



Introduction to the Community Development Block Grant – Infrastructure Program (CDBG-I)

Agenda Item Q

State Water Infrastructure Authority Meeting

January 2014

Outline

- I. Background and Purpose of CDBG Program
- II. Funding Levels and Eligibility
- III. History of the Program in NC
- IV. Legislative Changes in 2013
- V. Program Objectives
- VI. Proposed Criteria and Funding Priorities
- VII. Next Steps

HUD-CDBG Program Purpose

- Established with Housing and Community Development Act of 1974
 - Federal Program implemented by US Housing and Urban Development (HUD)
 - Goal – development of viable communities by providing principally persons of Low and Moderate Income (LMI):
 - Decent housing
 - Suitable living environment
 - Expanded economic opportunities

HUD-CDBG Program Purpose

- Three National Objectives: (must meet one)
 - Benefit persons of Low and Moderate Income (LMI)
Or...
 - Prevent or Eliminate Slums and Urban Blight
Or...
 - Meet an Urgent Community Development Need

HUD-CDBG Program Purpose

- The federal funds are split between direct appropriations to metropolitan areas, called “entitlement communities”, and
- Funds appropriated to the states for distribution into less populated areas, “non-entitlement communities”

Entitlement Area Funding

- Nationally, \$2.3 billion goes directly to metropolitan cities and urban counties
- In NC, the cities of Asheville, Burlington, Cary, Chapel Hill, Charlotte, Concord, Durham, Fayetteville, Gastonia, Goldsboro, Greensboro, Greenville, Hickory, High Point, Jacksonville, Kannapolis, Lenoir, Morganton, Raleigh, Rocky Mount, Salisbury, Wilmington, and Winston-Salem receive these funds directly, as do Wake, Mecklenburg and Cumberland Counties

Non-Entitlement Funding

- Non-Entitlement (est. 1981) – States to administer
 - Each State develops funding priorities and criteria for selecting projects
 - ~\$1 billion (average of \$20 million/state) in FY 2013
 - NC share \$44 million (2X) – 2nd/3rd highest in nation
 - Based on Population and Need
 - NC rural low income communities with high need

Who are Non-Entitlement Communities?

- Units of General Local Government
- Cities with populations of less than 50,000
- Counties with populations of less than 200,000
 - In NC, all counties except Wake, Mecklenburg, and Cumberland

NC CDBG Program – History

- HUD contracts with the NC Department of Commerce's Division of Community Assistance (DCA) to administer the funds
- Funding and allocation priorities varied over time, and was allocated through the budget bill to several different programs

NC CDBG Program Prior to 2013

Administered by NC Dept. of Commerce

Investment Plan – 2012 Distribution	
Small Business and Entrepreneurial Assistance	\$3,000,000
Scattered Site Housing Rehab	\$8,000,000
Infrastructure	\$19,740,000
Economic Development	\$7,210,000
NC Catalyst	\$5,000,000
Capacity Building	\$600,000
Administration	\$1,000,000
Technical Assistance	\$450,000
2012 HUD Grant to State TOTAL	\$45,000,000

HUD Concerns with Present Program

- HUD (NC regional office) concerns
 - Third slowest in the nation in expending funds
 - Only Texas and California are slower
 - LMI determination stricter than federally required
 - Environmental review – can be streamlined

Legislative Changes 2013

- Recognized North Carolina priorities as Infrastructure and Economic Development
- Moved administration of infrastructure to NC Department of Environment and Natural Resources
- May be limited to Tier 1 and Tier 2 counties
- State rules cannot exceed federal requirements

NC CDBG Program – 2013 Changes

North Carolina Federal FY 2013 Allocation	
Infrastructure	\$26,323,245
Economic Development	\$16,033,365
Administration	\$1,400,950
2013 HUD Grant to State TOTAL	\$43,757,560

NC CDBG Program – 2013 Changes

- NCDENR will administer the infrastructure (\$26 million) portion of the CDBG funds
 - Either fund in full or partner with other state and federal loan programs to assist with water and sewer costs in small, low income communities
 - Department of Commerce will continue to administer the Economic Development portion (\$16 million)

National and State Objectives

- National (HUD) Objective
 - Benefit Persons or Areas of >51 % LMI
 - A total of 70% of NC's funding must benefit LMI
 - Coordination with Commerce CDBG-Economic Development will be important
- State Infrastructure Objective
 - Improve quality of life, public and environmental health, and economic vitality for LMI communities by correcting water and wastewater infrastructure problems

CDBG-I Eligible Applicants

- Only Units of General Local Government (excludes water/sewer districts, other single purpose governmental units)
- Only Non-entitlement Areas
 - Cities with populations of less than 50,000
 - Counties with populations of less than 200,000

CDBG-I Program Limits

- Limitations
 - No minimum grants
 - Maximum of \$3.0 million over three years, consistent with GS 159G
 - No open contracts not in compliance
- Application Intakes: 2 or 3 per year

Action Item

- The following three slides cover draft general priority criteria for recommending grants for funding
- There will be a vote following this presentation on these priority criteria

Proposed Applicant Priority Criteria

- **Threshold Criteria – 51% LMI minimum**
- Competitive with three levels of proposed priority points
 - Criterion 1 – Economic Need
 - Criterion 2 – Severity of Need
 - Criterion 3 – System Management

Proposed Applicant Priority Criteria

- **Criterion 1** – Economic Need – such as percent of LMI population in the area to be served, the poverty rate, and the amount of the water and sewer bill relative to the median household income of the area
- **Criterion 2** – Severity of Need – systems under moratoria or special orders by consent, with high water loss, high inflow and infiltration, or areas with failing septic systems, contaminated or dry wells
- **Criterion 3** – System Management – good operating ratios, presence of Capital Improvement Plans and/or Asset Management Plans

Other Considerations

- Other considerations may not receive points, but can be taken into consideration
 - Geographical distribution of projects in the state
 - Presence of matching funds in the project
 - Readiness to proceed with the project

Action Item

- End of Presentation of Action Item

Deadline for Committing 2013 Funds

- November 5, 2014 is the federal deadline to have all funds committed
- If all funds are awarded in the first round of grant making, there will not be a second round for Federal FY 2013 funds

NCDENR CDBG-I Next Steps

Item	Date
Posting of proposed program plan	Jan. 3, 2014
First SWIA meeting	Jan. 13 – 14, 2014
Public comment period to gather stakeholder input	30 days
Public Hearing (10 day advance notice)	Jan. 27, 2014
End of public comment period	Feb. 2, 2014
SWIA approval of Draft Priority Criteria	Feb. 2014
HUD approval of amendment to Annual Action Plan	Feb. 2014
Posting of Notice of Funding Availability (NOFA)	Feb. 2014
Applicant Outreach/Workshops	Feb. 18 - 28, 2014
Applications Due	April 1, 2014
Review	April 2014
Award	May 2014

Staff Recommendation

- Move forward with the public review of draft priority criteria for CDBG-I as proposed
- Priority criteria will be finalized at the next SWIA meeting after public review and comment (subsequent action item)

Contact Information

- Please contact with any questions or comments

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