



CITY OF MADISON

**Community
Development Block
Grant Program**

2003-2004

Program Funding

FRAMEWORK

**FOR COMMUNITY AND
NEIGHBORHOOD DEVELOPMENT**

Adopted by the CDBG Commission
April 10, 2002



Department of Planning & Development
Community Development Block Grant

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CITY OF MADISON COMMUNITY DEVELOPMENT BLOCK GRANT

2003-2004 PROGRAM FRAMEWORK

CONTENT

This two year Program Framework is organized into seven sections:

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SECTION 1: EXECUTIVE SUMMARY, MISSION, AND CHART OF MAJOR OBJECTIVES

The purpose of the community and neighborhood development program is to help make Madison “a more viable urban community by providing decent housing and a suitable living environment and by expanding the economic opportunities for low- and moderate-income persons.”¹ The program will work with non-profit community and neighborhood groups², whichever is lower, and their associated business, resident, and neighborhood partners to plan, develop and invest in projects which contribute to the 2001-2004 objectives established by the CDBG Commission, Mayor, and Common Council in consultation with Madison citizens.

Outcome Objectives and Funding Sources:

The CDBG Commission has established four primary goals and nine outcome objectives for the use of funds to be administered by the CDBG Office in 2003 and 2004. These funds include three major Federal programs administered through the Department of Housing and Urban Development (Community Development Block Grant, HOME, Emergency Shelter Grant) several State-funded or administered programs (Division of Housing), and local City of Madison funds. The goals and objectives for this two-year period are derived from the CDBG Office’s Community and Neighborhood Development Five-Year Plan and support other Department and Citywide strategic goals, objectives and allocation processes. Copies of the Five-Year Plan, or its summary, may be obtained from the CDBG Office by calling 267-0740; copies of the executive summary are available on the CDBG website at www.ci.madison.wi.us/cdbg.

Primary goals	Product (Customer Group)	Nature of Project Achievement or Outcome
Housing	A. Owner-occupied housing (Owner-occupant)	Housing made accessible, brought to code, or made safer or more energy-efficient
	B. Housing for buyers (First-time homebuyer)	Households become homeowners
	D. Rental Housing (Renter)	Housing units created, renovated to code or made accessible, better managed, and affordable; “fairly” sited
Business Development	E. Business creating jobs (people seeking jobs)	Jobs created which meet wage standard levels or create advancement opportunities, with 51% for LMI
	F. Micro-business (small business entrepreneur)	Business created and viable after 4 years
Community/ Neighborhood Development Services	G. Civic places (Neighborhood residents)	Centers and community gardens operated, sustained, developed as neighborhood focal points
	M. Access to resources Low /moderate income persons seeking housing	Household informed, placed into housing, or helped to avoid homelessness
	K. Capital facilities (Agencies with capital facilities serving LMI)	Adequate space acquired or improved for accessibility, energy, code, or customer service improvements, plus a setaside for repayment of the Warner Park Center loan.
Comprehensive Strategic Area Revitalization	L. Comprehensive Revitalization (Residents and businesses of selected “higher need” areas)	Priority projects completed effectively in a three-year period in ways which support healthy neighborhoods; other activities may include a 4-5 year effort in areas which need a longer period of revitalization.

1 Low- and moderate-income persons are defined as individuals/households whose annual income does not exceed 80% of the area median income. For Madison in 2002, 80% of median income for a family of 4 is \$54,400.

2 The City may approve funds for a group registered with the State of Wisconsin as a not-for-profit, but may only contract with an organization with Federal tax-exempt status, generally a 501 c) 3 or 501 c)4 organization.

SECTION 2: A NARRATIVE EXPLANATION OF THESE OBJECTIVES, INTERNAL PRIORITIES, AND RELATIONSHIPS TO OTHER CROSS-CUTTING GOALS

The following section describes in more detail the four goals, preferences and funding conditions associated with each major objective of the neighborhood and community development program.

GOAL ONE: AFFORDABLE HOUSING

The City goal is to maintain and expand the supply of safe, affordable housing throughout the community.

OUTCOME OBJECTIVE A: Existing owner-occupied housing

Improve the quality of existing owner occupied housing stock to support community stability and neighborhood revitalization efforts

Funds will be targeted to housing stock in need of repair or rehab, ensuring that homes then meet City minimum housing and building codes, or provide accessibility improvements or are safer or more energy efficient.

Preferences

- * The Commission will give preference to projects which focus at least 60% of all repairs or rehab activities to homes in neighborhoods within the CDBG Target Area. The CDBG Target Area includes all Madison census tracts where 51% of the individuals meet the HUD low/moderate income standards of 80% or less of the area median income, and include the census tracts identified on the map on page 14.

Conditions

- * Funds may be used only for housing units which do not exceed the HOME assessment limit designated by the Federal Department of Housing and Urban Development (HUD). CDBG staff may allow for individual exceptions in cases involving hardship.
- * Funds applied to a property shall require a minimum of \$300 in subsidized repair assistance per unit, and be limited to \$3,000 per property for subsidized repair projects; or \$16,000 in rehab loan assistance for each house.
- * The CDBG Office shall secure amounts of assistance greater than \$3,000 with a mortgage or a covenant or right of first refusal on each assisted property.

OUTCOME OBJECTIVE B: Housing for buyers

Increase opportunities for homeownership for low and moderate income households.

The Commission will fund projects that acquire, construct or rehabilitate properties which will be re-sold to qualified low or moderate income homebuyers. (A qualified homebuyer is defined as one who has not owned a home or property within the last three years.)

Preferences

- * The Commission will give preference to projects which increase ownership opportunities within the CDBG Target Area, are designed to assure housing affordability over time, or incorporate accessibility requirements into the project design.

Conditions

- * Funds may be used only for housing units which do not exceed the HOME purchase price or value limit designated by the Federal Department of Housing and Urban Development (HUD). CDBG staff may allow for individual exceptions in cases involving hardship.
- * Housing (after rehab) shall comply with all applicable City minimum housing and building codes.
- * Funding will be limited to \$38,000 per housing unit. This sum will include the total CDBG and/or HOME funds received. NOTE: The CDBG Office will give consideration to higher per unit amounts or percentages when the proposal meets the preferences stated above (within the Target area, assures affordability over time, incorporates accessibility into

design) or involves lead paint hazard reduction. These higher amounts, up to \$5,000 per unit, will be evaluated based upon project 'need' and availability of resources. The CDBG Office may also offer higher amounts per unit as temporary financing to reduce holding costs.

- * Projects may not exceed a total secured funds-to-value ratio greater than 115% from all sources. (Projects where a community land trust serves as owner of the underlying land will be permitted to meet a higher ratio of 125% (secured funds-to-value ratio for the entire project of land and property, or 150% of secured funds to value ratio for the land alone), if the ground lease meets the conditions of affordability and 100% of the full value of the land is secured by a mortgage to the City.) CDBG Office loans retained in an assisted property for an individual household may not exceed a loan to value ratio of 100% from all sources.
- * A minimum of 85% of all funds received shall be applied to capital costs including acquisition and closing costs, rehabilitation, labor and materials, design and engineering costs and relocation costs. A maximum of 15% of the total CDBG Office funds received may be applied to staffing and other service delivery costs. Projects involving the training of lower income individuals and which lead to employment or higher education may apply up to 50% of funds to staffing, legal, or other development associated costs.
- * The CDBG Office shall secure its funding for capital costs with a mortgage in the form of a recourse loan. Funds will be provided in the form of a long-term deferred loan payable upon sale of the property or change in the use of the property. The mortgage will require a repayment equal to the amount of CDBG or HOME funds invested or the percent of appraised value which the CDBG or HOME funds represent in the value of the property, whichever is higher.

OUTCOME OBJECTIVE D: Rental housing

Expand the number of affordable housing rental units and/or improve the quality and/or diversity of units available to lower income individuals throughout the community.

- * Funds will be applied to the acquisition, construction or rehab of permanent or transitional rental housing with rents at HOME rent levels or equal or below 85% of the area's Fair Market Rent.
- * Housing projects shall be limited to the development of a total of 8 or fewer units, unless located in areas of the City which do not have a high concentration of lower income housing as identified on the map, or are part of a larger neighborhood revitalization effort.

Preferences

- * The Commission will give preference to projects which increase SRO housing for individuals with incomes less than 30% of the area's median income, create housing with rents less than 60% of the Fair Market Rent, or provide housing for households with incomes less than 50% of the area's median income, or incorporates accessibility requirements into the project design
- * Projects meeting the criteria of the CDA Scattered Site Fund may be eligible for an additional subsidy (see Section 5 for additional information) as an incentive to locate particular types of housing in areas of the City which do not have a high concentration of lower income housing.

Conditions

- * Housing (after rehab) shall comply with all applicable City minimum housing and building codes.
- * Existing not-for-profit housing is eligible only for funds available through the Housing Development Reserve Fund (see Section 5 of this document).
- * Funding will be limited to \$38,000 per housing unit. This sum will include the total CDBG, ESG, and/or HOME funds received. NOTE: The CDBG Office will give consideration to higher per unit amounts or percentages when the proposal meets the preferences stated above (increases SRO housing, housing for rents less than 60% of Fair Market Rent, provides housing for households with incomes less than 50% of median, assures housing affordability over time, or incorporates accessibility requirements into project design), or involves lead paint hazard reduction. These higher amounts, up to \$12,000 per unit (or the maximum subsidy amount per the HOME guidelines, whichever is less), will be evaluated based upon project 'need' and availability of resources. The CDBG Office may also offer a higher amount as temporary financing as a way to reduce holding costs.
- * Projects may not exceed a total secured funds to value ratio greater than 115% from all sources.

- * A minimum of 85% of all funds received shall be applied to capital costs including acquisition and closing costs, rehabilitation, labor and materials, design and engineering costs and relocation costs. A maximum of 15% of the total CDBG Office funds received may be applied to staffing and other service delivery costs.
- * The CDBG Office shall secure its funding for capital costs with a mortgage in the form of a recourse loan. Funds will be provided in the form of a long-term deferred loan payable upon sale of the property or change in the use of the property. The mortgage will require a repayment equal to the amount of CDBG, ESG, or HOME funds invested or the percent of appraised value which the CDBG, ESG or HOME funds represent in the value of the property, whichever is higher.
- * All projects must comply with the relevant funding source requirements. The CDBG Office will require that HOME-funded projects comply with the regulations in 24 CFR part 92. The CDBG Office will require that ESG-funded housing projects comply with ESG requirements and be designed to serve homeless individuals as defined in 24 CFR 576. Projects must be designed to contribute a 50/50 in-kind or cash match for all ESG funds awarded
- * The Commission will assist ESG projects which support a continuum of care strategy, and give priority for ESG funds to those projects which help expand the supply of transitional housing. Buildings using ESG funds for minor rehab must be maintained as transitional housing or as a shelter for the homeless for not less than a three-year period; if the funds are used for major rehab, for not less than a ten-year period.

NOTE FOR COMMUNITY HOUSING DEVELOPMENT ORGANIZATION HOUSING: 15% of the aggregate HOME funds available to the City are reserved for agencies which meet the HUD definition of a Community Housing Development Organization CHDO, as defined in 24 CFR Part 92. The City may consider appropriate CHDO-sponsored, managed or owned projects for predevelopment or technical assistance loans.

GOAL CATEGORY TWO: BUSINESS DEVELOPMENT

The goal of the City is to help businesses grow in ways that create employment opportunities for lower income persons.

OUTCOME OBJECTIVE E: Business Growth for job creation

Help businesses and non-profits create new employment opportunities for lower income persons.

- * The Commission will fund non-profits which provide loans or equity funds or other support, such as incubator space, to businesses to expand in order to create new positions.

Preferences

- * The Commission will give preference to projects that target the development of new full time jobs which pay at least two times the minimum wage rate or provide training and advancement opportunities.

Conditions

- * Businesses may include not for profit entities which operate like a business to serve a fee-paying market and demonstrate a predictable source of revenue based upon sales or services not funded by the City.
- * The CDBG Office will require the recipients of loans or equity investments or other support to agree to create, at a minimum, one full time job at a minimum wage rate for every \$12,500 of CDBG funds received, and one full time job at two times the minimum wage rate for every amount between \$12,500 and \$25,000 of CDBG funds received. At least 51% of the jobs created must be taken by low or moderate income persons.
- * The CDBG Office may approve the provision of up to 10% of a funded program’s amount to provide loans to businesses to retain existing positions held by income-eligible persons. These projects must be able to meet the HUD requirements for “retention.”

OUTCOME OBJECTIVE F: Micro-enterprises

Assist micro-enterprises which are the principal occupations of their owners or which create new job opportunities for low or moderate income persons. (HUD defines a micro-enterprise as a business with 5 or fewer full time employees, one of whom owns the business.)

- * The Commission will fund non-profits which provide technical assistance, or appropriate space for nascent businesses, or loans to individuals starting or operating micro-enterprises where:
- * The low or moderate income owner's job within the business is expected to become that individual's principal occupation within three years of provision of assistance, or
- * The micro-enterprise is expected to create at least one full time equivalent position for a low or moderate income person, other than an owner, within four years.

Conditions

- Assistance to any micro-enterprise is limited to a four- year period from the first CDBG-funded contact with the non-profit agency funded by the CDBG Office.

GOAL CATEGORY THREE: ACCESS TO COMMUNITY RESOURCES AND NEIGHBORHOOD SERVICES

The goal of the City is to expand opportunities for low- and moderate-income persons to access self-help and recreational activities in friendly, safe, accessible, and well-maintained civic spaces.

OUTCOME OBJECTIVE G: Community Gardens and Neighborhood Centers

Create, enhance, or sustain the operation of neighborhood centers and community gardens that bring people of diverse backgrounds together, serve as neighborhood focal points, or provide residents with skills or opportunities that will lead to stronger communities.

- * Projects must demonstrate coordination with other community groups and the support and participation of neighborhood residents.
- * Projects must demonstrate that their service area contains a minimum of 51% lower income individuals, or at least 51% of their participants are lower income individuals.
- * Projects must demonstrate that they are designed with an end outcome of strengthening neighborhoods.

Conditions

- * Each assisted neighborhood center shall be required to adopt a policy to encourage resident participation in its major policy-making and operational decisions, such as representation on the Board of Directors, involvement in a center's program planning committee, participation in a center's hiring committee or the use of customer feedback surveys. The CDBG Office shall review these activities with each center as part of their biennial assessment, and the CDBG Commission shall consider the quality of the resident participation and center user satisfaction in recommending funding for the centers.

OUTCOME OBJECTIVE M-1: Information Services

Improve the capacities of low- and moderate-income individuals to access housing resources through the provision of information or develop information to create such opportunities.

- * Funds will be targeted to the operating costs of projects which provide information, or other non-monetary resources to low and moderate income persons, such as housing counseling, training, or mediation.

Preferences

- * The Commission will give preferences to projects which either address broader housing opportunities for people of all races and other protected classes, fair housing goals, or activities which support the expansion of affordable housing opportunities throughout the community.

OUTCOME OBJECTIVE M-2: Homeless Services

Stabilize or improve the housing situation of homeless individuals or near homeless individuals.

- * The Commission will fund proposals which strengthen the area's continuum of care for homeless people, which prevent homelessness, or which move people into more stable or permanent living arrangements.

Preferences

- * The Commission will give preference to service proposals designed to develop long-term solutions that assist homeless individuals in gaining the skills necessary to live independently and reduce future homeless episodes.

Conditions

- * All ESG-funded projects must comply with ESG requirements outlined in 24 CFR 576.
- * All ESG-funded projects must be designed to contribute a 50/50 in-kind or cash match for all ESG funds awarded.

OUTCOME OBJECTIVE K-1: Community and Neighborhood Facilities

Create or improve safe, accessible and well-maintained environments for the delivery of human and recreational services to the CDBG target population.

- * The Commission will target its funds towards the capital expenses of acquisition of property, and/or renovation of the facilities of agencies which can document that a minimum of 51% of their customers are low and moderate income persons., and that a minimum of 51% of their customers are City of Madison residents. The acquisition or rehab may lead to lower longer-term space costs, the improvement of physical accessibility, or the encouragement of service coordination.

Preferences

- * The City will provide funds only for the following activities according to the table below:

Outcome	Minimum% of project CDBG will fund
Accessibility	90%
New Construction, Acquisition, Expansion of Existing Building	
Maintenance/Rehab. (roof, furnace, painting)	

Terms:

Funds will be provided in the form of a recourse loan.

For owner agencies that meet at least one other objective (A, B, D, E, F, G, M-1, M-2, L-1, or L-2) within this 2003-2004 Program Funding Framework and demonstrate capacity to address those objectives, the City will provide CDBG funds as a deferred payment loan that will be due and payable upon the sale, transfer, or change in use of the property.

For all other eligible owner agencies, the City will provide CDBG funds as an installment loan at 2% interest for 15 years.

For agencies renting space, the City may provide up to \$25,000 as a ten-year forgivable loan, (the approximate period of depreciation for many improvements).

Deferred Loans are due and payable upon sale, transfer, or change in use of the property. The mortgage will require a repayment equal to the amount of CDBG funds invested or the percent of appraised value which the CDBG funds represent in the value of the property, whichever is higher.

Conditions

- * The CDBG Office will secure deferred loans with a promissory note and a mortgage on the property, with repayment to be equal to the amount of CDBG (or ESG) funds invested or the percent of appraised value which the CDBG funds represent in the property, whichever is higher. The CDBG Office will secure installment to owner agencies with a promissory note and a mortgage on the property equal to the amount of the CDBG (or ESG) funds invested. Agencies renting space will be asked to provide a ten-year lease from the owner instead of a mortgage on the property.
- * Funds for owner agencies are limited to a cumulative outstanding total secured CDBG/ESG assistance of \$150,000 per property. Agencies renting space are limited to a cumulative total of \$25,000. Assistance provided prior to 1/1/99 will not be counted toward the maximum secured amount.
- * The City will not fund projects smaller than \$5,000, except in the case of ESG funds.
- * In the interest of promoting longer-term maintenance and planning, the City will limit agencies to one application per property in a 3-year period.
- * Funds to address this objective are available through the Acquisition/Rehab Reserve Fund. (See Section 5, Reserve Funds.)

OUTCOME OBJECTIVE K-2:

Support the development of the Warner Park Community Recreation Center (WPCRC).

In 1998 the CDBG Commission obtained a \$3.2 million loan from HUD to support construction of the WPCRC. The City will use a portion of the 2003-2004 CDBG funds to repay the annual loan payment.

The Commission will continue to work with Parks representatives to insure that the WPCRC will be operated as a place where residents of all ages, income groups and backgrounds can come together to learn, recreate and socialize, and serve as a focal point for the community.

GOAL CATEGORY FOUR: COMPREHENSIVE STRATEGIC AREA REVITALIZATION

The goal of the City is to promote comprehensive, sustainable revitalization efforts within selected neighborhoods of the City where a majority of residents are low and moderate income.

OUTCOME OBJECTIVE L-1: **Concentration Neighborhoods**

Assist residents of designated Concentration Neighborhoods in identifying and addressing revitalization opportunities.

- * The Commission will reserve funds solely for use within a CDBG designated neighborhood. The Commission will target these funds for a three-year period for each designated neighborhood, to include one year of planning assistance for preparation of a neighborhood plan followed by two years of project funding.
- * Project funds are available only for proposals submitted by a City designated steering committee. Project funds for 2002 and 2003 will be targeted to the cluster of 14.01/13.98 and a small portion of 12.98 (the Bay Creek/South Madison area) with a second and third neighborhood to be designated by the CDBG Commission for planning assistance in the year 2002 and 2003 and 2004.

Conditions

- * The Commission will provide funds to capitalized projects which are either one-time or will demonstrate self-sufficiency after the period of CDBG assistance. Projects categorized by HUD as planning/administrative or “public service” are not eligible.
- * Capital and infrastructure projects normally funded by the City as part of the capital budget process are not eligible except for projects addressing accessibility or provide the neighborhood share of CitiArts projects or neighborhood park improvements.

- * Projects must be consistent with the neighborhood plan developed by the neighborhood. Neighborhoods will be encouraged to recommend projects that address interrelated issues within a comprehensive strategy and which generate a long-term positive impact on the neighborhood.

OUTCOME OBJECTIVE L-2: Neighborhood Strategy Areas

Encourage sustained, complementary and comprehensive revitalization efforts in selected neighborhoods. (Funds are only available for these City-designated Neighborhood Strategy Areas.)

- * The Commission will make some funds available to undertake activities related to the achievement of the objectives listed elsewhere in this Framework, and that address priorities identified in City-adopted neighborhood or redevelopment plans.
- * For the years 2003-2004, the Commission has designated Census Tract 15.01 (Broadway-Waunona) and Census tract 6 (Allied-Belmar) as Neighborhood Strategy Areas.

SECTION 3: ALLOCATION OF NEW FUNDS

The CDBG Office and Commission intend to continue to explore longer term funding arrangements with agencies to provide a source of stability to long term, well-working establish projects, and to reduce the level of annual proposal writing. To this end, the Commission will continue to capitalize and recommend the establishment of long term revolving funds where appropriate or will continue to seek and commit funds on a one-to-five basis where the funding source or the nature of the project will permit such a commitment. For new funds committed for this next two year period, the Commission will seek to either commit projects to a two year contract for the period 2003-2004, subject to a review of effective performance and continued external (HUD or State) funding, or designate some project funding on a year by year basis when the nature of the project or the project context is undergoing transition.

The CDBG Office anticipates allocating new funds it receives from federal, state, and local sources as outlined on the attached chart. The CDBG Commission may alter these target allocations based on the quality of proposals received in response to request for proposals for these funds. The Commission also reserves the right to reject or amend or negotiate specific terms on individual projects to strengthen its effectiveness with regard to City goals.

The Commission may also consider an increase or change in the preferences, conditions or funding limitations on specific projects which it determines may contribute substantially to a neighborhood revitalization or redevelopment strategy adopted by the Council or the CDBG Commission

In addition to the listed targeted allocation, the CDBG Office will seek out other funding opportunities to meet the CDBG Office outcome objectives as outlined in this framework.

	Summer RFP for 2003-2004			
	CDBG	HOME		
A – HSG: Owner-occupied	5%	34%		
B – HSG: Buyer	7%	22%		HCRI, TIF, EDI
D – HSG: Rental	7%	22%	Residential ESG	Scattered Site Housing, SHP, HCRI, TIF
E – BS. DEV: Job Creation	19%			
F – BS. DEV: Micro-enterprise	1%			
G – C/N DEV RESOURCES: Centers / Gardens	15% **			
	CITY			
M-1 - C/N DEV RESOURCES: Access to Resources	1%			
	CITY***			
M-2 – C/N DEV RESOURCES: Homeless				WI-ESG
K-1 – C/N DEV RESOURCES: Facilities			Acq/Rehab Fund: CDBG 3%	
K-2 – C/N DEV RESOURCES: Facilities	13%			
	Reserved for Section 108 loan repayment.			
L – STRATEGIC AREA REVITALIZATION	5%			
	Concentration Neighborhood			
	2%			
	Neighborhood Strategy			
RESERVES (primarily B, D, and K)	CDBG 2% for use in 2004		Housing Dev. Fund: CDBG 3% HOME 11% HOME MATCH ESG Futures Fund: CDBG 1%	
Z. OVERALL PROGRAM ADMINISTRATION	16%	10%		HCRI, SHP, other
	ESG 5%			
SUBTOTALS:	CDBG 93% HOME 88% HOME MATCH CITY 100% ESG 100%		CDBG 7% HOME 12% HOME MATCH	

* 34% of the total City HOME allocation is earmarked for the CED Deferred Payment Loan program.

** A minimum of 1/15 of this Centers/Gardens category or 1% of the total is earmarked for community gardens.

*** City funds in this area reserved for current projects.

The anticipated total new funds available in CDBG in 2003 is \$2,500,000; in HOME, \$1,500,000. For a description of the revenue flow of both new and program income funds from all sources, consult either the Five Year Plan, pages 18-19, the Comprehensive Annual Performance and Evaluation Report for the most recent year, or check the CDBG Office website at www.ci.madison.wi.us/cdbg.

Note: The Commission has reserved 16% of the estimated CDBG Entitlement funds, 10% of the HOME funds, and 5% of the Federal ESG funds for program administration. Please note that each funding source places some limits on particular types of activities and expenses. CDBG is limited to 15% for "public services" and 20% for administrative/fair housing activities; HOME is limited to 10% for administration; ESG is limited to 5% for administration, 30% for prevention services, and 30% for "essential services."

Two year funding implementation guidelines:

All agencies applying for funding should complete an application for the two-year period, 2003-2004. The Commission will review the proposals and consider the term of funding based upon the following minimum criteria:

* Consideration for two year funding:

Agency and project has been funded by the CDBG program for a minimum of two years and has at least one year of successful performance (including 2002 funding).

* One year funding:

New agency or new project which has been funded for less than two years by the CDBG program, or experiences a significant change in the scope of a continuing project, or is a project where performance issues need to be monitored more closely.

Contract process:

The CDBG program will issue two-year projects a contract for a two-year period contingent upon successful performance and receipt of similar funding from HUD for year two. The CDBG program will issue a one-year project a contract for a one-year period.

Fund allocation:

The CDBG Commission will allocate all funds for this two-year period except for the reserve funds. The Commission will reserve sufficient funds to allow for emergency or short-lived opportunities that arise during the year. Reserve funds will include a portion of funds to be set aside for new projects during year 2.

SECTION 4: GENERAL CRITERIA AND CROSS-CUTTING POLICY AND GEOGRAPHICAL GOALS

General Criteria

The CDBG Office will require projects to meet these national, state and local cross-cutting regulatory requirements:

1. Serve low and moderate income persons
2. Utilize minority business enterprises.
3. Promote affirmative action, non-discrimination and equal opportunity in each of its assisted programs.
4. Comply with physical accessibility standards.
5. Minimize negative environmental impacts, and meet environmental goals.
6. Reduce lead paint hazards.
7. Comply with Federal Fair Labor Standards, and local Living Wage requirements.
8. Minimize displacement in acquisition or rehabilitation projects.
9. Promote the goal of fair housing, housing diversity, and housing choices.

10. Minimize both the direct and indirect displacement of persons. Where appropriate, the Office will adhere to the state and federal benefit levels and procedures. The CDBG Office will also use its funds only in projects that minimize the demolition or conversion of affordable housing units to another use.
11. Avoid conflict of interest situations, and comply with anti-lobbying requirements.
12. Adhere to the constitutional provisions of separation of church and state.
13. Design program operations to safeguard vulnerable populations, such as young children and frail elderly people.

SECTION 5: FUNDS AVAILABLE OUTSIDE OF THE SUIMMER PROCESS

CDBG, ESG, SCATTERED SITE, AND HOME RESERVE FUNDS: THE HOUSING DEVELOPMENT FUND, THE FACILITY ACQUISITION/REHAB FUND, THE FUTURES FUND, AND ESG HOMELESS SERVICES FUND

1. Housing Development Revolving Fund

- * Projects must meet either outcome objective B or D, and the relevant funding conditions of those objectives.
- * Funds are available anytime throughout the year contingent upon availability of funds. Twenty (20) copies of the application are due to the CDBG Office by 4:30 p.m. on the 15th of the month and will be reviewed by the CDBG Commission on the first Thursday of the following month. The City Council shall determine final approval for all recommended projects over \$15,000 to be assisted with Housing Development Funds (except for the Scattered Site assistance); the Mayor shall determine final approval for all recommended projects \$15,000 or less. The CDA shall determine final approval of all Scattered Site funds. Applications should be submitted four months prior to the planned acquisition or rehabilitation of the property to allow time for orderly decision making.
- * Projects that help acquire service-enriched housing in the scattered site areas, identified on the map, may be eligible for additional local funds. These Scattered Site funds offer down payment and acquisition assistance up to 30% of the assessed value of a property. Properties must be used for supported living arrangements defined as housing where eligibility for residency is based on aging, physical disabilities, developmental disabilities, chronic mental illness or drug/alcohol dependencies, or where residency is greater than three months but no more than 24 months, and intended to move people into more independent living arrangements, and which contain no more than eight complete living units (as defined by IRS tax codes) or eight shared living units.
- * Proposals for this Housing Development Fund must identify a specific site address and be able to commit all funds within twelve months of Council approval. The City will provide assistance to properties that are or will be owned by the applicant.
- * Applications for all funds within the Housing Development Fund (CDBG, HOME, ESG-Federal, and Scattered Site) are available from the CDBG Office.

2. Acquisition/Rehab Revolving Fund

- * Projects must meet Objective K of this Framework.
- * Funds are available anytime throughout the year contingent upon availability of funds. Twenty (20) copies of the application are due to the CDBG Office by 4:30 p.m. on the 15th of the month and will be reviewed by the CDBG Commission on the first Thursday of the following month. The City Council shall determine final approval for all recommended projects over \$15,000; the Mayor shall determine final approval for all recommended projects \$15,000 or less. Applications should be submitted four months prior to the planned acquisition or rehabilitation of the property.
- * Funds must be committed within twelve months of Council approval to a specific written agreement for acquisition or rehab.
- * Applications are available from the CDBG Office.

3. Futures Fund Reserve Fund

- * Projects must help a non-profit community agency develop a prototype or conduct a feasibility study or address a short-lived revitalization opportunity or develop a new method or approach while also addressing one of the objectives articulated in this Framework. Funds can be applied toward the capitalized costs of a feasibility study, or the project costs of an experimental or project pilot implementation phase
- * Funds will be limited to \$15,000 per project and are provided in the form of a one-time grant.
- * Funds are available anytime throughout the year contingent upon availability of funds. Twenty (20) copies of the application are due to the CDBG Office by 4:30 p.m. on the 15th day of the month and will be reviewed by the CDBG Commission on the first Thursday of the following month. The City Council shall determine final approval

for all recommended projects over \$15,000; the Mayor shall determine final approval for all recommended projects \$15,000 or less. Applications should be submitted four months prior to the planned project.

- * Applications are available from the CDBG Office.

4. ESG/Homeless Services Funding Process

- * The City will facilitate an annual process with community services providers to develop and administer State ESG funds which meet the objectives, preferences, and conditions of M-2 and D.

5. Other Funding Sources

- * The City will also seek funds from sources other than those enumerated above and welcomes suggestions or the opportunities to co-sponsor or develop and administer those applications. During the next two years, for instance, the City anticipates that this Office will administer the 10% set-aside for affordable housing from newly created Tax Incremental Financing Districts, and will administer additional special funds earmarked during the Congressional budgeting processes.

CONCLUSION

Questions or comments and suggestions about this Framework are always welcome.

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IF YOU NEED SPECIAL ACCOMMODATIONS SUCH AS A TRANSLATOR OR MATERIALS IN AN ALTERNATE FORMAT, PLEASE CALL THE CDBG OFFICE AT 267-0740 (267-0744 - TDD).

SECTION 6: CHECKLIST AND ROADMAP FOR APPLICATIONS TO THE CDBG OFFICE

FUNDING PATHS:

APPLICANT'S NOTES	MAJOR STEPS	PATH 1: SUMMER PROCESS FOR CALENDAR YEARS 2003-2004	PATH 2: NON-SUMMER PROCESS FOR RESERVE FUNDS: Acquisition/Rehab, Housing Development, and Futures Funds
	Agency observe community needs and explores best methods to address those opportunities	Spring, 2002	
	Agency develops proposal concept, explores capacities to manage project, discusses concept with its governing board and potential partners		Two months prior to application
	Agency discusses concept with staff of funding sources		
	Agency determines funding and project schedules		
	Agency decides to apply, if appropriate and ready	May, 2002	One month prior to application
	Agency writes draft proposal. It is advisable to review this draft with the potential funding source.	May, 2002	One month prior to application
	Agency submits 20 copies to CDBG Office	June 7, 2002 (noon)	Fifteenth of any month <u>except</u> June and July
	CDBG Staff review written application; may discuss details and rationale with applicant	June and July, 2002	Generally the last week of each month, except July or August
	Commission reviews written application		Generally the first Thursday of each month, except June or July
	Applicant Agency makes oral presentation to Commission; Commission determines its recommendation.		
	Council determines its approval	October and November, 2002	Generally 5-6weeks following the Commission, on either the first or third Tuesday of the month
	CDBG Staff negotiates with Agency for contract.	November and December, 2002	Three weeks after approval by the Council or the Mayor
	Program Begins after written contract is executed	After January 1, 2003	After contract is executed.