

# Community Development Block Grant Program



## 2020 Round 2 Instructions

**Stormwater Improvements Program  
Wastewater/Drinking Water Program**

Indiana Office of Community and Rural Affairs  
CDBG Program  
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## General CDBG Information and Instructions

The Office of Community and Rural Affairs (OCRA) seeks applications from eligible local units of government that would like to be considered for programs funded through the state Community Development Block Grant (CDBG) program. Eligible local units of government are counties, cities, or incorporated towns not located within an entitlement community. Unincorporated areas must apply through the county in which they are located.

### General CDBG Information

The goal of the Community Development Block Grant (CDBG) Program through the Office of Community and Rural Affairs (OCRA) is to encourage communities with eligible populations to focus on long-term community development. Competitive projects must demonstrate the following:

- They meet the goal of the Federal Act;
- The particular project addresses the long-term planning and development efforts of the community;
- The funds granted will have a significant impact on the overall project;
- The community has demonstrated a strong commitment to the project and its sustainability; and
- The project is ready to proceed upon grant award and will be completed within 18 months after grant award.

### Minimum Requirements

To be eligible for CDBG assistance projects must meet the following minimum requirements:

- The lead applicant must be a non-entitlement city, county, or incorporated town that possesses the legal capacity to carry out the proposed program.
- The lead applicant may contract with a 501(c)(3) not-for-profit organization to carry out the activities of an eligible project, provided that the organization can document its nonprofit status with the U.S. Internal Revenue Service, the Indiana Department of Revenue, and the Indiana Secretary of State.
- The proposed project must meet a national objective and be an eligible activity under Section 105 (a) of the Housing and Community Development Act of 1974. In general, the project must either:
  - benefit an area or limited clientele whose population is at least 51% low- and moderate-income
    - **If an income survey is used, it must be started before the proposal due date**
  - aid in the prevention or elimination of slums or blight
- If the applicant has previously received any CDBG funds through the Office of Community and Rural Affairs or the Indiana Housing and Community Development Authority (IHCDA), the applicant must **NOT** have:
  - any unresolved monitoring/audit findings;
  - any overdue grant reports or closeout documents;
  - for cities and towns: two (2) open CDBG Grants at the time of application;
  - for counties: three (3) open CDBG Grants at the time of application; or
  - an open CDBG Grant that has not received Release of Funds;
    - If a community has an open CDBG Grant, the community must have an executed construction contract and be under construction before the community may apply for an additional CDBG Grant. Grant Services must have received the Notice of Start of Construction to be considered “under construction” by the date application is due.
- Any CDBG Program Income collected from a previous CDBG grant must be obligated for a use that has been approved by the Indiana Office of Community and Rural Affairs before another CDBG application can be submitted. Program Income may be used as part of the local match for a CDBG application. Please contact the CDBG program staff for additional information regarding Program Income.
- Local match must be provided by the applicant or a third-party. Other local, state, or non-HUD federal grants can count toward the local match requirement. The local match is a percentage of the total project cost, not the grant amount being requested. Minimum local match percentage requirements for each program are:
  - 20% Wastewater Drinking Water (WDW)
  - 10% Stormwater Improvement Program (SIP)

- All requests to use in-kind match must be submitted by the **pre-approval deadline of November 13, 2020 via email** to OCRA's CDBG program staff. Eligible sources of the in-kind match include but are not limited to:
  - The appraised fair market value of donated land. Land donations by applicants, developers, organizations or individuals with financial or ownership interest in the project are ineligible as an in-kind match;
  - Volunteer labor is calculated at \$15.00 per hour regardless of the type of work; and
  - Donated goods or services are valued at cost.

Requests must include:

- A summary of the request that shows a breakdown of how the amount was calculated;
  - A letter from the chief elected official requesting the use of In-Kind match and identifying the amount requested;
  - Supporting documentation, including a commitment letter from the donor regarding what is being donated and the value; and
  - In the case of land donation, a copy of the fee appraisal (a review appraisal is not required) and all supporting URA documentation.
- For those applicants who have open Planning Grants pertaining to the project, the community must have a final plan approved by OCRA before submission of a CDBG application for the project. Any issues with the plan must be resolved before submission of the application.
  - The cost per beneficiary ratio for the proposed project may not exceed \$5,000 per beneficiary.

### **Eligible Activities**

OCRA utilizes CDBG funding for a variety of programs. The following two (2) programs are eligible for funding this round:

1. Wastewater / Drinking Water (WDW)
2. Stormwater Improvements Program (SIP)

For all programs, the following general activities are eligible for CDBG funding. This list is not meant to include or to exclude any particular project.

#### **Property Acquisition**

- Surveying and appraisal costs
- Legal costs related to the acquisition
- Actual purchase costs of land or easement provided URA is followed, and the property is not purchased before release of funds.

#### **Administration**

- Reasonable and eligible costs associated with the administration of the proposed project (Maximum of 8% of the grant, if paid with CDBG)

#### **Environmental Review**

- Costs related to obtaining the necessary review of the proposed project.

General types of activities that are eligible for **WDW funding**:

- Wastewater Improvements (collection lines, treatment plant, etc.)
- Drinking Water System Improvements (water tower, distribution, treatment, etc.)

General types of activities that are eligible for **SIP funding**:

- Stormwater improvements (retention, lines, etc.)

### **Ineligible Activities**

**This list is not meant to be all-inclusive**; please consult your Community Liaison for questions regarding specific projects. The following is a list of **some** of the projects that are not eligible for CDBG funding:

- The acquisition, construction or rehabilitation of buildings for the general conduct of government;
- Real property acquisition for ineligible activities;
- General equipment purchase;

- Purchase of items that are living (plants, trees, sod, animals, etc.);
- Operation and maintenance expenses associated with public facilities or services;
- General government expenses;
- Political activities of any nature; or
- The direct construction of new housing.

### **Projects Combining Eligible and Ineligible Activities**

Depending on a community's needs, it may be appropriate for a project to combine CDBG eligible and ineligible activities. Such a project may still be eligible for CDBG funds, provided:

- that the budget clearly delineates the costs of the eligible and ineligible activities;
- that CDBG funds will not pay for any ineligible activities; and
- that local funds comprise at least the minimum percentage required local match portion of the project.

Please consult your Community Liaison or CDBG Program Director for further guidance.

### **Meeting a National Objective of the Federal Act**

Title I of the Housing and Community Development Act of 1974, as amended, identifies the national objectives of the CDBG program.

- WDW projects must meet the national objective of Benefit to Low-and-Moderate Income on an Area Wide Basis.
- SIP projects must meet the national objective of Benefit to Low-and-Moderate Income on an Area Wide Basis.
- PFP projects must meet the national objective of Benefit to Low-and-Moderate Income Persons on an Area Basis, Limited Clientele Basis, or Spot Slum and Blight.
- MSRP projects must meet the national objective of Areawide Slum and Blight.

The community will need to demonstrate that it meets the required objective by providing all the required documentation and answering all relevant questions:

#### **Benefit to Low- and Moderate-Income Persons – Area Basis**

To show that a project benefits an area of low and moderate income people, the following questions must be answered in the application on the National Objective Identification page:

1. What are the boundaries of the service area?
2. How do the boundaries correspond to the project's intended beneficiaries?
3. Using HUD Census data or a certified income survey, what percentage of persons in the service area are of low-to-moderate income?
4. How were the income characteristics of the target population determined?
5. Is the proposed facility available to all service area residents?

The following documentation **MUST** be provided in the application:

1. Detailed map(s) showing the location and boundaries of the service area, including street names.
2. HUD LMI Data Maps and Worksheet
3. For income Surveys
  - The methodology of the income survey, the low-to-moderate income worksheet, and the sample survey instrument must be included.
  - Income Certification Form
  - Preapproval to use an income survey from OCRA CDBG program staff.

#### **Benefit to Low- and Moderate-Income Persons- Limited Clientele Basis**

There are eight groups of people that are presumed by federal regulations to be of be made up of at least 51% low and moderate income persons. Those groups are as follows:

- Senior citizens (people who are 62 years of age or older);
- Migrant farmworkers;
- Abused children;
- Battered spouses;
- Severely handicapped adults;
- Homeless persons;
- Illiterate adults;
- Persons with AIDS.

For Limited Clientele projects serving other persons, the benefit to low- and moderate-income persons must be documented by an income verification process and should include at least three (3) months of data.

For a limited clientele project, the following questions will need to be answered in the application on the National Objective Identification page:

1. Who will use the proposed facility? Are the beneficiaries in a group presumed to be low- and moderate-income, or will beneficiaries be qualified based on income?
2. Will any other groups or the general public also use the facility? If so, to what extent?
3. If the facility is to be used on an income-eligible basis, how will income and family size information of users be documented? How was the percentage of low- to moderate-income users determined or estimated?

#### **Prevention or Elimination of Slums or Blight – Area Basis**

The following questions must be answered in the application on the National Objective Identification page:

1. What are the boundaries of the area?
2. What are the conditions that cause the area to be considered blighted?
3. What percentage of buildings in the area are deteriorated? How are they deteriorated?
4. What are the public facilities in the area that are deteriorated? Describe this deterioration.
5. How will the proposed project remedy one or more of the blighted conditions described above?

The following documentation must be attached to a slum and blight, area basis application:

1. Municipal resolution passed, by the application due date, by governing body that describes boundaries of the specific blighted conditions within the area, and officially designates an area as blighted or an area in need of redevelopment per IN 36-7-1-3 and IN 36-7-14. **Resolution cannot be older than ten (10) years.**
2. Photographic documentation of the slum or blighted conditions that prompted the municipal resolution.
3. Map of area showing the location of project activities. The map must provide street-level detail.

#### **Prevention or Elimination of Slums or Blight – Spot Basis**

The following issues must be addressed on the National Objective Identification page:

1. Show the specific blighted or deteriorating structure that will be affected by the proposed project.
2. Provide a detailed description of conditions to be remedied by the proposed project, accompanied by a detailed statement of activities to address those conditions.

The following documentation must be attached to a slum and blight, spot basis application:

1. Municipal resolution passed, by the application due date by governing body that describes the blighted or deteriorating structure, including a legal description, and officially designates the structure as blighted under a spot basis.
2. Photographic documentation of the slum or blighted conditions that prompted the municipal resolution.

Spot basis slum/blight projects are limited to five project activities: acquisition, relocation, clearance, historic preservation, and limited rehabilitation to correct specific conditions detrimental to public health and safety.

**Please note a spot basis blight project must not be located within a designated blight area.**

#### **Maximum Grant Amounts**

##### **Wastewater / Drinking Water (WDW) Program:**

The Indiana Office of Community and Rural Affairs (OCRA) has established a maximum grant award according to the following matrix.

Grant amounts for communities with existing systems will be based on the current combined rates at the time of application, and grant amounts for communities constructing new systems will be based on a verified rate study included in a Preliminary Engineering Report (PER).

The amount of CDBG funds granted will be based on a \$5,000 cost per project beneficiary.

Maximum grant amounts are based upon user rate information, as follows:

**Wastewater and Drinking Water**

Maximum Grant Amounts	Rates for 4,000 gallons		
	User Rates (Over \$50)	User Rates (\$30 to \$50)	User Rates (Under \$30)
Projects over \$1 million in total project cost	\$700,000	\$600,000	\$550,000
Projects under \$1 million in total project cost	\$600,000	\$550,000	\$500,000

**Stormwater Improvements Program:**

The Indiana Office of Community and Rural Affairs (OCRA) has established a **maximum grant award of up to \$600,000** for the Stormwater Improvements Program (SIP). If OCRA determines that a lesser amount is appropriate, it may be necessary to revise the project before it is submitted in final form.

The amount of CDBG funds granted will be based on a \$5,000 cost per project beneficiary.

**Grant Administration**

The Community Development Block Grant (CDBG) program requires the Qualifications Based Selection (QBS) procurement method for architectural and engineering services. All other professional services must be procured using the Request for Application (RFP) method if being paid with CDBG funds.

All grant administrators involved in CDBG projects must be fully Accredited CDBG Grant Administrators. This certification must be current at the time of application. A list of such Grant Administrators and other information on certification can be found at <http://www.in.gov/ocra/2536.htm>.

**NOTE:** Private firms or non-governmental entities that perform project development and administration activities for CDBG-assisted projects (project development, environmental review, grant application preparation, procurement assistance, grant administration) will NOT be allowed to perform architectural, engineering, planning, or other related services/activities for grantees or their non-profit sub-recipients on those projects.

**If paid from CDBG funds, Grant Administrators may charge the following:**

- Environmental Review \$5,000 maximum
- Labor Standards \$5,000 maximum
- Administration 8% of the CDBG grant amount

**Public Hearings**

Two public hearings must be held at different stages of project development. One public hearing must be held before submission of the proposal, and the second must be held before the submission of the full application. **Note: New public hearings must be held for each grant round, regardless of prior application(s).**

Applicants should be aware of local newspaper deadlines for submitting advertisements. Some smaller newspapers are published weekly and will require that the advertisement is placed well in advance of the public hearing. Other methods

of advertising the public hearing are also encouraged. All public hearings must be accessible to disabled persons. Public hearings should also be made convenient to the low- and moderate-income residents who will benefit from the project.

The public hearing notice and the publisher's affidavit documenting publication dates, the dated sign-in sheet and signed minutes must be attached to the application for **both public hearings**. The affidavits are the **only** application document accepted after the application due date. **The affidavits must be received within 14 days of the application due date. OCRA is not responsible for reminding applicants to submit the documents.** Public hearing documentation should be packaged independently, as Hearing 1 and Hearing 2.

**Minutes must be signed and dated by the party that recorded them.** *If a third party, such as a grant administrator, takes the minutes of the meeting, the applicant **must** include a document stating that the third party is acting as the applicant's representative.* It is recommended that an audiotape of the public hearing be recorded and kept until the grant is closed out. OCRA may request transcripts of the public hearings.

- Place all documents from each public hearing together in the application. Do not separate by type of documentation.
- All public hearing ads submitted with the application must be of sufficient size to be readable upon review.
- Minutes should be a transcript that documents the topics of discussion and comments made. Not merely state, "there was a discussion."
- Minutes are a great source of quotes showing residential impact.

All questions regarding Limited English Proficiency must be answered on the Citizen Participation page. Please attach the 4 Factor Analysis and Language Access Plan as required.

For more information, please refer to the OCRA website.

### **Proposal and Application Process**

There are two stages to the application process: the Proposal stage and the Application stage. The Proposal stage consists of a community submitting a proposal, **which is a draft of the application**, and allows OCRA to review project information and determine if it is likely to meet a national objective, and an eligible activity before submitting a full application. OCRA will also conduct a site visit between the Proposal and Application with the community to go over details of the project, explain the rules of the grant program, provide technical assistance, and address any questions.

The second stage is the full application. Applicants should be aware that preparation of a full application is a complex process that requires a substantial investment of time and resources. OCRA receives more applications in each grant cycle than can be funded. Applicants are strongly urged to take advantage of the assistance of their Community Liaison so the most competitive application can be submitted. A map of community liaison districts is located at [www.in.gov/ocra/2330.htm](http://www.in.gov/ocra/2330.htm).

**Submission of both a proposal and application requires detailed supporting materials and documentation.** Therefore such materials and documents must be referenced in narratives using the file name and page number. For example, (Filename-00). Do not include attachments that are not discussed and referenced in the narratives unless required by federal or state policy.

### **Proposal Submission**

The proposal must be submitted via the Indiana Electronic Grants Management System (INeGMS) by a certified Grant Administrator. The system is accessed via the main CDBG webpage at [www.in.gov/ocra/cdbg.htm](http://www.in.gov/ocra/cdbg.htm). Community members can also access the system but are not able to submit.

**The proposal MUST be submitted by 11:59 PM ET Thursday, September 24, 2020.** Failure to comply with submission requirements could render a project ineligible to submit a full application to the current round.

### **Application Submission**

The application must be submitted via the Indiana Electronic Grants Management System (INeGMS) by a certified Grant Administrator. The system is accessed via the main CDBG webpage at [www.in.gov/ocra/cdbg.htm](http://www.in.gov/ocra/cdbg.htm). Community members can also access the system but are not able to submit.

***The application MUST be submitted by 11:59 PM ET on Friday, November 20, 2020.*** Failure to comply with submission requirements could render an application ineligible.

### **Reminders**

- Review each section and make sure all information is accurate.
- Use line breaks to separate paragraphs in the narratives.
- Pictures should be in a single PDF file at the highest resolution possible with clear captions and dates.
- Be sure to reference the file name and page number of each piece of supporting documentation that has been uploaded, and do not include uploads that are not discussed or referenced in the narrative, or related to the project unless federal or state policy requires.
- There should be no handwritten notes, dates, etc. within any upload — handwriting is not considered in scoring.

If you have any questions about proposal or application content, please reach out to your Community Liaison. A map of community liaison districts is located at [www.in.gov/ocra/2330.htm](http://www.in.gov/ocra/2330.htm).

If you have any questions about the Indiana Electronic Grants Management System (INeGMS) contact the CDBG program staff or a member of our Grant Services team. Contact information can be found at [www.in.gov/ocra/2284.htm](http://www.in.gov/ocra/2284.htm).

### **Proposal Threshold**

OCRA will review each proposal and determine if it is likely to meet a national objective and is an eligible activity. Information from the site visit will be considered in making that determination. Proposals must be approved to move forward to the application stage. Failure to include all of the required information could result in the proposal not being invited to move forward to the full application.

### **Application Evaluation and Scoring**

Each application will be evaluated and scored by a scoring committee based on the program-specific criteria that follow.

## **GRANT EVALUATION CRITERIA (2018 Action Plan)**

There are a total of 700 points possible. Applications must achieve a minimum score of 450 points to be eligible for an award.

### **NATIONAL OBJECTIVE SCORE (100 POINTS):**

Depending on the National Objective to be met by the project, one of the following two mechanisms will be used to calculate the score for this category.

**1. National Objective = Benefit to Low- and Moderate-Income Persons:** 100 points maximum awarded according to the percentage of low- and moderate-income individuals to be served by the project. The total points given are computed as follows:

$$\text{National Objective Score} = \% \text{ Low/Mod Beneficiaries} \times 1$$



**2. National Objective = Prevention or Elimination of Slums or Blight:** 100 points maximum awarded based on the characteristics listed below. The total points given are computed as follows:

**National Objective Score = (Total of the points received in each category below)**

- Applicant has a Slum/Blight Resolution for project area (50 pts.)
- The project site is a brownfield\* (25 pts.)
- The building or district is listed on the Indiana or National Register of Historic Places\*\* (10 pts.)
- The building or district is eligible for listing on the Indiana or National Register of Historic Places\*\* (10 pts.)
- The building is on the Historic Landmarks Foundation of Indiana’s “10 Most Endangered List” (15 pts.)

\* The State of Indiana defines a brownfield as an industrial or commercial property that is abandoned, inactive, or underutilized, on which expansion or redevelopment is complicated due to actual or perceived environmental contamination.

\*\*Project may either be listed on or eligible for listing on the Indiana or National Register of Historic Places. **Both cannot be checked.**

**COMMUNITY DISTRESS FACTORS (175 POINTS):**

Various factors are used to determine the distress of a community. IOCRA has partnered with Stats Indiana, an Indiana University entity, to analyze and calculate the distress of Indiana’s small cities, towns, counties, and townships. Factors used to calculate the Community Distress points used for CDBG scoring include:

**Percentage of Households with Income under Poverty Level**

**Median Household Income**

**Percent of Housing Units that are Vacant**

**Median Home Value**

**Unemployment Rate**

**Labor Force Participation**

Local government scores, which are updated and published annually, can be found at [www.stats.indiana.edu](http://www.stats.indiana.edu).

**LOCAL MATCH CONTRIBUTION (75 POINTS):**

A maximum of 75 points based on the percentage of local funds devoted to the project, not grant request. This total is determined as follows:

$$\text{Total Match Points} = \% \text{ Eligible Local Match} \times 1$$

The points total is capped at 75 points or 75% match, i.e., a project with a 75% match or greater will receive 75 points. Below 75% match, the formula calculation will apply.

The eligible local match can be local cash, debt, or in-kind sources. Federal, state, and local government grants are considered eligible match. In-kind sources may provide eligible local match for the project, but the amount that can be counted as the local match is limited to 5% of the total project budget or a maximum of \$25,000. Use of in-kind donations as eligible match requires approval from the CDBG Program Director approximately one week before application submission (date of the deadline will be announced each round).

**PROJECT DESIGN FACTORS (300 POINTS):**

A maximum of 300 points awarded according to the evaluation in three areas:

**Project Description** – Is the project clearly defined as to determine eligibility? – 50 points

**Project Need** - Is the community need for this project documented and compelling? – 125 points

**Financial Impact** - Why is grant assistance necessary to complete this project? – 125 points

The points in these categories are awarded by the OCRA Scoring Committee when evaluating the projects. **Applicants should refer to the application packet, and scoring guide and address all questions present.** Applicants should work with their OCRA Community Liaison to identify ways to increase their project’s competitiveness in these areas.

#### **PROGRAM SPECIFIC POINTS (50 POINTS):**

##### **Stormwater Improvements Program (SIP)**

- **Financial Gap** – A maximum of 25 points per each \$1 in financial gap. The result of the OCRA Gap Calculation Worksheet should give you the amount that your community would have to increase the monthly rate charged to each customer without grant assistance, given the above assumptions. This amount is the “gap,” which is the amount by which grant funds will reduce or “buy down” your utility rates. This amount added to the actual rates anticipated with OCRA grant funds will give you the rates needed “without OCRA grant funds.” (Maximum 25 points)
- **Project Sustainability** - A maximum of 25 points for the establishment of, or documentation of existing stormwater utility rate for the ongoing operation and maintenance activities of the storm system.
  - 0 points – under \$3 monthly Stormwater utility user rate
  - 10 points – \$3-\$5 monthly stormwater utility user rate
  - 25 points – \$5 or higher monthly stormwater utility user rate

##### **Wastewater Drinking Water (WDW)**

- **Financial Gap** – A maximum of 25 points per each \$1 in the financial gap. The result of the OCRA Gap Calculation Worksheet should give you the amount that your community would have to increase the monthly rate charged to each customer without grant assistance, given the above assumptions. This amount is the “gap,” which is the amount by which grant funds will reduce or “buy down” your utility rates. This amount added to the actual rates anticipated with OCRA grant funds will give you the rates needed “without OCRA grant funds.” (Maximum 25 points)
- **Project Sustainability** - A maximum of 25 points for the establishment of, or documentation of existing wastewater or drinking water utility rate for the ongoing operation and maintenance activities of the wastewater or drinking water system.
  - 0 points – under \$15 monthly wastewater or drinking water utility user rate
  - 10 points – \$15-\$25 monthly wastewater or drinking water utility user rate
  - 25 points – \$25 or higher monthly wastewater or drinking water utility user rate

#### **BONUS POINTS POLICY:**

It is OCRA’s policy to encourage and support regional coordination amongst rural communities. As such, a grant application that is included in a regional plan will be awarded 25 bonus points. To receive these bonus points requires verification of the regional plan from the CDBG Program Director approximately one week before application submission (deadline will be announced each round).

**Bonus Points for Regional Planning** – 25 points

#### **POINTS REDUCTION POLICY:**

It is the policy of OCRA not to fund more than one phase or component of a single project type in different funding rounds. This applies to all project types, although it is particularly relevant to utility projects. If a community needs to phase a project in order to complete it, they should consider which phase would be most appropriate for CDBG assistance. Even if a community doesn’t intentionally phase a project, OCRA will take into account previously awarded projects for the same project type. A Community that has previously been awarded a grant for the same project type

will likely not be competitive and will be subject to the following point reduction. This applies to all project types, although it is particularly relevant to utility projects.

**0 – 5 years since previous funding – -50 points**

**Example:** Community submits and receives a Wastewater Drinking Water (WDW) grant in 2015. When applying for a WDW grant in 2020, they would be subject to a point reduction of 50pts. In 2021 they would have no point reduction.

**Award and Feedback**

Awards will be announced on Thursday, December 17, 2020, through a press release. Grant Services will contact each community after the announcement to start the next steps in the granting process. Applications that are not funded will be contacted by their Community Liaison to schedule a feedback meeting.

If you have any questions, please reach out to your Community Liaison. A map of community liaison districts can be found at [www.in.gov/ocra/2330.htm](http://www.in.gov/ocra/2330.htm).