher, will be funded in rank order in full, plus applicable administrative costs, Should funds be insufficient to fund any application in full, the board may:

1. Offer the remaining funds in the allocation to the applicant; if the applicant declines the offer, the board will offer the remaining funds to the next eligible applicant in rank order;

2. Transfer unobligated funds from other categories and offer awards as described above;

3. Transfer funds to any other category, including economic development, for immediate or later distribution; or

4. Any combination of the above.

Pre-applications recommended for funding will be invited to submit full applications. Full applications must not deviate in general project scope, proportion of matching funds commitments or planned implementation schedule as identified in the respective pre-applications. An applicant which has been invited to submit a full application may choose not to go forward with a full application, in which case the next highest ranked project, if any, will receive an invitation to submit a full application, subject to the size of the funding request and funds available.

Several alternatives will be considered by the Board for redistribution of funds turned back from funded projects for reasons such as cost under-runs or the inability to use all allocated funds (such as in special assessment type projects).

Prior to February 28, 2013 funds may be:

- Offered to current year unfunded LI and VLI applicants in rank order.

- Transferred to Public Facilities – Urgent Need and offered to current year unfunded applicants in rank order

- Transferred to Removal of Architectural Barriers and offered to current year unfunded applicants in rank order.

- Transferred to Housing Rehabilitation and offered to current year unfunded applicants in rank order.

- Transferred to a previously funded project in any category that demonstrates a need for additional funding.

- Held for emergency applications up to February 28, 2013.

- Transferred to the Community Development Loan Fund.

Public Facilities – Urgent Need Activities

Definition – Upon local certification, an activity that is designed to alleviate existing condition(s) which pose a serious and immediate threat to the health or welfare of the community, which are of recent origin or which recently became urgent, which the applicant is unable to finance on its own and for which other sources of financing are not available. A problem is considered to be of recent origin if it developed or became urgent within the 18 months preceding the Urgent Need Certification by the unit of general local government.

Submission Process – Urgent Need

1. Obtain and complete a CDBG FY 2012 Pre-Application form mailed to all communities and counties in Region V and also available from the office of the Lake Agassiz Regional Council, 417 Main Avenue, Fargo, ND 58103, telephone: (701) 235-1197 or online at www.lakeagassiz.com. *(click on "Community Development Block Grant")*

2. **January 20, 2012** – Due date for pre-applications and all required supplementary information. Pre-applications must be received in LARC offices by 5:00 p.m. Applications submitted via e-mail or fax must be followed by signed original copies.

3. **January 23, 2012 – February 11, 2012 -** LARC staff determines eligibility, reviews and scores pre-applications.

4. **February 17, 2012**– LARC Board of Directors convenes to review staff scoring, hear project presentations, rank need for each project and develop funding recommendations.

5. **February 20, 2012** – LARC staff notifies applicants of recommendations for funding.

6. **March 15, 2013** – Final date for completion of full applications and submittal to the Division of Community Services.

Selection Process – Urgent Need (550 points maximum)

The Lake Agassiz Regional Council staff will assign points to Public Facilities – Urgent Need pre-applications in the following manner (Maximum 350 points):

1. Project appears to meet the definition of Urgent Need as described above

Clearly meets definition	100 points
May meet definition	50 points

2. Proposed project involves a construction activity that will remedy the identified problem.

Project will completely remedy the problem	100 points
Project will partially remedy the problem	50 points

3. Project matching funds

Assign 3 points for each percentage of total project cost paid from local or other sources.	150 points max.

The LARC Board of Directors will assign up to 200 points for the perceived need of each project. In determining need for a project, the board may take into account a number of factors including an applicant's water and sewer rates, mill levy, bonded indebtedness and level of reserve funds. The board will assign the need in the following manner:

> Each Public Facilities – Urgent Need applicant will be invited to present a 5-10 minute summary of its project including a description and discussion of the severity of the problem, including the immediate threat to health and welfare of the community, the local capacity to fund the project and benefit to the community. After all presentations have been heard, each board member will assign need points to each project in increments of 40 points, with 200 points the highest score and 40 points the lowest. Projects may be placed anywhere along the scale, and no two applicants may receive the same score. The need points of each project will be added together and averaged to arrive at a final need score.

The score for the need criterion will then be added to the objective score to arrive at a final score.

A tie score will be broken by written ballot of the Board. The Board will be polled, with the Chairman abstaining from the vote. If a tie again results, the Chairman will cast the deciding vote.

Projects will be displayed in rank order. Projects must attain a minimum of score of 295 points in order to receive funding. Projects that receive the minimum score or higher, will be funded in full plus applicable administrative costs. Should funds be insufficient to fund any application in full, the board may:

1. Offer the remaining funds in the allocation to the applicant; if the applicant declines the offer, the board will offer the remaining funds to the next eligible applicant in rank order;

2. Transfer unobligated funds from other categories and offer awards as described above;

3. Transfer funds to any other category, including economic development, for immediate or later distribution; or

4. Any combination of the above.

Should there be no set-aside for Public Facilities-Urgent Need in a particular year, qualified urgent need applications may be funded in full or in part only if funds are available in other categories after projects in those categories have been ranked and recommended for funding.

Pre-applications recommended for funding will be invited to submit full applications. Full applications must not deviate in general project scope, proportion of matching funds or planned implementation schedule as identified in the respective pre-applications. An applicant who has been invited to submit a full application may choose not to go forward with a full application, in which case the next highest ranked project will receive an invitation to submit a full application subject to the size of the request and availability of funds.

Should the board reject a preapplication(s) when funds are clearly available in the Public Facilities – Urgent Need category, it will provide a written explanation to the preapplicant and the DCS.

The Board will consider several alternatives for redistribution of funds turned back from funded projects for reasons such as cost under-runs or the inability to use all allocated funds.

Prior to February 28, 2013 funds may be:

- Offered to current year unfunded Urgent Need applicants in rank order.
- Transferred to Public Facilities – LI and VLI Benefit and offered to current year unfunded applicants in rank order.
- Transferred to Removal of Architectural Barriers and offered to current year unfunded applicants in rank order.
- Transferred to Housing Rehabilitation and offered to current year unfunded applicants in rank order.
- Transferred to a previously funded project in any category that demonstrates a need for additional funding.
- Held for emergency applications up to February 28, 2013.
- Transferred to the Community Development Loan Fund

Removal of Architectural Barriers (ROAB)

No application for projects with a total cost of less than $10,000 will be considered for funding.

Submission Requirements – Architectural Barriers

1. Obtain and complete a CDBG FY 2012 Pre-Application form mailed to all communities and counties in Region V and also available from the office of the Lake Agassiz Regional Council, 417 Main Avenue, Fargo, ND 58103, telephone: (701) 235-1197 or online at www.lakeagassiz.com. *(click on "Community Development Block Grant")*

2. **January 20, 2012** – Due date for pre-applications and all required supplementary information. Pre-applications must be received in LARC offices by 5:00 p.m. Applications submitted via e-mail or fax must be followed by signed original copies.

3. **January 23, 2012 – February 11, 2012 -** LARC staff determines eligibility, reviews and scores pre-applications.

4. **February 17, 2012** – LARC Board of Directors convenes to review staff scoring, hear project presentations, rank need for each project and develop funding recommendations.

5. **February 20, 2012** – LARC staff notifies applicants of recommendations for funding.

6. **March 15, 2013 –** Final date for completion of full applications and submittal to the Division of Community Services.

Selection Process – Architectural Barriers (550 points maximum)

The Lake Agassiz Regional Council staff will award points in the following manner: (Maximum 350 points)

1. Applicant has completed an ADA/504 Transition Plan

Yes	50 points
No	0 points

2. The project is a priority need identified in the applicant's ADA/504 Transition Plan (submitted with the pre-application or on file at LARC).

Yes	50 points
No	25 points
No Transition Plan	0 points

3. Matching Funds:

75% or more of total project costs	150 points
50-74% of total project costs	100 points
25-49% of total project costs	50 points
< 25% of total project costs	25 points

4. The project will affect a public structure that is frequently used by the public (for example, courthouse, city hall, public polling place, library)

Yes	100 points
No	0 points

The LARC Board of Directors will assign up to 200 points for the perceived need of each project in the following manner:

Each removal of architectural barriers applicant will be invited to present a 5-10 minute summary of its project including a description of the work to be done, the applicant's prior efforts to accomplish ADA compliance and the local capacity to fund the project.

After all presentations have been heard, each board member will assign need points to each project in increments of 40 points, with 200 points the highest score and 40 points the lowest. Projects may be placed anywhere along the scale, and no two applicants may receive the same score. The need points of each project will be added together and averaged to arrive at a final need score.

The score for the need criterion will then be added to the objective score to arrive at a final score.

A tie score will be broken by written ballot. The Board will be polled, with the Chairman abstaining from the vote. If a tie again results, the Chairman will cast the deciding vote.

Projects will be displayed in rank order. Projects must attain a minimum of score of 320 points in order to receive funding. Projects that receive the minimum score or higher will be funded in rank order in full, plus applicable administrative costs. Should funds be insufficient to fund any application in full, the board may:

1. Offer the remaining funds in the allocation to the applicant; if the applicant declines the offer, the board will offer the remaining funds to the next eligible applicant in rank order;

2. Transfer unobligated funds from other categories and offer awards as described above;

3. Transfer funds to any other category, including economic development, for immediate or later distribution; or

4. Any combination of the above.

Should there be no set-aside for ROAB in a particular year, qualified ROAB applications may be funded in full or in part only if funds are available in other categories after projects in those categories have been ranked and recommended for funding.

Preapplications recommended for funding will be invited to submit full applications. Full applications must not deviate in general project scope, proportion of local match or implementation schedule, as identified in the pre-application. An applicant who has been invited to submit a full application may choose not to go forward with a full application, in which case the next highest ranked project, if any, will receive an invitation to submit a full application, subject to the size of the funding request and funds available.

Should the board reject a preapplication(s) when funds are clearly available in Removal of Architectural Barriers category, it will provide a written explanation to the preapplicant and the DCS.

The following alternatives will be considered by the Board for redistribution of funds turned back from funded projects for reasons such as cost under-runs or the inability to use all allocated funds.

Prior to February 28, 2013 funds may be:

- Offered to current year unfunded Removal of Architectural Barriers applicants in rank order.

- Transferred to Public Facilities – LI and VLI Benefit and offered to current year unfunded applicants in rank order.

- Transferred to Public Facilities – Urgent Need and offered to current year unfunded applicants in rank order.

- Transferred to Housing Rehabilitation and offered to current year unfunded applicants in rank order.

- Transferred to a previously funded project in any category that demonstrates a need for additional funding.

- Held for emergency applications up to February 28, 2013.

- Transferred to the Community Development Loan Fund

Community Development Loan Fund (CDLF)

The Community Development Loan Fund consists of (1) FY 2012 funds set-aside for loans and equity investments in for-profit businesses and (2) funds repaid to DCS from loans and equity investments made in prior fiscal years. These funds are federal funds.

Four types of activities are eligible for funding through the Community Development Loan Fund: 1) direct loans or equity investments in for-profit businesses including loans for fixed assets and inventory; 2) loans to non-profit corporations which operate business enterprises or which serve as an avenue through which assistance is provided to for-profit businesses; 3) loans to for-profit businesses for development of infrastructure owned and maintained by the for-profit entity and 4) grants for the development of municipally owned infrastructure which directly serves new or expanding for-profit businesses.

Submission Process and Requirements to CDLF for Loans and Equity Investments

1. An Applicant (the business to be assisted) submits a full application that consists of a complete business plan *(LARC may provide a format)* and supplementary information including, but not limited to historical financial statements of the business, 3 years of business tax returns, as applicable, 3 years of personal tax returns of the principals, financial pro formas, including cash flow statements, income statements and balance sheets, a description of the project, anticipated use of funds, other sources of financing including owner equity and a projection of jobs to be created and/or retained as a result of the project. Applicant must also demonstrate that all other sources of funds are committed to the project, contingent upon CDLF funding.

2. The sponsoring jurisdiction (a city or county) passes a resolution of sponsorship and holds a public hearing on the request for CDLF funds.

3. LARC staff prepares a credit analysis and a recommendation to the LARC Loan Committee[1] based upon the following factors:

    a. Need for Community Development Loan Fund Program assistance and appropriateness of the proposed use of funds;

    b. Cash flow and the ability to meet debt service requirements;

    c. Strength of the balance sheet and profit and loss statement (existing businesses);

[1] The LARC Loan Committee membership is comprised of one LARC Board Member from each of the Lake Agassiz Region's six counties and any other LARC board members who demonstrate an interest in the work of the Committee. The Committee currently has seven members.

d. Reasonableness and credibility of pro forma financial statements (existing and new businesses);

e. Financial strength of principals;

f. Appropriateness of the proposed terms of the Community Development Loan Fund request;

g. Management strength and expertise;

h. Past performance of the firm or principal(s);

i. Other sources or lack of other sources of funding;

j. Marketing; and

k. Cost per job based on the amount of Community Development Loan Funds requested.

l. Community benefit.

4. The LARC Loan Committee reviews the credit analysis and staff recommendation.

5. The LARC Loan Committee review may result in any of the following actions:

   a. The committee may approve funding as recommended;

   b. The committee may approve funding with conditions;

   c. The committee may ask the business to restructure its financial package for reconsideration; or

   d. The committee may recommend that the application not be funded and not be allowed to restructure its financial package for further consideration.

6. Upon approval by the LARC Loan Committee, the application materials, business plan and accompanying documentation, staff review and loan committee recommendation and minutes are submitted to DCS for final approval.

<u>Submission Process and Requirements to CDLF for Infrastructure Grants to Local Units of Government</u>

1. LARC staff determines that a proposal for infrastructure improvement will meet the job creation and community benefit objectives of the Community Development Loan Fund and that the project will qualify for grant assistance.

2. Applicant jurisdiction (city or county) completes and submits a full application for a CDLF Infrastructure Grant *(with assistance from LARC staff, if needed)* that includes all of the following items:

    a. CDBG public facilities application form;

    b. Preliminary engineering report;

    c. Staff review;

    d. Assessment(s) of benefiting company(ies);

    e. Business plan(s) of benefiting company(ies) including 3 years historical financial statements and pro forma financial projections, as applicable.

    f. Letter(s) of commitment from benefiting company(ies);

    g. Job creation and retention form for each benefiting company;

    h. Hiring plan for each benefiting company;

    i. Business assessment of beneficiary (Attachment B) for each benefiting company.

3. The sponsoring jurisdiction (a city or county) passes a resolution of sponsorship and holds a public hearing on the request for CDLF funds.

4. LARC staff prepares a written recommendation to the LARC Loan Committee. The Loan Committee makes a funding recommendation based on the information contained in the application, including the job creation and public benefit aspects of the project, the amount of the local share and the staff recommendation.

5. Upon approval by the LARC Loan Committee, the application materials, business plan and accompanying documentation, staff review and loan committee recommendation are submitted to DCS for final approval.

Planning Activities

Definition: Eligible activities relating to the establishment of strategic plans, comprehensive plans, capital improvement plans. Applicants must meet one of the three national objectives:

- Benefit to low and very low income persons
- Elimination of slum and blight
- Urgent need.

Submission Process – Planning Activities

1. Obtain and complete a CDBG FY 2012 Pre-application form mailed to all communities and counties in the Region and also available from the office of the Lake Agassiz Regional Council, 417 Main Avenue, Fargo, ND 58103, telephone: (701) 235-1197 or online at www.lakeagassiz.com.

2. **June 1, 2012 - January 31, 2013** – Submission period for pre-applications and all required supplementary information, subject to the availability funds. LARC will notify cities and counties on June 1 and from time to time throughout this period of the availability of funds for planning activities.

3. **June 1, 2012 through February 28, 2013** – Subject to the availability of funds, LARC staff determines eligibility, reviews and scores pre-applications. The LARC Board of Directors ranks need and develops funding recommendations.

4. **March 15, 2013** – Final date for completion of full applications and submittal to the Division of Community Services.

Selection Process (100 points maximum)

1. Applicant provides a well-reasoned basis for the proposed planning activity and an explanation of the anticipated outcome.

Yes	25 points
No	10 points

2. Matching Funds

>75%	25 points
51-74%	15 points
26 – 50%	5 points
25% or under	0 points

3. LI/VLI Benefit

51% and over	25 points
<51%	20 points (must meet national objective of elimination of slum and blight or urgent need)

4. Proposal clearly describes the steps involved in the planning process, the local resources required, proposed coordinating or steering committee, plan for public involvement, implementation process and procedure for self-evaluation.

Good	25 points
Adequate	15 points
Poor	5 points

Proposals will be ranked according to the point schedule above from which the LARC Board will develop funding recommendations.

LIST OF ABBREVIATIONS

ADA – Americans with Disabilities Act

CDBG – Community Development Block Grant

CDLF *– Community Development Loan Fund*

DCS – Division of Community Services

LARC – Lake Agassiz Regional Council

LI – Low-income

ROAB – Removal of Architectural Barriers

VLI – Very low-income

North Dakota
DEPARTMENT OF COMMERCE

2012

REGION VI

SOUTH CENTRAL REGIONAL COUNCIL

120 Second Avenue Southeast
PO Box 903
Jamestown, ND 58402-0903
Phone: 701-952-8060
Fax: 701-952-4930
Email: help@scdrc.org
TTY: 800-366-6888
ND Relay Voice: 800-366-6889

EQUAL HOUSING OPPORTUNITY

ALTERNATIVE FORMATS FOR DISABLED PERSONS ARE AVAILABLE UPON REQUEST

SOUTH CENTRAL DAKOTA REGIONAL COUNCIL

South Central Dakota Regional Council is a nine-county, voluntary association of governments. The Regional Council provides assistance in community, physical, and economic development to cities and counties in Barnes, Dickey, Foster, Griggs, LaMoure, Logan, McIntosh, Stutsman, and Wells counties in south central North Dakota.

The members of the Regional Council include 26 representatives from the nine county area. **Membership is designed to give broad representation of governmental and economic interest.** The members consist of one mayor and one county commissioner from each of the nine counties. In addition, there are two members representing urban communities with populations over 5,000 – Jamestown and Valley City, along with economic developers, private sector representatives and Soil Conservation District representatives.

IMPLEMENTATION SCHEDULE

Public Facilities/Housing/Planning

Friday, February 10, 2012	Deadline for Pre-application submission. The original application must be received by our office on or before February 10, 2012.
On or about Wednesday, March 7, 2012	Pre-applications will be reviewed, ranked, and recommended grant amounts determined. Applicants will meet with Public Facilities/Housing/Planning (PF/H/P) Committee members to present project and answer questions.
Friday, September 28, 2012	Final applications are due to the Regional Council. The original application must be received in the Regional Council office on or before September 28, 2012.

Economic Development/Emergency

No Deadline	Applications for economic development and emergency funds will be accepted at any time.

ALLOCATION OF FUNDS

The following estimated amounts have been established for the 2012 program year.

2012 Total Estimated Amount Available for Distribution	**$262,492**
Public Facilities	**100%**
Housing	**0**
Planning	**0**
Economic Development and Emergency	**0**
Total	**$262,492**

Economic Development projects will be funded with the State Revolving Loan Fund.

AWARD PROCESS FOR
PUBLIC FACILITIES/HOUSING/PLANNING

The South Central Dakota Regional Council Board of Directors will appoint a committee to review, score, and recommend projects for funding at its January 2012 quarterly full board meeting. The committee will consist of one representative from each of the member counties the Regional Council serves.

After the Public Facility/Housing/Planning (PF/H/P) Committee meets on or about March 7, 2012, decisions including transfers from one allocation to another will be made by and at the Board of Directors quarterly meetings. However, in the event a more timely decision needs to be made, the Executive Director and the President of the Regional Council Board have been authorized by the full board to make any necessary decisions. In case of a conflict of interest by the Executive Director and/or President, the decision will be made by three (3) other PF/H/P Committee Members. The Economic Development allocation, to be called the Community Development Loan Fund (CDLF), is under the authority of the Regional Council's Economic Loan Committee. The PF/H/P Committee will meet again only if the Regional Council requested a second round of PF/H/P grant proposals.

To be eligible for a grant, the entity applying must have 51% or more very low- to low-income (VL & LI) people as per 2000 Census data. If your entity does not qualify, you can challenge the census data by conducting a survey. If your entity has less than 51% VL & LI families the project may be eligible under special assessment. Please contact the Regional Council for census data information assistance (701) 952-8060. This applies to Public Facilities and Planning; Housing is a direct benefit activity.

Review process for public facilities, housing and planning:

1. Regional Council staff will review all Pre-applications for eligibility (as described in the State Action Plan) and completeness, noting any questions.

2. Pre-applications will be submitted to PF/H/P Committee members for review prior to the PF/H/P Committee meeting.

3. Applicants are invited to attend the March 7, 2012, PF/H/P Committee meeting in order to make a presentation, answer questions, and provide clarification. Each applicant will be allowed approximately 15 minutes for a presentation and questions from PF/H/P Committee members and Regional Council staff.

4. After all presentations are complete; the PF/H/P Committee will discuss the projects and their merits.

5. After the applications have been reviewed and discussed, the PF/H/P Committee members will individually score them utilizing the scoring criteria contained to this document.

6. After the scores have been added and the rankings determined, the committee will recommend an amount to award each project according to ranking. The committee reserves the right to adjust the amount awarded to the projects during this process. If there are no projects presented or scored above the minimum, the committee can move allocated funds from that section to another area on or about March 7, 2012.

7. In the event of a scoring tie, the PF/H/P Committee will determine the funding sequence by means of a written ballot.

8. Each applicant will be informed of the proposed disposition of its application. Applicants awarded funding must provide the information, assurances, and documentation necessary to show compliance with State and Federal guidelines. This is accomplished by completing a Full Application.

   The Full Application requires information necessary to determine if the project is in compliance with all federal and state requirements. The Division of Community Services (DCS) will review Full Applications for such compliance and prepare the final financial award.

Public Facility Grants

Eligible activities as described in the State Program Distribution Statement to include infrastructure, public safety and removal of architectural barriers. Public facility projects which include removal of architectural barriers projects should be designed to benefit a high percentage of very low and low income (VL& LI) persons, including such groups as the elderly and disabled.

A local commitment, including a cash match, is required for public facilities. Some or all of the local match will be used for CDBG grant administration of up to 10 percent of CDBG funds awarded with a minimum of $1,000 for administration. If a jurisdiction has no local funds for grant administration, the funds will come out of CDBG. The higher the local commitment, the greater the points. See the scoring sections for commitment and matching funds for points awarded.

An engineer/architect report is to be included in the public facilities Pre-application. The engineer/architect report provides information helpful in determining the project's appropriateness and cost effectiveness. An Engineer/Architect is necessary if the building project is over $50,000

The maximum score that can be received is 1,100 points. The minimum threshold score required for funding is 650 points. The PF/H/P Committee reserves the right to decrease the minimum score, as needed depending on the scores of the applications received. If an adjustment is made, all applicants will be notified.

PUBLIC FACILITIES SCORING AND RANKING CRITERIA

1. NEED - Maximum 150 points

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

a. 120 to 150 points will be awarded to applications which:

- address an already demonstrated significant problem which clearly affects health, and/or safety of the community or a targeted VL&LI group within the community;
- address a situation in which all or the most critical services otherwise available cannot be provided because of architectural barriers or other physical impediments to the disabled.

b. 90 to 120 points will be awarded to applications which:

- address a significant problem which is likely to affect health, and/or safety of a community or targeted VL&LI group within a community in the immediate future.
- address a situation in which services to the handicapped can be provided, but not fully, or only with major inconvenience and/or additional costs.

c. 60 to 90 points will be awarded to applications which:

- address a problem which could significantly affect health and/or safety of the community, or a targeted VL&LI group within the community, but the likelihood or immediacy is not clearly documented or apparent.
- have not shown that services to the disabled cannot be provided with any more than minor inconvenience and/or costs.

d. 0 to 59 points will be awarded to applications which:

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

2. COMMITMENT - Maximum 125 points

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

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

1) project cannot proceed without the requested funds;

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

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

4) the problem is:

   i. long standing or existing but the applicant has made all reasonable efforts to obtain local or other financing to address the problem; or

   ii. immediate and unexpected, not reasonably foreseen by the applicant.

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

c. 0 to 64 points will be awarded to applications that do now show grant funds are needed to proceed with the project, for which other funds are available, or which meet few of the criteria in 2.a. (above)

3. APPROPRIATENESS - Maximum 125 points

100 to 125 points to projects that meet each of the following criteria;
80 to 99 points to those that meet 5 of 6;
60 to 79 points to those that meet 4 of 6;
40 to 59 points to those that meet 3 of 6;
0 to 39 points to those that meet fewer than 3 of the 6 criteria.

a. the project would address the best immediate solution to the problem;

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

c. the project would meet all federal and state requirements and standards;

d. the project appears to be cost effective considering the number of people to benefit versus the cost as compared to other projects;

e. cost estimates appear to be reasonable and are well documented;

f. project appears ready to proceed in a timely manner, with construction beginning in a 12-month period.

4. PERCENTAGE OF VL & LI IN THE PROJECT AREA - Maximum 100 points

One point for every percentage point of VL & LI population will be awarded.

5. **VERY LOW AND LOW INCOME AND/OR TARGET GROUPS BENEFIT - Maximum 100 points**

Two points for each percent above 50 percent VL & LI to benefit will be awarded. Projects to assist exclusively VL & LI persons, including senior citizens, removal of architectural barriers projects will receive 100 percent LMI benefit. Otherwise, VL & LI benefit will be determined from 2000 Census Data or from approved survey method results.

6. **PROJECT TYPE - Maximum 100 points**

Install water and/or sewer facilities and/or streets	100 points
Install storm sewer, flood and drainage facilities	100 points
Fire protection facilities	80 points
Ambulance projects	80 points
Other public facilities projects	50 points

7. **TOTAL CDBG COST PER CAPITA COST - Maximum 100 points**

$0 to $100	100 points
$101 to $300	90 points
$301 to $600	80 points
$601 +	70 points

8. **CDBG COST PER VL & LI PERSON TO BENEFIT - Maximum 100 points**

$ 250 and below	100 points
$ 251 to $ 500	80 points
$ 510 to $1,000	60 points
$1,001 to $1,500	40 points
$1,501 to $2,000	20 points
$2,001 and above	10 points

9. **MATCHING FUNDS - Maximum 100 points**

Assign 2 points for each percentage of total project cost paid from local or other sources.

10. **RECEIPT OF PUBLIC FACILITY CDBG FUNDS IN THE PAST - Maximum 100 points**

No prior funding	100 points
5 year or more prior	80 points
within the past 4 years	60 points
within the past 3 years	40 points
within the past 2 years	20 points
within the past year	0 points

NOTE: Years are to be counted from (and including) the most recent year in which funds were awarded, up to (and including) the funding year immediately prior to the current year.

CDBG funds from any source (including disaster funds) are to be considered as prior funds received.

TOTAL POINTS POSSIBLE	**1,100**
MINIMUM THRESHOLD	**650**

HOUSING REHABILITATION

Eligible projects as described in the State Program Distribution Statement that address affordable single and multi-family developments, including rehabilitation, repair, expansion or similar activities proposed that will better assure meeting of needs, immediate and long-term, viability and health and safety issues; or conversion or new construction providing affordable housing. Awards may be made in the form of grants, loans, or a combination.

The maximum score that can be received is 250 points. The minimum threshold score required for funding is 180 points. The PF/H/P Committee reserves the right to make adjustments to the minimum score as needed depending on the scores of the applications received. If an adjustment is made, all applicants will be notified.

HOUSING REHABILITATIONS SCORE SHEET

South Central Dakota Regional Council staff will assign points to other housing activities applications in the following manner: (maximum 200 points).

1. Proposed number of households to be assisted by the project.

15 and over	40 points
10-14	30 points
5-9	20 points
Under 5	10 points

2. Participation in project by other funding sources as a percentage of total project costs.

50.0% and over	40 points
25.0% to 49.9%	30 points
Under 25.0%	20 points

3. Is there a business development project within the community or within a reasonable commuting radius of the community that is contributing to housing demand as measured by local vacancy rates?

Yes	30 points
No	0 points

4. The project will definitively demonstrate the following results:

An increase in the number of housing units available to low and very low income households	20 points
Concrete mechanisms to enhance the affordability of housing for low and very low income households.	20 points
An ongoing effort to increase housing opportunities in the locality	20 points
Active and ongoing participation by the local city government and/or other development organization.	20 points
Active and ongoing participation by other groups, including financial institutions, charitable groups, the local business community, etc.	10 points

The South Central Dakota Regional Council PF/H/P Committee will assign up to 50 points for the perceived need of each project in the following manner:

> Each applicant for other housing projects will be invited to present a 5- to 10-minute summary of its project including a description of the type of project, an explanation of the need for the project, growth of the community, if applicable, other proposed financial participants and a general description of beneficiaries (low and moderate income households, elderly, female head of households, etc.) After all presentations have been heard, each board member will rank the projects in order of perceived need on a 10-point scale, a rank of 10 the highest and 1 the lowest. The point rankings of each project will be added together and averaged to arrive at a final ranking. The rank order applicants will then be assigned points, the highest ranking applicant receiving 50 points, the next highest 45 points, etc., in increments of five points.

The score for the need criterion will then be added to the objective score to arrive at a final score.

TOTAL POINTS POSSIBLE 250
MINIMUM THRESHOLD 180

A tie will be broken by secret ballot of the PF/H/P Committee. The PF/H/P Committee will be polled, with the Chairperson abstaining from the vote. If a tie again results, the Chairperson will cast the deciding vote.

A full application must not deviate in general project scope, proportion of local match, if any, or implementation schedule as identified in the pre-application. An applicant which has been invited to submit a full application may choose not to go forward with a full application, in which case the next highest ranked project, if any, will receive an invitation to submit a full application to the size of the funding request and funds available.

Should no applications for Housing rehabilitation or Other Housing Activities be received, the PF/H/P Committee may transfer funds to any of the other categories, including the Community Development Loan Fund.

PLANNING GRANTS

Eligible activities relating to the establishment of a Capital Improvements Plan, Community Strategic Plan, Comprehensive Plan, Zoning or other plans.

The maximum score that can be received is 245 points. The minimum threshold score required for funding is 145 points. The PF/H/P Committee reserves the right to make adjustments to the minimum score as needed depending on the scores of the applications received. If an adjustment is made, all applicants will be notified.

PLANNING SCORE SHEET

1. NEED - Maximum 50 points

Proposal clearly responds to an existing or anticipated need and describes how the planning project will help address the need or problem.

2. IMPACT - Maximum 50 points

Highest scores will be applied to those that best meet the following criteria:

- Work products are clearly defined.
- Work products and results clearly address described need.
- Consultant is qualified and experienced.

3. COST - Maximum 50 points

Up to 50 points will be applied if the cost is documented and appears reasonable.

4. VL/LI BENEFIT - Maximum 50 points

One point will be applied for each percent of VL/LI above 50 percent who will benefit.

5. MATCH - Maximum 25 points

75-100%	25 points
50-74	20 points
25-49	15 points
10-24	10 points
5-9	5 points
0-4	0 points

6. BONUS - Maximum 20 points

- 10 points will be awarded if the planning activities proposed are related to, and would help address problems identified in the current year, unfunded proposal.

- One point will be awarded for each year since the applicant was last awarded a (regular program) CDBG grant. (Maximum10 points).

TOTAL POINTS POSSIBLE	**245**
MINIMUM THRESHOLD	**145**

AWARD PROCESS FOR EMERGENCY AND ECONOMIC DEVELOPMENT FUNDING

EMERGENCY FUNDS

Decisions will usually be made by and at the Board of Directors quarterly meetings. However, in the event a more timely decision needs to be made, the Executive Director and the President of the Regional Council Board have been authorized by the full board to make any necessary decisions. In case of a conflict of interest by the Executive Director and/or President, the decision will be made by three (3) other PF/H/P Committee members. The PF/H/P Committee will meet again only if the Regional Council were to request a second round of PF/H/P grant proposals.

Funding for emergency grants may come from the Economic Development allocation, however, program income may not be used to fund emergency requests. Eligible activities must meet the national urgent needs objective as stated in the federal register. At a minimum, the threat cannot have occurred or become apparent more than 18 months prior to submission of an application or pre-application, but generally it should not have occurred, or a solution identified, until after the regular public facility pre-application deadline. The use of emergency funds due to a failure from lack of a maintenance plan by a community may not be considered urgent need. Projects that are requesting emergency funding will need to convince the Regional Council that failure(s) is not due to a dilapidated system. The Regional Council may also request a higher local commitment in relationship to the age of the system being replaced.

Emergency requests will not be ranked and scored. Decisions regarding funding will be based on the project need, commitment, appropriateness, and availability of funds. Emergency applications will be considered at any time.

Applicants should contact the Regional Council office for guidance in preparing requests/applications for emergency funding.

ECONOMIC DEVELOPMENT FUNDS

The South Central Dakota Regional Council (SCDRC) Board of Directors maintains a Loan Committee for SCDRC Community Development Loan Fund (CDLF) review. The Economic Development allocation, to be called the Community Development Loan Fund (CDLF), is under the authority of the Regional Council's Loan Committee. The Loan Committee consists of one person from each county in Region VI, who is selected by the Regional Council board of directors. The Regional Council staff assists the Loan Committee by providing guidance to the business in developing its application, assuring compliance with HUD regulations, and developing a staff recommendation for the Loan Committee. Applications to the CDLF are taken on an ongoing basis throughout the program year.

Should all available CDLF funds be committed, applicants will be informed of the status of program funding and potential timeline for future funding. Staff will also assist in researching other potential financing sources.

1. Eligible Activities - (Partial listing for a complete list refer to the State Action Plan).

   a. Direct loans or grants to businesses including loans for fixed assets, equipment, infrastructure, inventory; and guarantees for working capital; or

   b. Grants for the development of publicly owned infrastructure which directly serves new or expanding for profit businesses; or

   c. Purchase of preferred stock, limited to 20 percent of the total project.

2. Ineligible Activities - (Partial listing for a complete list refer to the State PDS)

   a. Interest buy downs.

3. Review Committee

   The Loan Committee consists of one member for each of the member counties served. The Loan Committee will consider all applications for funding.

4. Application

   The application checklist and complete application packet can be obtained from SCDRC. State eligibility requirements will be applied to regional projects. The staff will work with each applicant to assist in the completion of the application. The application must be completed at least fourteen (14) days prior to the upcoming monthly committee meeting at which the applicant would like its application to be considered. The committee meetings will be held on the second Tuesday of each month as needed.

5. Staff Review

   The staff will review the application for completeness and program compliance. If necessary, the staff will request additional information or clarification. The staff will prepare a staff recommendation that will be sent to each Loan Committee member with the application packet at least one week prior to its upcoming meeting.

   Minimum program requirements include:

   a. At least 51% of the jobs created or retained by the proposed project must be available to low- and very low-income people;

   b. Principal(s) must provide at least 10% of the total project in the form of cash or tangible balance sheet equity, and/or other acceptable assets;

   c. A bank must be involved in all ED projects unless it’s a disaster situation.

   d. CDLF may only participate to a maximum of 50% of the total project;

e. CDLF's maximum investment (loans or equity) should be limited to $35,000 per job created or retained and $10,000 per job for infrastructure grants.

Upon a determination that the application does not comply with minimum requirements, a letter will be sent to the applicant identifying specifically what can be done to bring the proposal into compliance with the application requirements.

The staff may also begin the environmental review process on each application to expedite the potential draw down of loan funds.

6. Applicant Presentation

Each applicant will be asked to present his/her application to the Loan Committee and answer any additional questions the Loan Committee may have. Typically, the presentation and question/answer period will be limited to no more than 30 minutes.

7. Loan Committee Review

The Loan Committee will review the CDLF request based on an analysis of the project. The Loan Committee recommendation may come in the form of any of the following actions:

a. The Loan Committee may recommend funding as requested; or

b. The Loan Committee may recommend funding with conditions; or

c. The Loan Committee may ask the business to restructure its financial package for reconsideration; or

d. The Loan Committee may request additional information before a recommendation can be made; or

e. The Loan Committee may recommend that the application not be funded and not be allowed to restructure its financial package for further consideration.

8. Application Approval

If the application is approved by the Loan Committee, the staff will organize the following:

a. Public hearing held by sponsoring applicant jurisdiction;

b. Completion of community application requirements;

c. Complete full application and submit to Division of Community Services (DCS).

9. Amendment Requests

   Amendment requests must be made by the loan recipient to the sponsoring unit of government, for approval, denial, or approval with alterations. The sponsoring unit of government will then forward the amendment to the Regional Council who will forward the request to the DCS.

ECONOMIC DEVELOPMENT APPLICATION

1. Pre-Application/Business Plan

   a. The pre-application includes submitting a Regional Council pre-application and a business plan to the Regional Council which will be accepted any time during the program year. It shall contain all information required by the current State Action Plan.

   b. Regional Council staff will review each pre-application and business plan for compliance to Program Distribution Statement-Economic Development guidelines.

   c. Once the application has been determined complete and in compliance, the Regional Council will complete an in-depth review of it and forward the review to the CDLF review committee.

      The Regional Council staff, when reviewing the application and business plan will focus primarily on an analysis of the following:

      - Need for CDLF assistance and appropriateness of the proposed use of funds;
      - Cash flow and the ability to meet current and proposed debt service requirements;
      - Strength of the balance sheet, profit and loss statements;
      - Financial strength of the principals;
      - Appropriateness of the proposed terms of CDLF assistance;
      - Management strength and expertise;
      - Past performance of the firm and/or principals;
      - Other sources or lack of other sources of funding;
      - Strengths and weaknesses of the proposed marketing activities;
      - Proposed staffing plan, including cost per job based on the amount of CDLF assistance requested.

The results of the Regional Council staff review may consist of any of the following:

- The applicant and/or business may be asked to provide more information.
- The business may be asked to pursue other sources of funding before giving further consideration;
- The business may be asked to restructure the financial package;
- The business may be asked to rework/revise its business plan;
- The Regional Council staff may request a visit to the business locale and/or a meeting with the business;
- The Regional Council staff may decide that the business is not feasible as structured with the negative recommendation provided in writing;
- The Regional Council staff may decide to develop a positive funding recommendation with conditions;
- The Regional Council staff may recommend that the business not be funded and not be permitted to restructure its proposal, and
- The Regional Council staff may recommend funding as requested. The above list or potential actions are not all-inclusive and other actions may be taken as the situation may dictate.

d. At least one week prior to the Loan Committee monthly meeting the pre-application, business plan, and Regional Council staff review and recommendation for funding will be sent each Loan Committee member.

e. The Loan Committee, at its monthly meeting, will review the pre- application and business plan, meet with the business owners and/or representatives, and consider the staff recommendation. When reviewing the proposal the committee will focus on an analysis of the following:

    - Need for CDLF assistance and appropriateness of the proposed use of funds;
    - Cash flow and the ability to meet current and proposed debt service requirements;
    - Strength of the balance sheet, profit and loss statements;
    - Financial strength of the principals;
    - Appropriateness of the proposed terms of CDLF assistance;
    - Management strength and expertise;

- Past performance of the firm and/or principals;
- Other sources or lack of other sources of funding;
- Strengths and weaknesses of the proposed marketing activities;
- Proposed staffing plan, including cost per job based on amount of CDLF assistance requested.

After the meeting with the business and reviewing the proposal the committee will recommend one of the following:

- The applicant and/or business may be asked to provide more information.
- The business may be asked to pursue other sources of funding before giving further consideration;
- The business may be asked to restructure the financial package;
- The business may be asked to rework/revise its business plan;
- The Loan Committee may decide that the business is not feasible as structured with the negative recommendation provided in writing;
- The Loan Committee may decide to develop a positive funding recommendation with conditions;
- The Loan Committee may recommend that the business not be funded and not be permitted to restructure its proposal, and
- The Loan Committee may recommend funding as requested. The Committee may recommend less funding depending on the availability of funds. The above list or potential actions are not all-inclusive and other actions may be taken as the situation may dictate.

2. Full Application

   a. Following approval by the Loan Committee, the full application will be generated by the Regional Council staff. It will contain all information in compliance with PDS guidelines. The Regional Council staff will then forward the full application to DCS for a compliance review and preparation of the Financial Award. Two copies of the Financial Award will be forwarded to the grantee. The signed Financial Award must be signed and returned within 60 days of the effective date of the award or the grant may be terminated. Upon receipt of the Financial Award and prior to completing all environmental review requirements and receipt of an official Notice of Release of Funds, the grantee may only incur administrative costs. **No** construction, acquisition, or other costs may be incurred before the Release of Funds date.

b. The loan documents (i.e. loan agreement, promissory note, security agreement, guarantee and UCC filings) will be generated by the Regional Council staff. It will be the Regional Council's responsibility to submit these documents to the required persons/agencies for execution and/or recording.

OTHER POLICIES

A. Conflict of Interest

South Central Dakota Regional Council and its Community Development Block Grant committees will avoid conflict of interest situations, whether real or perceived. To avoid even an appearance of conflict of interest, the following policies shall be in effect:

1. Adoption of HUD Conflict of Interest Policy.

   The committee shall adopt the HUD Conflict of Interest policy as its own policy.

2. Other Policies

   Committee members who reside within the applicant's jurisdiction will provide disclosure at the committee meeting and shall refrain from ranking the application.

   No employee, agent, consultant, officer or elected official of the state, unit of general local government, designated public agency or sub recipient shall participate in the scoring or ranking of a project that could be supported by federal grants funds, if a conflict of interest, real or perceived exists. Such a conflict would arise when the employee, agent, consultant, officer or elected official, any member of his/her immediate family, his/her partner or an organization which employs, or is about to employ any of the above has a financial interest or other interest in the project selected for funding.

   If it is not clear whether a conflict of interest, real or perceived, may exist, a committee member may abstain from voting/ranking, or may ask the chairman to determine whether abstention is advisable, or the chairman may ask other committee members to determine if abstention should be required.

ACRONYMS

CDBG	Community Development Block Grant: HUD funds distributed to North Dakota
CDLF	Community Development Loan Fund
DCS	Division of Community Services: A division of the North Dakota Department of Commerce
ED	Economic Development
HUD	US Department of Housing and Urban Development
LMI	Low to Moderate Income: Relates to income status as determined by HUD
PDS	Program Distribution Statement
PF/H/P	Public Facility/Housing/Planning
RLF	Revolving Loan Fund
SCDRC	South Central Dakota Regional Council
VL & LI	Very Low and Low Income: Relates to income status of households/persons as determined by HUD

North Dakota
DEPARTMENT OF COMMERCE

2012

REGION VII

LEWIS AND CLARK REGIONAL DEVELOPMENT COUNCIL

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EQUAL HOUSING OPPORTUNITY

ALTERNATIVE FORMATS FOR DISABLED PERSONS ARE AVAILABLE UPON REQUEST

IMPLEMENTATION SCHEDULE

Public Facilities, Housing Rehabilitation, Planning and Housing Opportunity

March 15, 2012	Submission deadline for pre-applications (original and one copy required, must be post-marked on or before deadline date).
On or About April 20	Applications will be reviewed, scored, and recommended funding amounts determined.
December 17, 2012	Last date final applications are due (original only) to Lewis and Clark Regional Development Council.*

Economic Development (CDLF and ED Infrastructure) and Emergency Applications

Pre-applications and final applications will be accepted at any time and will be considered if funds are available.

*At the option of the CDBG committee, due dates for final applications may be extended. This option may be exercised without public notice at the sole discretion of the committee if final applications are invited after April 20 due to availability of additional funds resulting from additional allocations, returned or unobligated funds, or fund transfers. In such cases the committee may extend the final application deadline as it determines is appropriate, but not later than seven days prior to the latest date by which applications and amendments must be received by DCS.

ALLOCATION OF FUNDS

Distribution of CDBG funds by Lewis and Clark Regional Development Council will be as follows. If the final allocation changes, allocations to one or more categories may be adjusted accordingly without notice and at the sole discretion of the CDBG Committee.

Housing Rehabilitation	$ 0
Housing Opportunity	$ 100,000
Public Facilities	$ 96,222
Planning	$ 0
Emergency/Other	$ 0
Economic Development – CDLF & ED Infrastructure	$ 0
Tappen Storm Drainage System Set Aside	$ 104,451
TOTAL	$ 300,673

Economic Development proposals that are approved for funding will be funded from revolved CDLF funds.

CDBG Funding Categories

A. **Housing Rehabilitation Activities:** Eligible activities and projects relating to single-family housing rehabilitation as described in the State Program Distribution Statement.

B. **Housing Opportunity Projects:** Housing Opportunity Projects are eligible projects as described in the State Program Distribution Statement that address affordable multi-family developments, including rehabilitation, repair, expansion or similar activities proposed that will better assure meeting of needs, immediate and long-term viability, and health and safety issues; or conversion or eligible soft costs for new construction providing affordable housing. Awards may be made in the form of grants, loans, or a combination.

C. **Public Facilities:** Eligible activities as described in the State Program Distribution Statement to include infrastructure, public safety (e.g., fire halls, trucks, ambulances and related equipment) and removal of architectural barriers.

D. **Emergencies:** Eligible activities needed to alleviate an immediate and urgent condition that poses a serious health, welfare or safety threat, including an event such as fire, flood or tornado resulting in severe damages that may result in a loss of jobs and/or inability of the community to provide essential services to its market area. At a minimum, the threat cannot have occurred or become apparent more than 18 months prior to submission of an application or pre-application, but generally it should not have occurred, or a solution identified, until after the regular public facility pre-application deadline.

E. **Planning:** Eligible activities relating to the establishment of a Capital Improvements Plan, Community Strategic Plan, Comprehensive Plan, Zoning or other plans.

F. **Other:** Is for other activities which do not fit in to any other category but which are eligible for CDBG assistance. Any proposal within this category must meet one of the national objectives.

Economic Development: Eligible activities and projects as described in the State Program Distribution Statement. Economic development funds may be in the form of CDLF loans or grants to businesses (or related entities), or as grants and/or loans for economic development infrastructure, but a bank must be involved in the project financing of CDLF projects.

GRANT APPLICATION SUBMISSION REQUIREMENTS

A. Public Facilities, Planning, Housing Opportunity and Housing Rehabilitation

1. Applicants have the option of submitting either a pre-application or full application by March 15, 2012. This is to allow applicants wishing to begin a project as soon as possible the opportunity to receive a final grant award in a more timely manner. To be considered for scoring, the minimum requirements of a preliminary application must be met. However, because scoring is based only on information required in the pre-application, full applications would have no advantage in scoring over pre-applications.

2. Generally, the only difference between pre-applications and full applications is documentation that all state and federal procedures and policies, such as public hearings, identification of community development needs, displacement policies, etc. have been fulfilled. However, pre-applicants who have been invited for a full application may change the proposal shown in the pre-application, but only if the proposal is within the same emphasis area and is intended to address the same problem identified in the pre-application. If any changes could affect the score it received in the pre-application, the Lewis and Clark CDBG Committee reserves the right to re-score, adjust rankings and alter award recipients and amounts.

3. Although specific match amounts are not required, at a minimum local match is required to fully cover engineering/architectural costs, if any, and CDBG administration costs. The match requirement may be waived in whole or part by the committee if it can be clearly documented that there are insufficient resources to pay such costs. Architectural/engineering costs should be documented in the application, and for purposes of budgeting, the following administration costs should be assumed unless otherwise documented:

   a. For Housing Rehabilitation, Housing Opportunity, and Public Facility Special Assessment projects, 15% of CDBG project funds, with a minimum of $1,000 and maximum of $15,000.

   b. For Public Facility projects, 10% of CDBG project funds, with a minimum of $1,000 and maximum of $10,000.

   Notwithstanding the above, the match amount proposed by the applicant should be determined by what is reasonable considering the resources available to the applicant. Failure to provide an adequate and reasonable match will result in a lower commitment score. Proposals requesting grant assistance for either engineering or administration, or both, will be required to submit additional budget and financial information.

4. Public Facility projects for which costs are estimated at $50,000 or more require preparation of plans, drawings and specifications by a licensed architect or registered engineer.

B. Economic Development and Economic Development Infrastructure

1. Economic Development (CDLF) and Economic Development Infrastructure proposals will be considered at any time.

2. Final applications will not be requested or considered until eligibility has been determined by council staff after submission of a pre-application.

C. Emergency and Other: Applicants should contact the regional council for guidance and instructions.

GRANT REVIEW AND SELECTION PROCESS

A. Public Facilities, Planning, Housing Opportunity and Housing Rehabilitation

1. A committee composed of voting Council members serving on the Lewis and Clark **CAPITAL** Fund Board will be responsible for reviewing, scoring, ranking and making grant award recommendations. The chairman of the CDBG committee, in cases where a committee member(s) is absent or has a conflict of interest, may name an alternate(s) for the absent or in-conflict member from a pool of Council board members who have served at least one year and demonstrated a record of good attendance. When possible and practical, preference should be given to those potential alternates who have no apparent conflict of interest in any known proposal.

2. Only proposals that meet the full requirements of the pre-application, and those determined by Council staff to be eligible, will be considered.

3. Upon receiving proposals, Council staff will review each for eligibility and completeness, and prior to the CDBG committee meeting on or about April 20, staff will send to each member a copy of the submitted proposals.

4. Staff will prepare summary reviews of each application to be given to committee members at or before their meeting on or about April 20.

5. Applicant representatives will be given the opportunity to present their proposal to the committee at the meeting, with up to 15 minutes each for presentations and questions from the committee and staff.

6. After all proposals have been heard and reviewed by the committee, committee members will score proposals in each subjective scoring category. Staff will apply appropriate scores for each objective category. Committee scores will then be totaled, with the highest and lowest individual scores in each category for each project eliminated and the remaining scores averaged to determine ranking.

7. To be considered for, but not necessarily entitled to funding, public facilities proposals must receive a score of at least 350 points, housing rehabilitation at least 450 points, planning at least 100 points and housing opportunity at least 500 points. The threshold requirements may be waived upon unanimous vote of a quorum of the CDBG Committee.

8. Although no allocation is specified for housing rehabilitation and planning proposals, proposals received, if any, will be heard, scored and ranked, but will be considered for funding only by unanimous vote of a quorum of CDBG Committee members and if:

    i. The minimum required threshold scores are reached, and,

    ii. Funds from allocations for Housing Opportunity amendment set-asides or Public Facilities categories remain after award recommendations have been made.

9. Although no allocation is specified for emergencies, requests may be funded on April 20 or thereafter upon approval of the committee and approval of transfer of funds from any category.

10. For scoring purposes only on housing rehabilitation and housing opportunity proposals, funds spent on related items within six months prior to consideration of the request may be recognized as match.

11. After rankings have been determined, the committee will consider the amount of the recommended award to each project according to ranking. The committee reserves the right to adjust the amount of each award from the amount requested as it determines appropriate, and to apply conditions to the award, including time deadlines to meet the conditions. Lower-ranked projects that exceed thresholds are not necessarily entitled to grant awards even if allocated funds remain in the category. The committee may retain or transfer the balance of allocated funds to any category for current or future applicants, including for emergency, other or economic development projects as deemed appropriate.

12. If, after making its award recommendations, funds remain in one or more categories, the CDBG committee may:

    i. Offer all or part of the remaining allocation to applicants in order of ranking until all or part of the allocation is obligated, or

    ii. Transfer all or part of the unobligated balance of the allocation to another category, or

    iii. Retain the unobligated balance for future awards in the same category or transfer to another category, or

    iv. Award all or part of the remaining allocation to an existing, previously funded (from an earlier year) but still open project, or

    v. Any combination of the above.

13. Pre-applicants recommended for funding will be invited to submit final applications. Final applications which staff determines are different to the extent that the pre-application score may be reduced will be re-scored, re-ranked and funding levels altered as the committee deems necessary.

14. All final applications recommended for funding will be delivered to the Division of Community Services for review, final approval and preparation of grant awards.

B. Economic Development—CDLF

1. Funding recommendations under the Economic Development allocation, to be called the Lewis and Clark Community Development Loan Fund (CDLF), will be made by the Lewis and Clark **CAPITAL** Fund Board.

2. Prior to submitting a full application and business plan, applicant must first submit a pre-application, which will be reviewed by staff for eligibility. Proposals that meet eligibility requirements will be invited to submit a full application.

3. The **CAPITAL** Fund Board will meet monthly to review all final and complete applications and business plans received at least two weeks prior to the meeting. Applications received within two weeks may be considered at the option of the **CAPITAL** Fund Board, and otherwise will be held over until the next monthly meeting.

4. Prior to consideration by the **CAPITAL** Fund Board, staff will review the application and business plan and prepare recommendations regarding terms, conditions and other matters.

5. After discussing the proposal with representative(s) of the applicant as well as consideration of staff reviews and recommendations, the **CAPITAL** Fund Board may:

   a. Approve as proposed;

   b. Approve with modifications or conditions;

   c. Agree to withhold a decision until a later date; or,

   d. Deny the request.

6. Applications recommended for approval will be forwarded to the Division of Community Services for review, final approval and preparation of grant awards.

7. Proposals which have been rejected for funding may be resubmitted at any time, and may be reconsidered by the committee if it determines that situational or proposal changes are significant enough that a change in determination is likely.

C. Economic Development Infrastructure

1. The process for requests for economic development infrastructure projects will be the same as described in B. above (Economic Development-CDLF).

2. Awards for economic development infrastructure may be in the form of grants, loans, or a combination, as is determined to be appropriate.

3. Proposals which have been rejected for funding may be resubmitted at any time, and may be reconsidered by the committee if it determines that situational or proposal changes are significant enough that a change in determination is likely.

D. Emergency and Other

1. For emergency and other proposals eligible for CDBG assistance, the appropriate application/pre-application form shall be used. Applicants should contact staff for guidance.

2. The committee, or a subcommittee as authorized by the committee or its chair in cases where a full committee meeting is impractical due to the immediacy of an emergency, shall review each proposal and deliver any favorable recommendation to the Division of Community Services for review, final approval and preparation of grant awards.

E. Other Transfers

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

2. The committee may assign all returned funds from 2011grantees and grantees prior to 2011 to whichever allocation it deems appropriate.

3. Existing grantees requesting additional CDBG funds from either the 2012 allocation or from returned or any unallocated funds may do so through the amendment procedure. Such requests for additional funds from the 2012 allocation may be considered at any time during or after the April 20 ranking session. Requests for additional funds from 2012 or earlier returned or unallocated funds may be considered at any time.

SCORING AND RANKING CRITERIA

A. Public Facilities – Maximum 650 Points

1. Project Need – Maximum 150 Points

   On the basis of project need, the committee will score each proposal from 0-150 points, applying 101-150 for proposals showing high need, 51-100 for moderate need and 0-50 for low need using the following criteria:

   a. 101-150 points will be applied to proposals that demonstrate the project will address **all** of the following criteria:

      (1) The health and/or safety risk is significant; and,

      (2) The risk is immediate, either existing or it is clearly and definitively documented to pose an impending threat to the health and/or safety of residents; or,

(3) For proposals addressing handicapped accessibility or removal of architectural barriers, most or all critical and necessary services otherwise available are not and cannot be provided.

b. 51-100 points will be applied if:

(1) The health and/or safety problem is either significant or immediate, but not both; or,

(2) Accessibility problems pose a major inconvenience, but services and access are still available.

c. 0-50 points will be applied if:

(1) The health and/or safety problem is neither significant nor immediate; or,

(2) Accessibility problems pose a minor inconvenience, or restrict access only to secondary services.

d. Within the high-medium-low ranges, the committee will score projects according to:

(1) Relative degree of seriousness of the health and/or safety threat;

(2) Relative immediacy of the problem;

(3) Relative problems posed by accessibility limitations; and,

(4) Documentation of federal or state violations or unmet standards.

2. Financial Need − Maximum 75 points

On the basis of financial need, the committee will score each proposal 0-75 points, applying 51-75 points for proposals showing high need, 26-50 points for proposals showing moderate need, and 0-25 points for proposals showing low need using the following criteria:

a. 51-75 points will be applied to projects that can document **all** the following:

(1) The project cannot proceed without CDBG assistance because the applicant does not have available the necessary financial resources, future revenues are inadequate or cannot accommodate timelines necessary to undertake the project, borrowing capacity is inadequate, or cost would place an undue financial burden on the applicant and/or its citizens; and,

(2) Other potential sources of assistance have been explored and cannot provide the assistance necessary.

b. 26-50 points will be applied if:

(1) The project can proceed but would likely place a significant financial burden upon the applicant and its citizens; and,

(2) Other potential sources of assistance have been explored and cannot provide the assistance necessary.

c. 0-25 points will be applied if:

(1) The project can proceed with available or accessible financial resources and without significant financial burden; or,

(2) No efforts can be documented that other sources of assistance have been explored or accepted.

d. Within the high-medium-low ranges, the committee will consider in its scoring:

(1) The relative need for the funds;

(2) Whether other federal or state funds will be leveraged by the CDBG funds that would otherwise be lost if funding is not awarded;

(3) Documentation of need, including demonstrated efforts to secure funding assistance from other sources.

3. Local Commitment – Maximum 75 points

On the basis of local commitment, the committee will score each proposal 0-75 points, applying 51-75 points for proposals showing high commitment, 26-50 points for proposals showing moderate commitment, and 0-25 points for proposals showing low commitment using the following criteria:

a. 51-75 points will be applied to projects that can document **all** of the following:

(1) No more match other than what is being committed to the project is available; and,

(2) The applicant is not now confronting a problem or need simply because of deferred maintenance or non-action that it should have reasonably undertaken, or, if that is the case, can demonstrate it has taken actions necessary to correct the situation; and,

(3) Past activities undertaken by the applicant indicates strong commitment to providing adequate and safe community infrastructure, public works and services; and,

(4) The applicant demonstrates commitment to providing adequate infrastructure and safety through tax levies, fees and utilization of borrowing capacity that are reasonable and appropriate considering the community size and demographics

b. 26-50 points will be awarded to proposals that substantially meet most of the above criteria and no major concerns are apparent with those criteria it does not clearly meet.

c. 0-25 points will be awarded to proposals that meet few of the above criteria, or which meet most criteria but one or more major concerns are apparent which affect the appropriateness.

d. Within the high-medium-low ranges, the committee will consider in its scoring:

(1) The relative degree of commitment shown by the applicant;

(2) Documentation that the proposal has strong community support.

4. Project Appropriateness − Maximum 300 points

On the basis of project appropriateness, the committee will score each proposal 0-300 points, applying 201-300 points for proposals showing high appropriateness, 101-200 for moderate appropriateness, and 0-100 for low appropriateness using the following criteria:

a. 201-300 points will be awarded to proposals that show the applicant has substantially met **all** the following criteria:

(1) The solution proposed, and funding requested, is logical and cost-effective considering the cost of the project related to the immediacy of the problem, the seriousness of the problem being addressed, the degree to which impacted residents will be benefited, and the number of people to benefit; and,

(2) The project would address the best immediate solution to the problem; and,

(3) The project would address the best long-term solution to the problem; and,

(4) The project would meet all federal and state requirements and standards, as may apply; and,

(5) Cost estimates appear reasonable and are well documented (based on either architect/engineer estimates or multiple vendor quotes as is appropriate); and,

(6) Project appears ready to proceed in a timely manner.

b. 101-200 points will be awarded to proposals that substantially meet most of the above criteria and no major concerns are apparent with those criteria it does not clearly meet.

c. 0-100 points will be awarded to proposals that meet few of the above criteria, or which meet most criteria but one or more major concerns are apparent which affect the appropriateness.

5. Planning − Maximum 15 Points

15 points will be applied if the applicant has a complete 504 Transition Plan submitted to the State. No (0) points will be applied if the applicant does not have a completed plan.

6. Very Low/Low Income Benefit (VL/LI) − Maximum 5 points

One point for each percent rounded 10% VL/LI to benefit above 50% will be applied. Projects to assist exclusively VL/LI persons, senior citizens, handicapped accessibility or removal of architectural barriers projects, will receive 100% VL/LI benefit. Otherwise VL/LI benefit will be determined from census data or from approved survey method results.

7. Bonus − Maximum 30 points

a. One point will be applied for each year since a (regular program) CDBG grant was last awarded for a project within the same emphasis area, which was sited within the same political jurisdiction and owned or controlled by the same recipient, and which included primary benefit to the same population. (Maximum 15 points.)

b. One point will be applied for each year since any (regular program) CDBG grant-assisted project, with the exception of CDLF, planning and emergencies, was last awarded for activities within the jurisdiction of the proposed grant recipient. (Maximum 15 points.)

B. Housing Rehabilitation − Maximum 750 Points

1. Community Targeting − Maximum 40 Points

a. Local Housing History − Maximum 20 Points

One (1) point will be applied for each year since the applicant last received a CDBG housing rehabilitation grant.

b. Area Housing History − Maximum 10 Points

One (1) point will be applied for each year since any applicant in the county last received a CDBG housing rehabilitation grant.

c. Public Facility History − Maximum 10 Points

One (1) point will be applied for each year since the applicant last received a CDBG public facility grant (not including handicapped accessibility or removal of architectural barriers projects).

2. Project Design − Maximum 100 Points

a. Percent all local funds involved in the project (excluding administration) − Maximum 25 points.

25.0-+	25 Points
15.0-24.9	15 Points
00.2-14.9	10 Points
00.0-00.1	0 Points

b. Households Types to Directly Benefit − Maximum 50 Points

One point will be applied for each 10% rounded to the nearest 10% for % of:

(1) Elderly households to benefit.
(2) Minority households to benefit.
(3) Handicapped households to benefit.
(4) Female head of households to benefit.
(5) Households with children under 18 to benefit.

c. Percent very low-income households to benefit − Maximum 25 points

90-100%	25 Points
80-89 %	20 Points
70-79 %	15 Points
60-69%	10 Points
51-59%	5 Points
0-50%	0 Points

3. Available Housing − Maximum 10 Points

Applicant's year-round housing vacancy rate (most recent available Census data)

00%-12%	10 Points
13%-19%	5 Points
20%+	0 Points

4. Activity Budget − Maximum 200 Points

Up to 200 points will be awarded when funds requested appear reasonable and appropriate in regards to health and safety issues to be addressed, cost of available housing and age, condition and value of the homes to be rehabilitated. Maximum points will be applied when budgets are reasonable, primary work items are for health and safety issues and recipient eligibility is well documented so that work can proceed in a timely manner. Minimum points will be awarded if some or all of the above are not met; or if high-cost-per-unit is likely due to probable or certain presence of lead-based paint being present which will be disturbed, or if not disturbed costs of meeting HQS requirements will require rehabilitation costs exceeding $5,000.

5. Community Infrastructure − Maximum 150 points

   a. Infrastructure Capacity − Maximum 75 points

      (1) 51-75 points will be applied if the applicant can document **all** primary health and safety infrastructure serving the community's homes—water, sewer, solid waste disposal and fire protection services—are of high quality, readily available, and without problems or deficiencies.

      (2) 26-50 points will be applied if the applicant can document most primary health and safety infrastructure is adequate and there are no major deficiencies, or if there are, the applicant can show such deficiencies will be addressed within the time frame of the project.

      (3) 0-25 points will be applied if there are one or more serious infrastructure deficiencies that are not likely to be alleviated within the project's time frame.

   b. Infrastructure Commitment − Maximum 75 points

      (1) 51-75 points will be applied if the applicant can document it has demonstrated commitment to assuring a high level of all infrastructure and safety services through tax levies, fees and utilization of borrowing capacity that are reasonable and appropriate considering the community size and demographics, and that its fund balances assure reasonable capability of maintaining those services.

      (2) 26-50 points will be applied if commitment to most, but not all the above criteria, can be demonstrated, and no major concerns are apparent with those criteria it does not clearly meet.

      (3) 0-25 points will be applied if little or no commitment or capacity for assuring reasonable and safe infrastructure can be demonstrated.

6. Community Services − Maximum 150 points

   a. Housing Services − Maximum 75 points

      (1) 51-75 points will be applied if the applicant can document its commitment, within its capacity considering the community size and demographics, to assuring affordable housing choices and quality as demonstrated by the availability of low-income family and elderly housing, nursing homes, Homestead Credit marketing efforts, and other housing activities.

      (2) 26-50 points will be applied if most, but not all, the above criteria are met.

      (3) 0-25 points if little or no past commitment to providing safe and affordable housing can be demonstrated.

b. Other Services Capacity − Maximum 75 points

(1) 51-75 points will be applied if the applicant can document it has the capacity to provide all other essential services to its residents, including health services, public transportation, youth and senior citizen centers or services, availability of Meals on Wheels or similar program, and handicapped accessibility at public buildings.

(2) 26-50 points will be applied if most, but not all, the above criteria are met.

(3) 0-25 points if most other services are not available in the community.

7. Other Leverage − Maximum 50 Points

Up to 50 points will be applied if funding will leverage other funds that might otherwise be lost if CDBG funds are not awarded. Maximum points will be awarded if the leverage amount is significant and both certain and dependent upon CDBG funding. Lower scores will be applied based on lesser amounts of leverage and degree of certainty and dependence upon the CDBG funding.

8. Planning − Maximum 50 Points

Up to 50 points may be applied based on the following criteria:

a. 25 points will be applied if the applicant has a complete 504 Transition Plan submitted to the state. No (0) points will be applied if the applicant does not have an completed plan.

b. Up to 25 points will be awarded if a community housing need, demand, market study or similar plan has been completed.

C. Housing Opportunity Projects − Maximum 1,000 Points

1. Project Need − Maximum 150 Points

a. 101-150 points will be applied to proposals that demonstrate the project will address **all** of the following criteria:

(1) Thorough documentation is provided for the type of housing or work proposed, utilizing assessments, census, survey, market study, occupancy rates or other reliable and pertinent statistical data; and,

(2) Meets both current and long-term benefit in addressing existing and future needs; and,

(3) Addresses, directly or indirectly, health and safety issues; and,

(4) The project will have significant impact on meeting the needs as documented.

b. 51-100 points will be awarded to proposals that substantially meet most of the above criteria and no major concerns are apparent with criteria it does not clearly meet.

c. 0-50 points will be awarded to proposals which meet few of the above criteria, or which significantly fail to meet one or more of the criteria.

2. Financial Need – Maximum 150 points

a. 101-150 points will be applied to projects that can document **all** of the following:

(1) The project cannot proceed without CDBG assistance, or failure to receive CDBG funds would significantly reduce the benefit, viability or impact, because the applicant or recipient does not have available the necessary financial resources, nor are future revenue sources likely to become available; and,

(2) The amount and type of funds requested (loan, grant or a combination) and the terms proposed or as may be offered, are reasonable and appropriate; and,

(3) Other potential sources of assistance have been explored and cannot provide the assistance necessary.

b. 51-100 points will be awarded to proposals that substantially meet most of the above criteria and no major concerns are apparent with criteria it does not clearly meet.

c. 0-50 points will be awarded to proposals that meet few of the above criteria, or which meet most criteria but one or more major concerns are apparent which affect the demonstrated financial need.

3. Appropriateness – Maximum 150 points

a. 101-150 points will be applied to projects that can document **all** of the following:

(1) The proposed project represents a logical and cost-effective strategy for addressing the needs as documented considering the amount of funds being requested, the terms proposed, the number of people who will benefit, and the degree to which they will benefit; and,

(2) The applicant can document the sustainability and viability of the project, as can be documented by the likelihood of repayability if loans are proposed, and through past performance and credit rating, strength and credibility of pro forma financial statements and cash flows, value of security, and financial strength and commitment of the principals or borrowers; or whether debt service and loans are or are not involved, that policies proposed and/or financial information provided indicate the feasibility of the project and the ability to assure the housing can be and will remain occupied, affordable and properly maintained; and,

(3) The project would meet all federal and state requirements and standards, as may apply; and,

(4) Cost estimates appear to be reasonable and are well documented (based on either architect/engineer estimates or multiple vendor quotes as is appropriate).

b. 51-100 points will be awarded to proposals that substantially meet most of the above criteria and no major concerns are apparent with criteria it does not clearly meet.

c. 0-50 points will be awarded to proposals that meet few of the above criteria, or which meet most criteria but one or more major concerns are apparent which affect the appropriateness.

4. Leveraged and Matching Funds – Maximum 100 points

Up to 100 points will be applied based upon the amount and percentage of matching funds and if funding will leverage other funds that might otherwise be lost if CDBG funds are not awarded. Maximum points will be awarded if the match and leverage amount is significant and both certain and dependent upon CDBG funding. Lower scores will be applied based on lesser amounts of leverage and degree of certainty and dependence upon the CDBG funding.

5. Timeliness – Maximum 100 points

Up to 100 points will be applied to projects that can show the following has been met or it can be reasonably assured will soon be met:

(1) The applicant/recipient has appropriate site control; and,

(2) The applicant/recipient has all necessary licenses and permits; and,

(3) Proper zoning is in place; and,

(4) Other financing needed is available; and,

(5) Project plans, specifications and cost estimates are complete, and,

(6) If existing, HQS certifications are current, and if built before 1978, lead-based paint inspections have been completed and, if lead paint is identified as existing, proper methods are proposed in addressing the issue and costs are determined; and,

(7) All other data, information, commitments, plans, and other are complete and in place.

6. Low-Income Benefit – Maximum 100 Points

   Up to 100 points will be applied to projects showing the greatest benefit to low- and very-low income persons and households, including benefit and access to handicapped persons. The highest number of points will be applied if handicapped-accessible units are available and, based upon past, current and/or future occupancy by low-income persons, as shown by historical data, subsidy policies or funding regulations, a high level of low-income occupancy can be assured.

7. Community Development Impact − Maximum 100 Points

   Up to 100 points will be applied to proposals that will have favorable impact upon the community's economic and community development efforts. In considering the number of points to be applied, the committee will weigh several factors, including the following:

   a. The degree of impact the project will have on the community's community development efforts, including housing and economic development.

   b. Whether it is a part of a larger or comprehensive program or project.

   c. Its relationship to a business or housing opportunity or need, such as business retention, expansion or attraction.

   d. Puts to its best use current, vacant or abandoned buildings, space or property.

   e. Relates to other housing projects or efforts that are recently completed, underway or proposed.

   f. The quality of the proposed project.

   g. Consistency with a priority identified in a Community Strategic Plan, Urban Renewal Plan, Development Plan or other related plan or strategy.

8. Services Capacity − Maximum 50 points

   Up to 50 points will be applied if the applicant and/or recipient can document it has the capacity to provide other essential services to its residents benefiting from the project. Depending upon the nature of the project, this may include in-house social programs, health services, transportation, meals, personal services and other, and/or may include community services that would serve beneficiaries, such as medical, public transportation, youth and senior citizen services and programs, availability of Meals on Wheels, and handicapped accessibility at public buildings.

9. Infrastructure Capacity – Maximum 25 points

   Up to 25 points will be applied if the applicant can document all primary health and safety infrastructure serving, or to serve the proposed housing units, including water, sewer, solid waste disposal and fire protection services, are of high quality, readily available, and without problems or deficiencies.

10. Innovation – Maximum 25 Points

    Up to 25 points may be applied to projects that propose an innovative approach to providing affordable housing.

11. Management Capacity – Maximum 25 points

    Up to 25 points will be applied if the applicant and/or recipient can show strong management, marketing and administrative skills and experience, or provision of counseling and technical assistance, as the project may require, that should assure project success.

12. Community Support – Maximum 25 Points

    Up to 25 points may be applied to projects that can demonstrate strong support for the proposal. This, at a minimum, should include letters of support from public or private individuals or entities, and may also include consideration of past community efforts and successes in providing affordable housing, and the level of financial, technical assistance or other community support or partnerships that are being provided for the project.

D. Planning – Maximum 250 Points

1. Need – Maximum 75 points

   Proposal clearly responds to an existing or anticipated need and describes how the planning project will help address the need or problem.

2. Impact – Maximum 50 points

   Highest scores will be applied to proposals that best meet the following criteria:

   a. Work products are clearly defined.

   b. Work products and results clearly address described need.

   c. Person, entity or consultant who will undertake or lead the planning effort is identified and is qualified and experienced.

3. Implementation − Maximum 50 Points

   Highest scores will be applied to those proposals that can show:

   a. The proposed planning program is required or mandated in order to access financial assistance needed to implement a project or program.

   b. The financial assistance is likely to be offered and accessed upon undertaking or concluding the process.

   c. Implementation is likely and will have short- and long-term benefit.

4. Cost − Maximum 25 points

   Up to 25 points will be applied if the cost is documented and appears reasonable.

5. VL/LI Benefit − Maximum 5 points

   One point for each rounded 10% VL/LI to benefit above 50 percent will be applied.

6. Match − Maximum 25 points

75%-+	25 points
50%-74%	20 points
25%-49%	15 points
10%-24%	10 points
5%-9%	5 points
0%-4%	0 points

7. Bonus − Maximum 20 points

   a. 10 points will be awarded if planning activities proposed are related to, and would help address problems identified in 2009 or 2010 unfunded proposals.

   b. One point will be awarded for each year since the applicant was last awarded a (regular program) CDBG grant. (Maximum 10 points.)

E. Emergency

No point system will be utilized for emergency requests; decisions regarding funding will be based on the project need, commitment and appropriateness as well as availability of funds.

F. Economic Development

1. No point system will be utilized for economic development (CDLF) requests; however, decisions will be based on the following:

   a. Financial strength and reasonableness;

b. Likelihood of success;

c. Likelihood of repayability;

d. Need and appropriateness for funds and terms;

e. Management strength, expertise and past performance;

f. Marketing; and,

g. Degree of likely benefit to the economy, VL/LI persons, and/or anticipated impact of addressing national objectives as defined in the state program statement.

2. No point system will be utilized for economic development infrastructure requests; however, decisions will be based on the following:

   a. Degree to which the infrastructure fits into the community's overall economic development strategy.

   b. Need and appropriateness for funds and terms.

   c. Degree of likely benefit to the economy, VL/LI persons, and/or anticipated impact of addressing national objectives as defined in the state program statement.

ACRONYMS

CDBG Community Development Block Grant: US Department of Housing and Urban Development (HUD) funds distributed to North Dakota.

CDLF Community Development Loan Fund: CDBG funds utilized for economic development projects and activities.

DCS Division of Community Services: A division of the North Dakota Department of Commerce.

ED Economic Development.

HQS Housing Quality Standards: Minimum physical conditions of residential homes as required by HUD.

VL/LI Very Low and Low Income: Relates to income status of households/persons as determined by HUD.

North Dakota
DEPARTMENT OF COMMERCE

2012

REGION VIII

ROOSEVELT-CUSTER REGIONAL COUNCIL

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EQUAL HOUSING OPPORTUNITY

ALTERNATIVE FORMATS FOR DISABLED PERSONS ARE AVAILABLE UPON REQUEST

For an electronic copy of the State Action Plan see
http://www.communityservices.nd.gov/community/consolidated-plan/

Acronym Listing

ADA	Americans with Disabilities Act
CDBG	Community Development Block Grant
CDLF	Community Development Loan Fund
CFR	Congressional Federal Record
DCS	Division of Community Services - A division of the ND Department of Commerce
LRC	Loan Review Committee
RCRC	Roosevelt Custer Regional Council
VL-LI	Very Low and Low Income

DISTRIBUTION OF FUNDS

FUNDING AMOUNTS AND CATEGORIES

The estimated statewide allocation of the 2012 Community Development Block Grant (CDBG) funds is found in the 2012 State Program Distribution Statement (http://www.communityservices.nd.gov/community/block-grant/). Funds available to Region VIII are estimated to be $205,221. Those funds will be allocated under the following categories:

Economic Development (see page 4)	0%	$ 0
Public Facilities & Planning	0%	$0
Housing	100%	$205,221
Emergency Public Facility	0%	$ 0
Total Funding	100%	$205,221

ECONOMIC DEVELOPMENT

Economic development projects must meet the eligibility criteria as described in the 2012 State Program Distribution Statement (http://www.communityservices.nd.gov/community/block-grant/).Additionally, regional information is included in this statement.

PUBLIC FACILITIES & HOUSING

Projects must meet the eligibility criteria as described in the 2012 State Program Distribution Statement. (http://www.communityservices.nd.gov/community/block-grant/).

Regional information and application forms are attached to this program statement.

The Roosevelt-Custer Regional Council Executive Board elected to **allocate $200,000 of the 2012 CDBG funds to housing categories (maximum $100,000 per project) and $52,611 to public facilities projects**. **If all grant funds in one category are not committed, they may be transferred to another category.**

PUBLIC FACILITIES CATEGORIES

Public Facilities categories include: Water and Sewer, fire protection, ambulances, community centers, storm sewers, flood or drainage facilities, removal of architectural barriers and planning.

The Department of Commerce, Division of Community Services requires that "**all public improvement projects with costs exceeding $50,000 that are funded under the CDBG Public Facilities program shall procure plans, drawings, and specifications for the work from a licensed architect or registered professional engineer". These architect/engineering plans must be included in the pre-application to be eligible for 2012 funding.**

It is **strongly recommended** applicants seek professional assistance (architectural or engineering expertise) for construction projects under $50,000 when estimating project costs as many recent pre-application estimates have been found to be substantially lower than bid opening findings. At a minimum, a licensed and experienced contractor should assist with project costs estimates. The cost of construction projects continues to rise due to increasing demand for contractors and escalating costs of construction materials.

HOUSING CATEGORIES

Housing projects include:

1. Housing rehabilitation of existing low-income single-family and multi-family housing.

2. New housing construction is prohibited. **However**, CDBG funds can be used in support of new housing construction such as property acquisition, site clearance in preparation for housing and site improvements (install water lines, sewer lines and utility lines) on publically owned properties or privately owned properties, if an easement on the property is obtained before carrying out the improvements. Also, the construction or reconstruction of publicly-owned streets, bridges and alleys is eligible as a public facilities and improvements activity when it relates to new housing construction. If you are considering a project in support of new housing, please contact our office for additional information to determine project eligibility prior to engaging in any activity (including property acquisition) in support of new housing construction. **All projects in support of housing construction exceeding $50,000 that are funded under the CDBG Housing program shall procure plans, drawings, and specifications for the work from a licensed architect or registered professional engineer".**

In past years, lead-base paint issues have made a considerable change in the housing rehabilitation program. Costs of lead inspections, lead clearance costs and lead-certified contractors have increased housing rehabilitation costs by over one-third. CDBG pre-applications have under-estimated costs of rehabilitation and applicants have been required to provide additional matching funds. This has created delays in the program administration. Therefore, it is recommended to have the housing units tested for lead prior to submitting the pre-application.

EMERGENCY PUBLIC FACILITY

Emergency projects shall be determined as those having an immediate threat to the safety of the residents of the area as defined by the request for assistance. The project will need to meet eligibility requirements and have concurrence that the project constitutes an emergency from the North Dakota Division of Community Services (DCS). No funding is set-aside for emergencies in this program statement. However, funding for an emergency public facility project may be allocated at the time of the emergency from funding not currently allocated, returned funds, or funds transferred from other emphasis areas. No transfer of funds will be necessary if the funding is from a public facility category. The public facility pre-application scoring and review process will be waived for emergency applications. Emergency public facility decisions will be made by the R-CRC Executive Board. In addition, emergency CDBG funds may also be accepted or applied for from other regional or state allocations and or set-asides. (NA for 2012)

PLANNING

City and county planning projects are eligible and will be scored under the public facility criteria.

AMERICANS WITH DISABILITIES ACT (ADA)

It is a federal requirement that all cities and counties receiving funds through the CDBG Program must provide a copy of their Section 504 Self-Evaluation and Transition Plan prior to project closeout. All projects involving Removal of Architectural Barriers (ex. Handicap accessible bathrooms) must have a transition plan included with the application. **In addition, this plan and a completed thirteen (13) point checklist must be included in the pre-application for funding. (checklist found on pages 47-68 of the 504 self-evaluation guide. See website below)**

The Transition Plan Outline can be found in Section III of the Section 504/ADA Technical Assistance Handbook. The Transition Plan identifies the following items:

- Physical barriers in the building
- Changes that can be made without changing the structure of the building to make program and services accessible.
- Structural changes required to make the building handicapped accessible.

The Section 504/ADA Technical Assistance Handbook can be found at:
http://www.communityservices.nd.gov/government/ada-504-self-evaluation-guide/

STATEMENT OF "CONFLICT OF INTEREST" POLICIES

The Roosevelt-Custer Regional Council (R-CRC), its affiliates and components, and all officers, directors, delegates, council and committee members scrupulously shall avoid any conflict between their own respective individual, professional or business interests and the interests of the Council, in any and all actions taken by them on behalf of the Council in their respective capacities.

In the event that any officer, director, delegate, council, or committee member of the Council shall have any direct or indirect interest in, or relationship with, any individual or organization which proposes to enter into any transaction with the Council, including, but not limited to, transactions involving:

a. The sale, purchase, lease or rental of any property or other asset;

b. Employment, or rendition of services, personal or otherwise;

c. The award of any grant, contract, or subcontract;

d. The investment or deposit of any funds of the Council;

Such person shall give notice of such interest or relationship and shall thereafter refrain from discussing or voting (but not to include testimony in a public forum) on the particular transaction in which he has an interest, or otherwise attempting to exert any influence on the Council, or its components to affect a decision to participate or not participate in such transaction.

In addition, a recipient may not use CDBG funds to replace other funds for which they are responsible for. (pay-off existing debt)

ADMINISTRATION COSTS

Project administration costs will be paid with local matching funds.

Applicants are required to provide the minimum matching funds to the project as follows:

1. Housing projects −15% of the project not to exceed $15,000.
2. Public Facilities:
   a. Equipment Purchases −5% of the project not to exceed $5,000.
   b. All others Projects − 10% of the project not to exceed $10,000.

Consult the Regional Council for minimum administration cost.

FUND TRANSFERS, RETURNED FUNDS, AND RE-ALLOCATIONS

Uncommitted and unused funds in any category may be reallocated by the approval of the full board of the Roosevelt-Custer Regional Council (R-CRC). Since the full board meets only on a quarterly basis, timely distribution of funds may prove difficult. Therefore, the full board may delegate their responsibilities under the PDS to the Executive Committee of the R-CRC.

Prior to the board's official decision to transfer more than $20,000 in funds from one category to another, a public notice of the transfer of funds is to be made to interested parties. A fifteen (15) day comment period will be observed. If no adverse comments are received, a notice of the transfer, reallocation and a copy of the public notice will be sent to the North Dakota Division of Community Services (DCS) for their concurrence.

In the event the funds allocated or transferred in any category exceed the applications on hand, the Executive Committee may call for additional applications through a second funding cycle. The implementation schedule for the second funding competition is to be included in the public notice.

An economic development project must be approved and ready to receive the funds before any transfer will be made from public facilities and housing to economic development.

Any funds returned during or after the end of the calendar year in which it was awarded, may be reallocated by the Executive Committee of the R-CRC. An Executive Committee decision will be based on timeliness and perceived need and will be done through a motion and with the majority approval of the Executive Committee members. The Executive Committee may commit these funds to (1) any open project, (2) any new eligible economic development project or (3) to the next ranked public facility or housing project in the most recent funding competition. These actions may require a transfer of funds between categories. Any transfer of funds from one category to another must follow the transfer of funds procedure as outlined above and in the State Action Plan.

SUBMISSION OF APPLICATIONS TO:

ROOSEVELT-CUSTER REGIONAL COUNCIL
300 13th AVE. W., SUITE 3
PULVER HALL
DICKINSON, ND 58601
PHONE (701) 483-1241
FAX (701) 483-1243
info@rooseveltcuster.com

ECONOMIC DEVELOPMENT
COMMUNITY DEVELOPMENT LOAN FUND

IMPLEMENTATION SCHEDULE

Applications for funding from the State Community Development Loan Fund (CDLF) will be accepted by the Roosevelt-Custer Regional Council (R-CRC) at any time throughout the program year.

DISTRIBUTION OF FUNDS

Funding for the State CDLF program is available from program income. Program income comes from CDLF loans that have been made previously and repaid. Economic development projects being proposed to R-CRC's CDLF program must meet the eligibility criteria as described in the current State Action Plan.

R-CRC's Loan Review Committee (LRC) using prudent lending practices will review all projects. Final approval will be given by R-CRC's Executive Committee based on the recommendation received from the Loan Review Committee.

APPLICATION PROCEDURES

Loan applicants will be required to submit a pre-application or meet in person with R-CRC staff for a preliminary determination of project eligibility.

If eligible, applicants will be invited to submit a full application, which will consist of purpose of request, a business plan, commitment of other project funds, financial projections, job creation documentation and other pertinent information as deemed necessary by R-CRC staff. R-CRC will provide necessary forms and business plan outlines for these applications.
Applicants will be requested to assist R-CRC staff in completing the formal application which shall consist of application cover sheet, various assurances and certifications, sponsorship, etc.

For purposes of clarification, applicant shall mean the business or person requesting assistance and sponsor shall mean the city or county which will ultimately become the applicant to the state Division of Community Services.

APPLICATION REVIEW AND DECISION MAKING PROCESS

Applicants must submit a pre-application or contact R-CRC staff so that a preliminary determination of eligibility can be made. Staff will use 24 CFR part 570, Title I, the State Action Plan, and the R-CRC's program distribution statement to determine eligibility.

If eligible, staff and/or the applicant will obtain a resolution of sponsorship from the appropriate local governmental entity. Once sponsorship is obtained, the applicant will be directed to develop a full application, which shall consist of a business plan in a format described in the State's Action Plan. Official application packets will be provided by R-CRC.

Full applications will be reviewed by the staff for eligibility and will be forwarded to the LRC for their review and recommendation. Economic development projects will not be scored on a point system. The LRC's decision to recommend funding will be based on the merits of the project as described in the applicant's business plan. The following will be the primary criteria used to determine the merits of a project:

1. Financial strength of the principals and the business.
2. Likelihood of success.
3. Need and appropriateness for funds and terms.
4. Management strength, expertise, and past experience.
5. Marketing strength.
6. Documented source of equity and collateral.
7. Proposed staffing plan. (job creation)
8. Character of the borrower
9. Other criteria:

a. Appropriate: CDLF assistance is "appropriate" to carry out the economic development project. The following elements will be assessed to make a determination of appropriate:

   i. Reasonableness of proposed costs.
   ii. Commitment of other sources of funding.
   iii. No substitution of CDLF funds for private sources of funds.
   iv. Proposed CDLF financing terms.
   v. Assessing level of public benefit.

b. Displacement: CDLF assistance must minimize business and job displacement.

c. Outcomes: The economic development project consists of activities that do one or more of the following:

   i. Create or retain jobs for very low to low income persons.
   ii. Prevents or eliminates slum and blight.
   iii. Creates or retains businesses owned by community residents.
   iv. Assists businesses that provide affordable goods and services needed by very low to low income persons.
   v. Provides technical assistance to promote any of the activities under items i-iv above.

d. National objectives: CDLF assisted activities meets one of the national objectives listed in the state Action Plan.

   i. Activities benefiting very low and low-income persons.
   ii. Activities which aid in prevention of slum and bight.
   iii. Activities designed to meet a community development need having particular urgency.

e. Bank Participation: Each project under review must involve a bank that has committed or is willing to commit funding to the project equal to at least 50% of the total project cost.

The completed application along with the staff's notations and proposed amount and terms will be reviewed by R-CRC's Loan Review Committee. (LRC) This committee may be made up of the following individuals: a) R-CRC's chair or his designee, b) a representative of a retail/service sector business, c) a representative of a financial institution, d) a representative of a primary sector business, and e) a certified public accountant.

The LRC will meet on an as-needed basis. Based on the LRC's recommendation, the Executive Committee's decision will represent the final decision on the regional level.

Applicants will have an opportunity to personally present their project to the LRC.

The LRC may:

1. Recommend approval of the project as proposed.

2. Recommend approval with modifications or conditions.

3. Delay any decision for further information or the availability of funds.

4. Recommend denial of the application.

Applications for funding will be forwarded to the Division of Community Services for review as to compliance with state and federal requirements.

A notification of acceptance will be sent by the Division of Community Services followed by the official award document. Expenditure of funds can begin only after the environmental review has been completed and the State issues a "release of funds" letter.

APPLICATION FORMS AND FORMAT

The format for a business plan/application shall be such that it meets and addresses the items described in the State of North Dakota's Action Plan.

Forms meeting the state requirements for a business plan, will be available at the offices of Roosevelt-Custer Regional Council, 300 13rd Ave. W. Suite 3, Pulver Hall, Dickinson, North Dakota or by calling 701-483-1241.

PUBLIC FACILITIES & HOUSING PROJECTS

IMPLEMENTATION SCHEDULE

The award of funds for Housing and Public Facilities projects is a two-step process. First, a pre-application must be submitted to participate in the regional competition as outlined below. If the pre-application is recommended for the region's available funding, the successful applicant completes the second step; preparation and submission of a full application for review by the North Dakota Division of Community Services (DCS). The Roosevelt-Custer Regional Council (R-CRC) will assist successful applicants in preparing the necessary documentation for the full application. If the applicant plans to bond for the match funds, evidence of bonding will be required by the DCS in the full application.

Pre-applications are due by the close of business on Friday, February 24, 2012. Send only one copy with original signatures postmarked on or before the due date.

Project interviews will be held on Thursday, **March 15, 2012,** and all pre-applications will be reviewed, scored and funding levels determined.

GRANT APPLICATION PROCEDURES

1. Applicants will be required to complete the pre-application form (page 17) and provide the necessary attachments. The pre-application is to be submitted to the Roosevelt-Custer Regional Council according to the dates given in the Implementation Schedule.

2. Pre-applications will be reviewed by the R-CRC for eligibility. Applicants will be contacted if further information is needed.

3. Pre-applications will be scored according to the appropriate score sheet and the methods described in the following section entitled "Application Review Process".

4. Applicants may contact the Roosevelt-Custer Regional Council for guidance in completing their pre-application.

PRE-APPLICATION REVIEW PROCESS

Review Board. Pre-applications are scored by the R-CRC's Community Development Block Grant Review Board. The Review Board is comprised of one representative from each of the eight counties within Region VIII. These representatives are appointed by the Executive Committee of the Roosevelt-Custer Regional Council and will serve in that capacity for the duration of the 2011 CDBG Program year.

To avoid a real or perceived conflict of interest, Review Board Members may not be members of boards, councils or commissions that are submitting or sponsoring applications. Review Board Members may not submit a bid, participate in, or contract with a successful applicant or beneficiary in the procurement processes of successful projects. If there are no R-CRC board members from a particular county without this conflict or unable to serve on the board, a mayor without a conflict of interest from the county will be appointed by the Executive Committee. If there are no mayors available to participate, a general appointment will be made by the R-CRC Executive Committee. This appointee should also be without direct conflict of interest and, if possible, reside in the county in question.

Scoring Process. The Review Board reserves the right to adjust awarded funds to insure adequate funds are available for project implementation. Funding levels will be determined by motion and majority approval of Review Board members.

Public Facilities & Housing. Public facility & housing projects will be ranked and awarded with available funds beginning with the highest-ranking project and distributed down the list until all the CDBG funds are committed. In the event of a tie, the Review Board will consider the history of CDBG funding to the applicants. If a successful applicant does not accept the funds, withdraws their application or more funds become available during the calendar year, the next applicant in ranking order will be offered those funds (see also “Fund Transfers, Returned Funds, & Reallocations”).

Project Interviews. Applicants will be given the opportunity to address the Review Board at the project interviews on the date stated in the Implementation Schedule. Applicants should be prepared to give a brief overview of their proposed project. Interviews are scheduled for approximately 10 to 15 minutes per applicant.

If the applicant is acting as a sponsor for a beneficiary such as a fire district, representatives of the beneficiary organization and/or the applicant (city or county) may attend. Applicants for public facility improvements should be able to supply general information on the current fees, rates, or levies for the public facility in question.

Applicants for projects (other than special assessment projects) which are providing less than a 50% local match should be prepared to justify the lesser local contribution and show financial documentation which supports why the applicant is unable to finance an equal share of the project.

SCORING CRITERIA

Public facility pre-applications will be scored using the following criteria**:**

a. Percentage of local match

b. Ratio of CDBG dollars requested per VL-LI (very low to low-income) persons to benefit

c. Project type

d. Applicant's prior receipt of CDBG funds for public facilities

e. Perceived need (points awarded by the Review Board members)

After the project interviews, each member of the Review Board will score the proposed projects based on perceived need for the project and the need for CDBG funding. To do this, each member of the Review Board will have 200 points to distribute among all the applications for perceived need. Individual scores are then totaled for each project and added to their existing score. A Review Board member may not give more than 50 points to any one project application. See page 10 for public facility score sheet.

CDBG 2012 SCORE SHEET – REGION VIII PUBLIC FACILITIES	
A. Percentage of Local funds _____% X 2 Score 2 points for each percentage points of total project costs paid out of Local Funds or other funds. Does not include CDBG or administration funds requested. (Matching Funds/Total Project Costs)	=_____Points
B. CDBG Cost per VL/LI persons = $_____ cost/person $250 and below — 100 points $251 - 500 — 80 points $501- 1,000 — 60 points $1,001 - 1,500 — 40 points $1,501 - 2,000 — 20 points $2,001 and above — 0 points	=_____Points
C. Project Type Water and Sewer or Combination — 100 points Removal of Architectural Barriers — 100 points Fire Protection and Ambulance — 80 points Community Centers — 80 points Install Storm Sewers, Flood or Drainage Facilities — 70 points All other eligible Projects, Planning Projects — 70 points	=_____Points
D. Applicants that have not received CDBG Public Facilities funding within the last five (5) years adds 25 points	=_____Points
E. Total Points A+B+C+D	=_____Points
Last Project and Year:	
F. Region VIII Review Board Points for Perceived Need (up to 50 points each)	=_____Points
Total Score	=_____Points

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Public facility and housing project pre-applications will be accepted for projects which are eligible activities as stated in Section II of the State Program Public Distribution Statement. Housing projects must directly improve the existing housing stock in the project area and CDBG funds can be used for direct benefit of very low to low income households. In addition, Region VIII will provide emphasis to the targets below:

Design state housing grant programs to emphasize (a) making single family homes and low-income apartments handicapped accessible where needed, (b) modernizing single family homes owned by the elderly; and (c) rehabilitating rural single family and multi-family housing. Design all state administered housing programs to require compliance with the State Building Code and State Energy Code in the use of funds for new construction.

Housing Rehabilitation applications will be scored on a point system using the following criteria:

VL-LI Population:

Applicants will receive two points for each percentage point of VL-LI persons in the project area. VL-LI will be calculated using the 2000 Census data or independent survey data.

Percent very low-income household pre-applications received to total pre-applications received:

85-100%	50 points
64-84%	25 points
50-64%	10 points
25-49%	5 points
0-24%	0 points

Direct benefit households:

One point will be awarded for each household member who is:

(a) elderly
(b) a minority
(c) handicapped
(d) female head of household
(e) children under the age of 18 years

Percentage of all local funds involved in project:

50.0+	25 points
40.0-49.9	20 points
30.0-39.9	15 points
20.0-29.9	10 points
15.0-19.9	5 points

Applicant will be awarded twenty-five points if all housing units have been pre-tested for lead-base paint or built prior to 1978.

Applicants will be awarded 25 points if housing rehabilitation estimates are submitted from a licensed engineer or architect.

Previous Application:

Ten points will be awarded to the applicants who have not received housing funding in the past five years.

Perceived Need:

After the project interviews, each member of the Review Board will score the proposed projects based on perceived need for the project and the need for CDBG funding. To do this, each member of the Review Board will have 200 points to distribute among all the applications for perceived need. Individual scores are then totaled for each project and added to their existing score. A Review Board member may not give more than 50 points to any one project application.

2012 HOUSING REHABILITATION SCORE SHEET		
APPLICANT		**TOTALS**
1. **VL-LI Population**: Applicants will receive two points for each percentage point of VL-LI persons in the project area. VL-LI will be calculated using the 2000 Census data or independent survey data.	2 points per unit	_____
2. **Percent of <u>very</u> <u>low</u> <u>income</u> household pre-applications received to total pre-applications received**: 85-100% 50-64% 25-49% 0-24%	50 points 25 points 10 points 5 points 0 points	_____
3. **Direct benefit households:** One point will be awarded for each household member who is: (a) elderly (b) a minority (c) handicapped (d) female head of household (e) a child under the age of 18 years	 _____ Points _____ Points _____ Points _____ Points _____ Points	_____
4. **Percentage of all local funds/total funds involved in project**: 50.0+ 40.0-49.9 30.0-39.9 20.0-29.9 15.0-19.9	 25 points 20 points 15 points 10 points 5 points	_____
5. Applicants will receive 25 points if all housing units have been pre-tested for lead base paint or the units were built post-1978.	25 points	_____
6. Applicants will receive 25 points if project estimates have been conducted by a license architect or engineer	25 points	_____
7. **Previous Application**: Ten points will be awarded to the applicants who have not received housing funding within the past five years	10 points	_____
8. **Perceived Need:** Each CDBG Review Board member may award each applicant up to 50 points based on perceived need of each applicant's project.	50 points	_____
Total Points		_____

PROJECTS SUBMITTED IN SUPPORT OF NEW HOUSING WILL BE SCORED AS FOLLOWS:

PROJECTS IN SUPPORT OF NEW HOUSING CONSTRUCTION POINT SCORING SYSTEM	
A. PROJECT NEED-Proposal demonstrates the need for the project and that it has been well documented with the type of housing proposed, utilizing census, survey, market study or other reliable statistical data. Also, meets both the current and long-term benefits in addressing existing and future needs. (up to 50 points)	_____ Points
B. MANAGEMENT-Applicant or recipient can show strong management, marketing and administrative skills, technical assistance as the project may require, that should assure project success. (up to 25 points)	_____ Points
C. LEVERAGE OF FUNDS- Projects using **CDBG** funds for: 25% or less of the total project costs will score 50 points 26-50% of the total project costs will receive 25 points 51-75% of the total project costs will receive 10 points 75% or more of the total project costs will receive 0 points	_____ Points
D. APPROPRIATENESS- The applicant can document the sustainability and viability of the project, as can be documented by the likelihood of repayability if loans are proposed, and through past performance and credit rating, strength and credibility of pro forma financial statements and cash flows, value of security, and financial strength and commitment of the principals or borrowers; or whether debt service and loans are or are not involved, that policies proposed and/or financial information provided indicate the feasibility of the project and the ability to assure the housing can be and will remain occupied, affordable and properly maintained. (up to 50 points)	_____ Points
E. INFRASTRUCTURE CAPACITY-Applicant has supporting documentation from city/county officials stating they have adequate primary health and safety infrastructure to serve the proposed housing units—water, sewer, solid waste disposal and fire protection services and are of high quality, accessible, readily available, and without problems or deficiencies. (up to 25 points)	_____ Points
F. OTHER SERVICE CAPACITY- The applicant and/or recipient can document it has the capacity to provide other essential services to its residents benefiting from the project. Depending upon the nature of the project, this may include in-house social programs, health services, transportation, meals, personal services and other, and/or may include community services that would serve beneficiaries, such as medical, public transportation, youth and senior citizen services and programs, availability of Meals on Wheels, and handicapped accessibility at public buildings. **(u**p to 25 points)	_____ Points
G. TIMELINESS-Applicant must demonstrate that other financing needed is available and project plans, specifications and cost estimates are complete. The applicant has verification that proper zoning is or will be in place, all necessary licenses and permits, and an environmental study was conducted to address transportation issues, hazardous materials, flood zones and noise factors. (up to 50 Points)	_____ Points
H. COMMUNITY SUPPORT-Applicant can demonstrate strong local support for the pro-posal. At a minimum should include letters of support from public or private individuals or entities, and may also include consideration of past community efforts and successes in providing affordable housing, and the level of financial, technical assistance or other community support or partnerships that are being provided for the project. (up to 25 points)	_____ Points
I. INCOME CATEGORY UNITS WILL SERVE 30% and Below HUD INCOME LIMITS (50 points) 31%-50% HUD INCOME LIMITS (25 points) 51%-80% HUD INCOME LIMITS (10 points) *At least 51% of the units in a multi-family project must meet the program income criteria to be eligible for funds.* (*i.e. A multi-family unit having 15 units must have at least 8 of the units meet the income requirements.*	_____ Points
TOTAL POINTS	
REVIEW BOARD POINTS-perceived need (up to 50 points each)	
TOTAL POINTS	

INSTRUCTIONS FOR THE PRE-APPLICATION COVER SHEET
HOUSING/PUBLIC FACILITIES

Answer all questions on the pre-application cover sheet. Call R-CRC if you have any questions.

1. Legal Applicant

   All applications must be submitted by a city or a county. Enter the appropriate applicant information.

2. Beneficiary if other than applicant

   If the project directly benefits another entity such as a fire or ambulance district, enter that information.

3. Project Area

   Enter the name of or describe the project area to benefit from the proposed project.

4. Project Area Population

   Enter the number of persons residing in the project area. Enter 2000 Census data (http://factfinder.census.gov) or provide independent survey data.

5. VL-LI Population*

   Enter the very low to low-income (VL-LI) population from the 2000 Census or the VL-LI data collected though an independent survey for your project area. Please contact the R-CRC to verify this number. For direct benefit projects, this answer should be the same as item #4.

6. VL-LI Percentage of Project Area Population

   Divide the VL-LI population (#5) by the project area population (#4). **All projects must have at least a 51% VL-LI. Projects for the removal of architectural barriers or those benefiting other populations presumed to be VL-LI do not need to meet the 51% VL-LI but must enter the VL-LI of the project area.*** Projects that intend to use CDBG funds to pay for low income households and other funds to pay for higher income households and use the other funds as project match must use the VL-LI of the entire project area.

7. Direct Benefit Population

   If the project provides a direct benefit to specific individuals such as in a housing rehabilitation project, or a population presumed to be VL-LI, enter the number of persons anticipated to directly benefit from the project. **Water meter projects** are now considered direct benefit projects and must be accompanied by the names and income verifications of those low-income households benefiting. Call us immediately if you are planning to apply for CDBG funding for a water meter replacement project.

8. Proposed Funding

   Enter the funds requested from the CDBG program on line (a) and local funds from the applicant or beneficiary on line (b). All other federal, state, and private funds are entered on line c. The project total cost is entered on line d. Calculate the percentage of the total cost for lines a through c and enter this information on their respective lines.

9. Title and Brief Description

   Enter a project title and project description. Attach an additional sheet if necessary.

10. Certifications and Acknowledgments - self explanatory

11. Name

    This section is to be completed and signed by the city mayor or the county commission chairman.

12. Attachments – Public Facility projects need to attach (a) Engineer's/Architect's Report or a short project narrative and summary of how the project costs were calculated and who did it, (b) Census data on VL-LI population or Survey Methodology, (c) ADA Self-Evaluation and Transition Plan for removal of architectural barrier projects only. Do not attach support letters of any kind.

NOTE: *VL/LI Populations

CDBG allows that certain populations can be presumed to be VL-LI. These populations include the elderly, abused children, battered spouses, homeless persons, handicapped persons, etc. This means that projects that will provide a direct benefit to these populations do not need to show census data or survey data of at least 51% VL-LI to be considered an eligible project.

However, this presumption creates an obvious dilemma in the scoring process concerning the VL-LI score. Should the VL-LI percentage used for scoring this project be based on (a) census data or surveys, or (b) at least 51% or even (c) 100% for the presumed VL-LI population?

In many cases even though the benefit population is presumed to be VL-LI, the population that would normally pay for the project without CDBG assistance is not. For example, a removal of architectural barrier project at a courthouse benefits persons with disabilities, a population presumed by CDBG to be at least 51% VL-LI. However, the persons who would normally pay for renovations at the courthouse, the county's entire population, may be less or more than 51% VL-LI.

In response to this question, all applications that have population presumed to be VL-LI will be scored on the VL-LI percentage of the project area rather than assign a VL-LI percentage to the presumed population.

ROOSEVELT-CUSTER REGIONAL COUNCIL
COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM
PRE-APPLICATION COVER SHEET FY 2012 – HOUSING/PUBLIC FACILITIES

1. LEGAL APPLICANT	**2. BENEFICIARY IF OTHER THAN APPLICANT**
Applicant Name	Beneficiary's Name
Address (Street, City, State, Zip)	Address (Street, City, State, Zip)
Local Government Contact Person & Phone	Beneficiary Contact Person & Phone
3. PROJECT AREA	**4. PROJECT AREA POPULATION**
5. VL-LI POPULATION FROM LAST OFFICIAL CENSUS OR SURVEY	**6. VL-LI PERCENTAGE OF PROJECT AREA POPULATION**
7. DIRECT BENEFIT POPULATION	**8. PROPOSED FUNDING** a. CDBG Request **$**_____ b. Local Funds* **$**_____ c. Other Funds **$**_____ d. Total Costs **$**_____

9. TITLE OF PROJECT AND BRIEF DESCRIPTION

10. CERTIFICATIONS AND ACKNOWLEDGMENTS

The Applicant certifies that to the best of my knowledge and belief, data in this application are true and correct, and the document has been duly authorized by the governing body of the applicant.

In addition, the governing body is aware that upon initial approval for funding of this application by the Region VIII Review Board, a full application must be submitted to the North Dakota Division of Community Services (DSC) for review of its compliance with federal Community Development Block Grant requirements. Additional documentation will be needed. Noncompliance by the applicant may void any funding committed by the Region VIII Review Board.

Prior to any receipt of CDBG funds, the applicant acknowledges it must hold a public hearing and enter into a financial award agreement with DCS. Contracts entered into with DCS will include enforcement of applicable regulations, mandates, or laws which will require conformance with Civil Rights, Fair Housing, Americans with Disabilities Act, citizen participation, Excessive Force Plan, Davis-Bacon Act, Equal Opportunity, Labor Standards, Environmental Review, State Historical Preservation Officer, and other requirements set forth for participation in the CDBG program. *All CDBG administrative funds will be paid out of local matching funds.

11. NAME	**TITLE**
SIGNATURE CHIEF ELECTED OFFICIAL X	**DATE**

***NECESSARY ATTACHMENTS* - Public Facilities**: (a) Engineer's/Architect's Report (**required on projects over $50,000**); (b) Survey Methodology for VL-LI Population; (c) ADA Self-Evaluation and Transition Plan - removal of architectural barrier projects only. **Housing** (1) Rehabilitation-(a) Very low to low income Household Questionnaire Forms; (b) Letter of Evidence of Local Match; (d) Project support Letter; (e) Evidence of lead testing. (2) Support of New Construction (a) Business Plan; (b) see score sheet.**Housing** (1) Rehabilitation-(a) Very low to low income Household Questionnaire Forms; (b) Letter of Evidence of Local Match; (d) Project support Letter; (e) Evidence of lead testing. (2) Support of New Construction (a) Business Plan; (b) see score sheet.