

STATE OF NEBRASKA

2011 ANNUAL ACTION PLAN FINAL with SUBSTANTIAL AMENDMENTS

Housing and Community
Development Programs

NEBRASKA
possibilities...endlessSM

DEPARTMENT OF ECONOMIC DEVELOPMENT
DIVISION OF COMMUNITY AND RURAL DEVELOPMENT

Effective July 1, 2011 - June 30, 2012

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2011 ACTION PLAN ACRONYM LIST	
AIDS	Acquired Immune Deficiency Syndrome
APR	Annual Performance Report
CDBG	Community Development Block Grant
CFR	Code of Federal Regulations
CHAS	Comprehensive Housing Affordability Strategy
CHDO	Community Housing Development Organization
CNF	Community Need Factors
CoC	Continuum of Care
CR	Comprehensive Revitalization
CRD	Community and Rural Development
CWSRF	Clean Water State Revolving Fund
DED or NDED	Nebraska Department of Economic Development
DEQ	Nebraska Department of Environmental Quality
DHHS or NDHHS or HHS	Nebraska Department of Health and Human Services
DTR	Downtown Revitalization
DWSRF	Drinking Water State Revolving Fund
ED	Economic Development
ESG	Emergency Shelter Grant
HCDA	Housing and Community Development Act
HIV	Human Immunodeficiency Virus
HMIS	Homeless Management Information System
HOPWA	Housing Opportunities for Persons with AIDS
HSATF	Homeless Shelter Assistance Trust Fund
HUD	U. S. Department of Housing and Urban Development
LMA	Low to Moderate Income Area Benefit
LMC	Low to Moderate Income Limited Clientele
LMH	Low to Moderate Income Housing
LMI	Persons with Low to Moderate Income
LMJ	Low to Moderate Income Jobs
MOU	Memorandum of Understanding
NAHP	Nebraska Affordable Housing Program
NAHTF	Nebraska Affordable Housing Trust Fund
NCHH	Nebraska Commission on Housing and Homelessness
NCIP	Nebraska Community Improvement Program
NDO	Nonprofit Development Organization
NHAP	Nebraska Homeless Assistance Program
NIFA	Nebraska Investment Finance Authority
NMIS	Nebraska Management Information System
NOFA	Notice of Funding Availability
PW	Public Works
RFA	Request For Applications
RLF	Revolving Loan Fund
TA	Technical Assistance
USDA	U.S. Department of Agriculture
WW	Water Wastewater
WWAC	Water Wastewater Advisory Committee

Section One: Executive Summary and Citizen Participation Plan

EXECUTIVE SUMMARY

The 2011 Annual Action Plan (AAP) is the second annual plan and update to the *Nebraska Housing and Community Development Consolidated Plan* (Consolidated Plan), a five-year plan (2010-2014) addressing the state's housing and community development needs. The purpose of each annual action plan is to: Summarize the state's five-year priorities and objectives for housing, homelessness, HOPWA services, community development, and economic development; Describe what the state proposes to do to further the five-year priorities and objectives of the Consolidated Plan; Explain the state's method for distributing CDBG, HOME, ESG, HOPWA, HSATF, and NAHTF monies. Activities funded from these six programs must meet the priorities identified in the five-year *Consolidated Plan*; List the resources available to grantees and the state to further the five-year objectives; Report on specific items required by the U.S. Department of Housing and Urban Development (HUD), such as lead-based paint actions and removal of barriers to affordable housing; and Review citizen comments about the 2011 Annual Action Plan and provide responses to citizen comments.

HUD Standard Form 424 (Application for Federal Assistance) is submitted as part of the plan to request federal funding for the State of Nebraska.

The AAP for 2011 summarizes priorities and categories for the distribution of approximately \$11 million in CDBG funds, \$4.9 million in HOME program funds, \$980,894 in ESG funds, and \$300,000 in HOPWA funds from the U.S. Department of Housing and Urban Development (authorized under the Housing and Community Development Act of 1974, as amended); \$1.5 million in HSATF and \$4 million in NAHTF. The document also describes program priorities and projected use of funds as well as any funds: (1) remaining or recaptured from previous CDBG allocations; (2) reallocated by HUD to the state; and (3) from program income to be distributed by the state during 2011.

“The primary national CDBG objective is to develop viable urban communities by providing decent housing, suitable living environments, and expanding economic opportunities, principally for low-and moderate-income persons (LMI).” The national objectives, as defined and clarified by the Department of Economic Development (DED), are outlined in the 2011 AAP and include clarifications for: “Low-and moderate-income persons”, “Slums and Blight”, and “Community development needs having a particular urgency”.

Monitoring standards and procedures that are used by DED and the Department of Health and Human Services (DHHS) to ensure that all statutory and regulatory requirements are being met for activities funded with HUD funds are included in the 2011 AAP.

As required by HUD, Other Actions including Underserved Needs, Foster and Maintain Affordable Housing, Remove Barriers to Affordable Housing, Evaluate and Reduce Lead Based Paint Hazards, Reduce the number of Poverty Level Families, Develop an Improved Institutional Structure, Enhance Coordination Between Public and Private Housing and Social Service Agencies, and Fostering Public Housing Resident Initiatives are described in the 2011 AAP.

The State of Nebraska identified five priorities, which summarize the goals of the five-year Consolidated Plan.

The main priorities and objectives included in the 2011 AAP are:

1. **Housing Priority:** Respond to needs for affordable, decent, safe and appropriate housing as part of balanced economic development in Nebraska.

Objectives:

- Promote additional affordable rental housing and preservation of affordable rental housing in selected markets.
- Promote housing preservation by improving the quality of Nebraska's existing affordable housing stock.
- Promote additional households into homeownership by expanding affordable homeownership opportunities.
- Enhance statewide understanding of fair housing law through outreach and education.

2. **Community Development Priority:** Strengthen Nebraska communities through community development programs and services in order to provide a stable platform for economic development.

Objectives:

- Improve the quality of water and wastewater in Nebraska and assist in developing and financing appropriate infrastructure for communities and counties that have planned and set priorities for long-term development.
- Invest in quality projects that are identified in a formal community development plan; compliment or support related community investments; leverage maximum private and/or other investment; and have reasonable plans for long-term operation and maintenance.
- Increase capacity, efficiency, and effectiveness of local planning efforts resulting in long-term development.

3. **Economic Development Priority:** Foster the competitiveness of Nebraska's business and industrial sector—and as a result—assist in the economic development of Nebraska's communities and people.

Objectives:

- Promote the retention and expansion of existing businesses in Nebraska, and the startup of new businesses in Nebraska, and the immigration of out-of-state businesses relocating or expanding into Nebraska.
- Invest in public facilities and improvement activities that make economic opportunities available to low-and-moderate income persons.

- Invest in effective and affordable tourist attractions (for profit or nonprofit) in quality communities that will result in visitor spending, generate jobs, and promote long-term economic development.
 - Undertake planning activities that may include but are not limited to: a feasibility study, an environmental review, preliminary site planning, site predevelopment, market analysis and a marketing plan; all in preparation for a larger project.
4. **Homeless Services Priority:** Ensure appropriate emergency shelter, transitional housing, and services for people who may be homeless or near homeless (this does not include serving individuals or families otherwise living in housing that has characteristics associated with instability and an increased risk of homelessness) by distributing Emergency Solutions Grant Funds and Homeless Shelter Assistance Trust Funds.

Objectives:

- Provide appropriate shelter and/or housing to people who are homeless and/or at imminent risk of becoming homeless.
 - Provide needed services to people who are homeless and/or at imminent risk of becoming homeless.
5. **HOPWA Services Priority:** Ensure appropriate emergency and/or permanent housing and services for people who are homeless or at imminent risk of becoming homeless by distributing funding to project sponsor to meet the needs of persons living with HIV/AIDS.

Objective:

- Provide housing assistance and related supportive services to low income persons with HIV/AIDS and their families and enable low income person with HIV/AIDS to achieve stability in housing, reduce risks of homelessness and increase access to healthcare.

The 2011 AAP includes specific performance indicators designed to measure progress toward meeting the priorities and objectives identified in the AAP. In addition, it includes a detailed method of distribution, which outlines the state’s proposal to distribute funds to address needs.

Nebraska has created an “Outcome Performance Measurement System” to better measure accomplishments of activities funded with CDBG, HOME, ESG, and HOPWA. Those activities include: Public Facilities or Infrastructure; Rental Rehabilitation; Homeownership Units Constructed, Acquired, and/or Acquired with Rehabilitation; Owner Occupied Rehabilitation; Down Payment Assistance; Job Creation; Job Retention; Business Assistance; Tenant-based Rental Assistance, Homeless Services; and Homelessness Prevention. More information can be found in Section 2-20 to 2-21.

Prior to the submittal of this 2011 Annual Action Plan, the state submitted the 2010 Annual Action Plan (the first of five plans under the 2010-2014 Consolidated Plan), which was accepted by HUD and resulted in awarding the State of Nebraska federal funds on July 13, 2010.

EVALUATION OF PAST PERFORMANCE

The State of Nebraska has been successful in its efforts to address the priority needs identified in the *2010-2014 Consolidated Plan*. The state has worked hard to further the primary national CDBG objective of developing viable urban communities by providing decent housing, suitable living environments, and expanding economic opportunities, principally for low-and moderate-income persons (LMI). The projects selected by the state each year address the priority needs identified in the state's *2010-2014 Consolidated Plan*. Specific details about past performance by the state on priorities covered by the *2005-2009 Consolidated Plan* and strategies contained in annual action plans are available through the state's annual performance reports that are submitted to HUD each year. The 2009 Annual Performance Report was submitted to HUD in September of 2010 and is the most recent report submitted. It contains information regarding significant achievements in meeting the needs of Nebraskans. The State began utilizing its Outcome Performance Measurement System in 2006. This measurement system will allow the state to better measure the accomplishments of activities funded with CDBG, HOME, ESG and HOPWA.

CITIZEN PARTICIPATION

INTRODUCTION

Citizen participation is an essential component of a statewide planning effort. Nebraska strongly encourages public participation throughout the consolidated planning process.

OPPORTUNITIES FOR PUBLIC PARTICIPATION

The importance of public participation (including consultation with advisory groups) in the development of the Annual Action Plan cannot be overstated. Each year DED must update objectives and describe the state's method for distributing funds to effectively utilize HUD assistance. Public hearings are held to obtain citizen comments on the Annual Action Plan. The hearings are held at times and locations considered convenient to potential and actual beneficiaries, and with accommodations for persons with disabilities. Opinions from the public regarding the best time and date for such hearings are welcome.

Citizens and other interested parties are given an opportunity for reasonable and timely access to information and records relating to the Annual Action Plan, and the use of assistance under the programs it covers. Copies of the 2011 Annual Action Plan, the state's 2010-2014 *Consolidated Plan*, and other related information may be obtained via the internet at: <http://www.neded.org> or by contacting a staff member at one of the numbers listed at the beginning of this document.

Official advisory groups to the state on the 2011 Annual Action Plan are the Nebraska Economic Development Commission and the Nebraska Commission on Housing and Homelessness. Recommendations from these advisory groups are used to form the guidelines and objectives of DED's programs.

COMMENT PERIOD

The public comment period for the Proposed 2011 Annual Action Plan ran from November 12, 2010 through December 17, 2010. A news release announcing the comment period and public hearings was sent to media statewide and was "tweeted" using Twitter. In addition, notices were sent to approximately 1,200 including: Advisory Groups, Nebraska Housing Developers Association members, the Rural Development Commission, City, Village and County Clerks, Community Action Agencies, Development Districts, Nebraska Economic Developers Association, State Senators, Congressional Delegates, State Agencies, and CDBG Administrators. The Proposed 2011 Annual Action Plan was available at the public hearings and was posted on the DED website at: <http://www.neded.org/content/view/104/235/>.

In order to increase the opportunities for public comment, the proposed plan was sent to 16 libraries throughout Nebraska as listed below: Alliance Public Library (Alliance), Auburn Memorial Library (Auburn), Garfield County (Burwell), Central City Public Library (Central City), Chadron Public Library (Chadron), Lexington Public Library (Lexington), Bennett Martin Public Library (Lincoln), McCook Public Library (McCook), Jensen Memorial Library (Minden), Goodall City Library (Ogallala), W. Dale Clark Library (Omaha), Scottsbluff Public

Library (Scottsbluff), Sidney Public Library (Sidney), Wayne Public Library (Wayne), Thomas County Library (Thedford), Valentine Public Library (Valentine).

PUBLIC HEARINGS

Public notices were placed in the Scottsbluff Star-Herald, North Platte Telegraph, Norfolk Daily News, Lincoln Journal Star, Kearney Daily Hub, Alliance Times-Herald, Ainsworth Star Journal, Chadron Record, and the McCook Daily Gazette.

Two public videoconferences were conducted reaching ten locations as listed below.

November 12, 2010	PUBLIC COMMENT PERIOD BEGINS Proposed 2011 Annual Action Plan Made Available	
November 12, 2010	Public Hearing 2:00 pm – 4:00 pm (CT) Videoconference	<p><u>Lincoln</u> – NET, 1800 N 33rd Street, Board Room</p> <p><u>O’Neill</u> – Avera St. Anthony’s Hospital, 2nd & Adams St., Dining Conference Room</p> <p><u>Norfolk</u> – Northeast Community College, 801 E. Benjamin Ave., Maclay Bldg., Room 167A</p> <p><u>Kearney</u> – Kearney Public Library, 2020 1st Ave.</p> <p><u>Scottsbluff</u> – Panhandle Research & Extension Center , 4502 Avenue I, High Plains Room</p>
November 22, 2010	Public Hearing 10:00 am – 12:00 pm (CT) Videoconference	<p><u>Lincoln</u> – NET, 1800 N 33rd Street, Board Room</p> <p><u>Wayne</u> – Wayne State College, 1111 Main St., Conn Library, Room 31</p> <p><u>McCook</u> – McMillen Hall, 1205 E. 3rd St., Room 208</p> <p><u>Chadron</u> – Chadron State College, 10th & Main St., Burkhiser, Room 109</p> <p><u>Norfolk</u> -- Northeast Community College, 801 E. Benjamin Ave., Maclay Bldg., Room 167A</p>
December 17, 2010	PUBLIC COMMENT PERIOD ENDED	
May 15, 2011	FINAL 2011 ANNUAL ACTION PLAN MADE AVAILABLE	

SUMMARY OF PUBLIC COMMENTS ON THE PROPOSED 2011 ANNUAL ACTION PLAN

DED received twenty-one (21) official public comments on the Proposed 2011 Annual Action Plan. Comments were received through verbal testimony at the public hearings and in writing by letter or e-mail during the official comment period November 12, 2010 through December 17, 2010.

All comments were logged as they were received. All comments of record are available to the public at DED. A synopsis of the comments and responses follows. DED written responses are in italics, bold and indented.

Comment #1

I would like to make the comment that on 3-29 that the \$200,000 in Trust Funds that have been set aside for the Panhandle Region be eligible for use by any eligible agency within the Panhandle region.

Thank you for your comment. The funds will be available for use by any eligible agency undertaking an Owner Occupied Rehabilitation program in the Panhandle Region.

Comment #2

I just wanted to express my support for the Downtown Revitalization money DED has used the last few years to enhance downtown vibrancy. We are in the final implementation phase of our project, and our downtown is seeing a physical transformation. We obviously then hope this moves into the retail and service vibrancy that we need. Our Main Street affiliation has greatly helped us stay on course and make a difference in our downtown area.

We appreciate your support for the Downtown Revitalization program. Thank you for sharing your success story with us.

Comment #3

This letter is in regards to the Proposed 2011 Annual Action Plan for NDED funding. We were in attendance at the Kearney Public Meeting on November 12, 2010. There are a couple of changes that are a concern to our firm as well as the communities we serve. First of all, we are concerned with the limited amount of funds allocated to the Public Works category. Secondly, we are concerned that the National Objective of the elimination of Slum and Blight has been removed as an eligible activity through the Public Works category. These concerns are further explained in the following paragraphs.

Public Works Funding Allocation

The funding allocation for public works activities has been cut by more than half the amount it was allocated for the 2010 cycle. CDBG funding is the only way some of the communities we serve have a chance to better their public infrastructure or to build a community gathering place or a fire station to protect their citizens. With the rising costs of building construction and infrastructure, the financial burden to these communities is too high and will force them into turning to the "do nothing" alternative if there are not adequate funds available to apply towards these activities for eligible communities. The whole purpose of the CDBG program is to assist low-to-moderate income persons by relieving the financial burden to those households. Taking funding away from this category further increases this burden to those households. Furthermore, with the amount of funding NDED

has allocated to this activity it is highly likely that only 3 or 4 projects could be funded across the State. This, in our opinion, is a great disservice to the rural communities of the State of Nebraska. One of the State's goals is to attract persons to our State or back to our State after leaving. This will not happen if the State's communities do not have adequate paved streets, infrastructure and public works buildings to provide a sense of community for their residents or potential residents. The comment was made that more funds were being allocated to the housing activity rather than public works. If a community does not have adequate infrastructure no one will want to move to the community, therefore housing would also be in less demand. If you don't take care of the infrastructure in these small communities they will fail to exist in the near future. Therefore, we would request you reconsider the amount of funds allocated to the public works category for the 2011 funding cycle.

Elimination of Slum and Blight as and eligible activity for Public Works

One of the four national objectives is the elimination of slum and blight conditions. With the elimination of this national objective in the public works category you have further deterred the revitalization of many areas of communities who are not eligible based on the low-to-moderate income national objective. Some communities have areas that are determined to be slum and blight areas and will continue to be designated as such unless they have access to funds to help eliminate this condition. One example is a community in southwestern Nebraska who is not eligible to apply for CDBG funds based on Census data or by an income survey. Furthermore, the area they want to improve does not have 100 households or more so a target area cannot be applied for. The only hope for this community to pave the streets in the slum and blight designated area was to apply under that activity under the public works category. In addition, the area to be paved has low-income housing in the area; further negatively impacting the low-to-moderate income persons in the community.

There are also several communities whose downtown areas need improvements and the slum and blight designation was their only hope to potentially receive funds. The argument could be made that those communities could apply under the downtown revitalization category, however many of the communities are not a Certified City or a NCIP Leadership Community, therefore not eligible to apply for downtown revitalization funds. We feel the NDED needs to reconsider allowing the slum and blight national objective under the public works category to assist those communities with these issues. Thank you for the opportunity to comment on the Proposed 2011 Annual Action Plan. Your consideration of the outlined concerns would be appreciated.

Thank you for your comments. The Department supports the funding of public works projects with CDBG funds. The decrease in the CDBG amount allocated to the 2011 public works category is based on the 2010 year's demand and lack of qualified projects. The Department is considering an increase to the 2011 public works category based on 2010 funds unobligated, but is working with an overall reduced CDBG allocation in comparison to previous years.

The Department has decided that all public works activities must meet the national objective of benefit to low-and moderate-income persons. This will help the Department ensure that the HUD requirement to use funds for activities which benefit low-and moderate-income persons is met by the Department.

Comment #4

As Mayor of the City of Tecumseh I have been actively involved in the day-to-day struggle to provide for the best living environment possible to make Tecumseh a sustainable community. Even though I end my term as Mayor of the City of Tecumseh on 12-6-2010, as a person deeply involved in the future of Tecumseh I wanted to take this opportunity to submit this formal/prepared written comment to the 2011

Annual Action Plan process asking that DED not institute the referenced change that has been proposed as part of the state of Nebraska Proposed 2011 Annual Action Plan process.

The City of Tecumseh has been working for years to put together a package that would allow us to make a significant impact to our town square. We are on the verge of bringing a funding package forward. Our City Clerk attended the 11-12-2010 AAP information session and brought back to the community leaders that there is a current proposal to remove "Slums & Blight" as one of the CDBG national objectives that Tecumseh (and other communities) would be able to utilize in the 2011 round of CDBG applications.

The City of Tecumseh feels that the Slums and Blight national objective should be retained for this Public Works category as it provides the opportunity to meet HUD standards and provides the opportunity to aggressively address needs in the community so as to provide a sustainable economic base.

Secondly, while we acknowledge and respect the challenge of meeting numerous needs with limited funds, the City of Tecumseh asks that DED restore the 2011 CDBG Public Works category to 2010 levels of funding, that is, seeking to retain the approximately \$2.8 million level of funding vs. the proposed \$1.1 million level of funding.

We feel that to cut this category in half at this time would leave many critical public works needs un-met.

As Mayor of the City of Tecumseh I am asking you to reconsider these proposed changes. If you should have any questions of the City of Tecumseh's stance on any of the above, please feel free to contact our City Clerk.

I understand that the new incoming Mayor Bill Montz, Sr. will also be submitting a comment letter after he has taken office on 12-6-2010. Please know that the City of Tecumseh is united in its efforts to achieve needed changes and both Bill Montz and I, along, with the entire City Council and Board of Public Works are eager to keep building on the momentum that the City of Tecumseh has shown recently to make significant impacts on community needs. We look forward to working with DED in the coming months on addressing more of these needs.

Thank you for this opportunity to provide formal comment via the 2011 Annual Action Plan process.

Thank you for your comments. The Department has decided that all public works activities must meet the national objective of benefit to low-and moderate-income persons. This will help the Department ensure that the HUD requirement to use funds for activities which benefit low-and moderate-income persons is met by the Department.

The Department supports the funding of public works projects with CDBG funds. The decrease in the CDBG amount allocated to the 2011 public works category is based on the 2010 year's demand and lack of qualified projects. The Department is considering an increase to the 2011 public works category based on 2010 funds unobligated, but is working with an overall reduced CDBG allocation in comparison to previous years.

Comment #5

In Section 3-29 of the Annual Action Plan, the amounts set aside for Owner Occupied Rehab in the Panhandle Region is not specified for any specific housing or development agency. I would like to see these funds become eligible for any of the qualified housing agencies in the Panhandle region. In addition, if the funds are not requested for Owner occupied rehab programs, we would request these

funds remain in the Panhandle region and be eligible to be used for homebuyer programs (in addition to owner occupied rehab).

General Administration funds should not be set as a % of the total grant, but somehow allocated as a maximum per loan application or a maximum per applicant. For example if an agency administers 5 -- \$10,000 down payment assistance loans or grants, they would collect an 8% admin. fee, or \$4,000 for work on 5 files. Agencies that look at each applicant on an individual basis and determine what is needed for each loan may touch many more applicant files and do much more administrative work, but receive "less" in Admin. fees. For example, our office averages \$2,500 in DPA assistance, so we'd have to work with 20 applicants to maintain the same level of Admin. fees that the same organization mentioned before only had to touch 5 applicant files for. $\$2,500 \times 20 \text{ loans} @ 8\% = \$4,000$. However, there is a disproportionate share of admin per applicant. The first example is paid \$800 in Admin. costs while the second example is paid \$200 per loan. The same amount of paperwork goes into each file, therefore it is unfair to those agencies that are working diligently to provide what the applicant actually needs for the loan.

There should be a maximum allowed per loan for admin. costs, because it should take relatively the same amount of time to do the income & employment verifications, the inspections and so forth for each file. You are rewarding agencies that just give a set dollar amount and don't take the time to calculate what is actually needed on each loan. Not all purchase prices are the same, so why should the DPA assistance amount be the same per loan?

In regard to Section 3-29 of the Annual Action Plan, the funds will be available for use by any eligible agency undertaking an Owner Occupied Rehab (OOR) program in the Panhandle Region. Should the funds not be utilized for OOR in ANY Region, because of the high demand for OOR, and limited amount of resources, they will be reallocated to other regions for the same purpose.

Thank you for your comments regarding administration costs as they relate to providing down-payment assistance. We will consider your comment as we develop Application Guidelines for 2012. Please work with your regional representatives on issues covered in the guidelines.

Comment #6

As the Mayor of the City of Falls City, I have witnessed the vital impact CDBG Owner Occupied Housing Rehab has made to very low income and low income families in our community. I am respectfully submitting this formal comment to the 2011 Annual Action Plan process, asking that NDED not institute the referenced change that has been proposed as part of the State of Nebraska Proposed 2011 Annual Action Plan process.

The City of Falls City has made much needed use of Owner Occupied Housing Rehabilitation funds through the competitive grant application process that has previously excluded the six (6) largest communities in the "Small Cities" category, (Columbus, Fremont, Grand Island, Kearney, Norfolk, and North Platte). These six communities in the CDBG Small City Category already have funds reserved for them for Comprehensive Revitalization. Cities like Falls City do not have the opportunity to compete for these Comprehensive Revitalization funds, but it is now being proposed that these six communities will now have opportunity to not only retain their allotted funds, but they will now be able to compete with our community for limited OOR funds.

As Mayor of the City of Falls City, I am asking you to reconsider this proposed change that would allow these six communities to not only have the funds that have been reserved for them via the Comprehensive Revitalization category, but to also not allow those six largest communities to also be able to compete with the rest of the Small Cities for these limited OOR funds like Falls City.

In his letter dated October 27, 2010 to the City of Falls City, Bob Doty, NDED Housing Manager reported that NDED received over 20 applications in 2010 for OOR funds from the small cities and NDED was only able to fund six (6) of those projects. Falls City had handed out over 40 applications and had over 20 of them returned for consideration for rehab work in which the grant only allowed for 10 homes to be rehabilitated in a two year period. Falls City alone has four years of requests for funding sitting on a desk with no grants funds to utilize. With NDED being able to only fund less than half of the 2010 small city requests it appears to me that there is a significant need and a more than sufficient need in the Small Cities Category for OOR funds. There is not a need to add additional competition for these funds from the six largest (CR) communities when they are already receiving funding.

It appears to me that the proposed change violates the sense of fair competition. The proposed change will have the six largest Cities being able to utilize Comprehensive Revitalization Funds for things such as OOR and then they will also have access to OOR funds that have previously been made available for the rest of the state to compete for.

Thank you for this opportunity to express my concerns on the changes NDED is considering and thank you for this opportunity to provide formal comment. The City of Falls City sincerely appreciates the vital partnership that NDED and the City of Falls City has shared to provide a critical impact to the many very low income and low income families in Falls City. Falls City eagerly looks forward to this continued partnership to continue to impact that National Objective of providing safe sound and sanitary housing opportunities for the low income families of Falls City.

Thank you for your comment. The Department has proposed a two fold increase of funds for Owner Occupied Rehab (OOR) for the 2011 application cycle. Comprehensive Revitalization communities are required to use their funds in target areas and by not allowing them to also compete for OOR funds in the application cycle those LMI individuals living outside of the target area are deprived of the opportunity to access Department funds. As a result, the Department will not be changing the eligibility for OOR funds in 2011.

Comment #7

As the newly elected Mayor of the City of Tecumseh I am very excited to take up where my predecessor left off in helping the City become a great place to live, work, and raise a family. And because of this I would like to make a few comments on the 2011 Annual Action Plan process. First and most importantly, I would ask that NDED not institute the referenced change that has been proposed as part of the state of Nebraska Proposed 2011 Annual Action Plan process.

The City of Tecumseh has been working hard to come to a consensus with the stakeholders around our historic square in order that we might be able to put together a package that would allow us to make significant changes to keep our downtown viable and just as we were on the verge of bringing a funding package forward we were informed that current proposal to remove the "Slums and Blight" national objective would be removed.

The City of Tecumseh feels that the Slums and Blight national objective should be retained for this Public Works category as it provides the opportunity to meet HUD standards and provides the

opportunity to aggressively address needs in the community so as to provide a sustainable economic base.

In addition, while we acknowledge and respect the challenge of meeting numerous needs with limited funds, the City of Tecumseh asks that NDED restore the 2011 CDBG Public Works category to 2010 levels of funding, in other words, we would ask that you retain the approximately \$2.8 million level of funding vs. the proposed \$1.1 million level of funding.

As Mayor Bartels stated in his letter, the City Council and the Board of Public Works feel that to cut this category in half at this time would leave many critical public works needs un-met.

I truly hope that you will reconsider these proposed changes as it will only delay, if not decimate, our plans for Tecumseh's future. I would be more than happy to meet with you at any time and any place to better explain our position. I can be reached through Paula Darling, our City Clerk, at 402-335-4011. Again, as Mayor Bartels stated we are eager to keep building on the momentum that the City of Tecumseh has shown recently to make significant impacts on community needs. We look forward to working with NDED in the coming months on addressing more of these needs.

Thank you for this opportunity to provide formal comment via the 2011 Annual Action Plan process.

Thank you for your comments. The Department has decided that all public works activities must meet the national objective of benefit to low-and moderate-income persons. This will help the Department ensure that the HUD requirement to use funds for activities which benefit low-and moderate-income persons is met by the Department.

The Department supports the funding of public works projects with CDBG funds. The decrease in the CDBG amount allocated to the 2011 public works category is based on the 2010 year's demand and lack of qualified projects. The Department is considering an increase to the 2011 public works category based on 2010 funds unobligated, but is working with an overall reduced CDBG allocation in comparison to previous years.

Comment #8

As Chairman of the Falls City Housing Advisory Board for several years, and as Loan Officer with the Richardson County Bank and Trust I have witnessed the vital impact CDBG Owner Occupied Housing Rehab has made to Very Low Income and Low Income families in the City of Falls City. I am drawn to submit this formal comment to the 2011 Annual Action Plan process asking that NDED not institute the referenced change that has been proposed as part of the State of Nebraska Proposed 2011 Annual Action Plan process.

The City of Falls City has made vital use of Owner Occupied Housing Rehabilitation funds via the competitive grant application process that has previously excluded the six (6) largest communities in the "Small Cities" category, (Columbus, Fremont, Grand Island, Kearney, Norfolk, North Platte). These six largest communities in the CDBG Smalls City Category already have funds reserved for them for Comprehensive Revitalization. Cities like Falls City do not have the opportunity to compete for these Comprehensive Revitalization funds but it is now being proposed that these six communities will now have opportunity to not only retain their set asides, but they will now be able to compete with the rest of the communities in Nebraska for the limited OOR funds.

As Chairman of the Falls City Housing Advisory Board, I am asking you to reconsider this proposed change that would allow these 6 communities to not only have the funds that have been reserved for them

via the Comprehensive Revitalization category, but to also allow those 6 largest communities to also be able to compete with the rest of the Small Cities for these limited OOR funds. In his letter dated October 27, 2010 to the City of Falls City, Bob Doty, NDED Housing Manager reported that NDED received over 20 applications in 2010 for OOR funds from the small cities (when the program did not allow for the 6 largest communities to compete for these funds) ...and that NDED was able to fund six (6) of those projects. With NDED being able to fund less than half of the 2010 small city requests (when the 6 largest communities were ineligible for those OOR funds) it appears to me that there is a significant need & a more than sufficient need in the Small Cities Category for OOR funds there is not a need to' add additional competition for these funds from the 6 largest (CR) communities.

It appears to us in Falls City that the proposed change violates the sense of fair competition... the proposed change will have the 6 largest Cities being able to utilize Comprehensive Revitalization Funds ...for things such as OOR and then they will also have access to OOR funds that have previously been made available for the rest of the "Small City" category communities across the state to compete for.

Thank you for this opportunity to be made aware of the changes NDED is considering and thank you for this opportunity to provide formal comment. The City of Falls City sincerely appreciates the vital partnership that NDED and the City of Falls City has shared to provide a critical impact to the many very low income and low income families in Falls City. Falls City eagerly looks forward to this continued partnership to continue to impact that National Objective of providing safe sound and sanitary housing opportunities for the low income families of Falls City.

Thank you for your comment. The Department has proposed a two fold increase of funds for Owner Occupied Rehab (OOR) for the 2011 application cycle. Comprehensive Revitalization communities are required to use their funds in target areas and by not allowing them to also compete for OOR funds in the application cycle those LMI individuals living outside of the target area are deprived of the opportunity to access Department funds. As a result, the Department will not be changing the eligibility for OOR funds in 2011.

Comment #9

On behalf of the Central Nebraska Housing Developers, I appreciate your allowance for comments about NAHTF policies, and would like to submit the following comment for consideration by the Nebraska Department of Economic Development:

As we work with counties and communities in Central Nebraska, one of the most common needs identified is adequate, affordable rental units. Many communities struggle to recruit employees and their families to work and live, because there is a lack of rental housing that is safe, affordable, and attractive. Once families move to a small community, and rent for a year or so, they can then purchase a home, or build a home, and investing their family's future into that community.

What many communities need are new construction rental units; however, the current limits for NAHTF eligibility at 80% AMI, along with the low/high rent limits, make new construction rental projects almost impossible. If the NAHTF household limit for rentals was increased to 100% AMI, it would open more families to be eligible to rent the units, and be more aligned with the wages that businesses are paying to the employees they are trying to recruit. If the rent limits were increased to the 65% limit, it would make the project cash flow better. Currently, property taxes on new rental units are eating up most of the rental expenses, making the project infeasible with the lower rent limits allowed.

Again, we hope you will strongly consider making a change to the rental program that will bring the program more in line with the needs of rural communities in the State. Thanks!!!

Thank you for your comment. The Department of Economic Development recently completed the rather lengthy process of amending the Rules and Regulations for the Nebraska Affordable Housing Trust Fund (NAHTF). During the process, advisory board and public comments were solicited and considered. The Department received no public comments requesting a change to the rent limits at that time. Therefore, the income limits for homeownership were amended, but the rent limits remained the same. The Department will take your suggestion into consideration should the Department have a need to amend the NAHTF Rules and Regulations in the near future.

Comment #10

In regard to Downtown Revitalization, I like the proposed changes, especially the extension of the timeframe for phase I and the population threshold.

On page 4-29 under the heading bonus points, please change “Certified Nebraska Main Street Communities” to “Designated Nebraska Main Street Communities.” Delete “or a Nebraska Main Street Community participant.” Designated Nebraska Main Street Communities covers both those that are Nationally Accredited and those that are officially designated. Leave the statement in parenthesis (membership participation level not included). I figured it was best to get that cleaned up so it is correct and reflected what is current.

Thank you for your comments. We have made the corrections to the Downtown Revitalization Category section, as you have suggested.

Comment #11

Please accept this letter as our comments in reference to the 2011 Proposed Annual Action Plan. The board and staff of Neighbor Works ' Northeast Nebraska would like to provide the following comments;

- Rather than zone by zone applications there should be a statewide application for multi-regional organizations applying for capacity/technical assistance grants.
- NeighborWorks® Northeast Nebraska does not support HOME or NAHTF funding for tenant based rental assistance. Instead, the primary focus of these funds should be for production of affordable housing.
- DED should have discretion in scoring processes to give equal weight to community/regional housing priorities not just state housing priorities.
- We want to see the formula's used to determine the amount of funds in the competitive round be re-evaluated. For example the Northeast Zone (not including Omaha) has the least amount of funds available compared to the other zones. There are many active non-profits and municipalities effectively and efficiently developing affordable housing in Northeast Nebraska compared to the remainder of the state, however the amount of funds to be applied for are the least in this zone.
- We support the application process of having pre-applications submitted and the opportunity for negotiations before awards are determined.

Thank you for your comments. In regard to your recommendation that the Department have a statewide application for technical assistance (TA) grants, the Department has determined to maintain the process as it currently exists because organizations that provide statewide TA services are currently eligible to apply for TA grants in the annual cycle.

In regard to your comment about use of HOME or NAHTF for tenant based rental assistance (TBRA) as an eligible activity, the Department is not including TBRA as an eligible use of either of these funding sources in the 2011 Annual Action Plan.

In regard to your comments about scoring processes, HUD requires the Department to specifically identify scoring criteria and priorities. As we develop scoring criteria and priorities for the 2012 Application Guidelines we will take into consideration how this might be accomplished. Please continue to work with your regional representative on issues related to the Application Guidelines.

The Department recognizes the capacity of nonprofits and municipalities in the Northeast Investment Zone. However, the Department evaluates the formula for distribution of all funds in the competitive round annually and attempts to achieve an equitable balance of funding with a limited amount of resources.

Finally, thank you for your support of the application process.

Comment #12

The Policy and Issues Committee of the Nebraska Commission on Housing and Homelessness met on Wednesday Dec. 1, 2010 to discuss comments on the DED Annual Action Plan. Listed below are the recommended comments from the committee. All members of the Commission were given the opportunity to review these comments and provide feedback. There being no further comments made we are forwarding these to you for further consideration by the Department. Thank you.

1. Rather than zone by zone applications there should be a statewide application for multi-regional organizations applying for capacity/technical assistance grants.
2. The Policy and Issues Committee does not support HOME or NAHTF funding for tenant based rental assistance. Instead, the primary focus of these funds should be for production of affordable housing.
3. DED should have discretion in scoring processes to give equal weight to community/regional housing priorities not just state housing priorities.
4. The policy and Issues Committee supports the eligibility of Comprehensive Revitalization grantees to receive CDBG funds for Owner Occupied Rehab.
5. The Policy and Issues Committee recommends finding a way to allow for a uniform application deadline process. It is noted that groups in the eastern part of the state have more time to work on applications due to their proximity to DED. If, for example, delivery to a Field Representative's office was sufficient to meet filing deadlines most offices would have an equal amount of time to prepare and submit applications.

Thank you for your comments. In regard to your recommendation that the Department have a statewide application for technical assistance (TA) grants, the Department has determined to maintain the process as it currently exists because organizations that provide statewide TA services are currently eligible to apply for TA grants in the annual cycle.

In regard to your comment about use HOME or NAHTF funds for tenant based rental assistance (TBRA), the Department is not including TBRA as an eligible use of these funding sources in the 2011 Annual Action Plan.

HUD requires us to specifically identify our scoring criteria and priorities. As we develop scoring criteria and priorities for the 2012 Application Guidelines we will consider your comment and discuss how this might be accomplished.

Thank you supporting the Department's decision to allow Comprehensive Revitalization grantees to be eligible to compete for CDBG funds for Owner Occupied Rehabilitation activities.

In regard to housing application deadlines, the process set for in the Proposed 2011 Annual Action Plan will remain in place for the 2011 program year. However, the Department will consider other options for meeting the application submission deadline including a postmark, or FedEx/UPS date stamp. If a different option is selected for 2012, the Department may choose to set the due date one week earlier in order to have adequate time to process applications. We encourage you to work with regional representatives on your concerns with the Application Guidelines.

Comment #13

The City of South Sioux City is aware that the Nebraska Department of Economic Development is proposing to strike "slum and blight" as an eligible National Objective for CDBG Public Works Applications in the 2011 Action Plan. Although the City of South Sioux City has no comment either for or against these proposed changes, South Sioux City was satisfied with the available National Objectives available in the CDBG Public Works application prior to these proposed changes.

South Sioux City thanks the Nebraska Department of Economic Development for allowing the opportunity to provide comment on this proposed change.

Thank you for your comments. The Department has decided that all public works activities must meet the national objective of benefit to low-and moderate income persons. This will help the Department ensure that the HUD requirement to use funds for activities which benefit low-and moderate-income persons is met by the Department.

Comment #14

I am contacting you regarding the proposed 2011 funding cycle for Community Development Block Grants. Under Section 4 Community Development - Public Works & Water Wastewater it states Public Works activities must meet the national objective of low to moderate income benefit. Cambridge is a community in Southwest Nebraska, located about forty-five minutes from the Kansas-Nebraska state line. Cambridge has a population of about 900 residents as estimated by the Bureau of Census. The Cambridge City Council has been interested in applying for funding to pave streets in the southern area of town. Residents in this area of town are generally retired, and low to moderate income. The area does not contain 100 houses; therefore a targeted area cannot be applied for based on the current guidelines.

In 2007 the Cambridge City Council authorized a study of the area. The study determined that the median age of residential property is 70 years. It was also found that the City's population had decreased by 6.3% since the 1990 Census. The City of Cambridge has invested an interest and has built a low to moderate income apartment complex, made up of 16 units, in the area. These units are generally full.

The Cambridge City Council has determined that it is in the best interest of the area residents to apply for funding to improve the streets in the area. We had plans to apply for funding under the slum and blight

national objective. The Cambridge City Council requests that the Nebraska Department of Economic Development does not remove the slum and blight national objective for the Public Works & Water Wastewater categories.

Thank you for your comments. The Department has decided that all public works activities must meet the national objective of benefit to low-and moderate income persons. This will help the Department ensure that the HUD requirement to use funds for activities which benefit low-and moderate-income persons is met by the Department.

Comment #15

On behalf of the City of Fremont, we are pleased that the CR grantees are eligible to receive CDBG funds for downtown revitalization.

Thank you for the opportunity to review the proposed plan.

Thank you for your comments and support of the Downtown Revitalization program.

Comment #16

We would like to express our appreciation for Department Priority #5 in the Scoring Criteria of 10 points for 2-6 rental units. We would recommend to the Department that for communities where rentals serving tenants between 60% and 100% AMI are needed, based on market conditions; that the HOME 65% rent limits be used instead of the High and Low HOME rent limits to ensure greater socio-economic integration. Many communities are in desperate need of rental units above the tax credit and HOME rent and income limits of 60%. By using the more flexible NAHTF you are providing a key resource for workforce housing.

Scoring criteria, Level of Readiness to Proceed #3 Program Guidelines. For rental projects we would recommend that a tenant selection policy and sample lease agreement be considered synonymous with program guidelines. For example, a tenant selection policy and sample lease agreement that is board approved and meets DED requirements could receive 10 points while a tenant selection policy and sample lease agreement that meet DED requirements but are not board approved could only receive 5 points.

The Department uses the HOME rules for NAHTF rental projects to allow us to match HOME funds with NAHTF funds. The HOME rules state that “for all HOME projects, the maximum allowable rent is the HUD calculated High HOME Rent Limit and/or the Low HOME Rent Limit.” The Trust Funds rules and regulations also limit tenants to 80% AMI or lower. Therefore, the Department will not be adjusting the rental income limits.

In regard to your comment about scoring processes, HUD requires the Department to specifically identify scoring criteria and priorities. As we develop scoring criteria and priorities for the 2012 Application Guidelines we will take into consideration how this might be accomplished. Please continue to work with your regional representative on issues related to the Application Guidelines.

Comment #17

On behalf of the Nebraska Housing Developers Association, it is my pleasure to submit the following comments on the 2011 Proposed Annual Action Plan:

Recommendation - Rather than using zone by zone applications make a statewide application available for organizations that serve in multiple zones especially as related to operating/capacity building/technical assistance grants.

Recommendation - Maintain primary focus of the Department of Economic Development's Affordable Housing Program (HOME, NAHTF & CDBG) the production of affordable housing. Continue to keep tenant-based rental assistance an ineligible activity.

Recommendation - Equal weight (top score) be given to applications that address the Departments housing priorities as well as communities and/or regions that have conducted a well-defined housing needs prioritization process and apply for funding to address the housing priority needs identified as a result of that process.

Recommendation - Change the application deadline process to include postmarked on the deadline date rather than received by 5:00 pm on the deadline date. The existing method creates an unlevel playing field between applications being mailed several days ahead of the deadline to allow for mail delivery and applicants that are in close enough proximity to drive their application to Lincoln.

Recommendation - Non-profit operating assistance grant proposals submitted by an organization that serve more than one community or one zone be allowed to use the Consolidated Plan to show consistency with overall community and economic development plans.

The Association supports the \$275,000 set-aside of HOME funds for the Homeownership Opportunity Program to assist people with disabilities to purchase a home.

The Association supports the requirement for homebuyer and tenant education and specifically recommends the use of REACH and Nebraska RentWise© to ensure quality education and its delivery.

Thank you for your comments. In regard to your recommendation that the Department have a statewide application for technical assistance (TA) grants, the Department has determined to maintain the process as it currently exists because organizations that provide statewide TA services are currently eligible to apply for TA grants in the annual cycle.

In regard to your comment about keeping tenant-based rental assistance an ineligible activity for use of HOME, NAHTF and CDBG funds, the Department has not included tenant based rental assistance as an eligible activity to be funded through these funding sources.

In regard to housing priorities, HUD requires the Department to specifically identify our scoring criteria and priorities in the Annual Action Plan. As we develop scoring criteria and priorities for the 2012 Application Guidelines we will consider your comment and discuss how this might be accomplished.

In regard to housing application deadlines, the process set for in the Proposed 2011 Annual Action Plan will remain in place for the 2011 program year. However, the Department will consider other options for meeting the application submission deadline including a postmark, or FedEx/UPS date stamp. If a different option is selected for 2012, the Department may choose to set the due date one week earlier in order to have adequate time to process applications. We encourage you to work with regional representatives on your concerns with the Application Guidelines.

In regard to your recommendation that the Department allow organizations applying for non-profit operating assistance grants to use the Consolidated Plan to show consistency with overall community and economic development plans, the Department will consider how scoring processes can be adapted to take into consideration grantees who serve multiple regions of the state.

Due to the reduction in the amount of HOME funds allocated to the Department for the 2011 program year, the Department has not included this set-aside in the final 2011 Annual Action Plan. The Department believes this to be a valuable program for people with disabilities, and hopes that through the resources that Nebraska Housing Developers Association (NHDA) currently has available, NHDA will be able to continue this program without interruption for the coming year.

Thank you for your support of homebuyer and tenant education requirements. The Department will continue to support the use of REACH and Nebraska RentWise© where possible.

Comment #18

Please consider the following comments in regards to the 2011 Annual Action Plan. Southwest Nebraska Community Betterment Corporation (SWNCBC) would like to see more training in the housing area as regulations have changed substantially since the last training that was held in August of 2009 in North Platte, Nebraska. Conducting training annually of current regulations allows grant administrators from making errors which in turn makes the Department have less findings when monitored by HUD.

As stated on page 3-15, C. NAHP Annual Housing Application Cycle Review Criteria

SWNCBC supports the continuation of the allocation of funds across the Investment Zone Process: This ensures that all programs across the state have an opportunity to receive funding instead of statewide allocations. Statewide allocations would seem to create disadvantages to certain portions of the state.

In addition to the continuation of the investment zones, SWNCBC does not agree with the urban areas receiving preference over the rural areas of the state. Rural areas are still a vibrant part of the state and deserve to have as much funding available as urban areas.

As stated on page 3-27, Full housing applications must be received by May 6, 2011.

This seems to be unequitable to all communities, counties and organizations outside of the Lincoln city limits. To be consistent so all applicants have the adequate time to turn in their application SWNCBC would recommend to change that back to "Must be postmarked by May 6, 2011".

Another suggestion for equality across the state if they need to be in by a certain date and time, would be to allow applications to be turned into state offices across the state, i.e. State office building in North Platte, Zone Manager's offices in Big Springs and Kearney, Governor's representative in Scottsbluff. This would allow additional options without taxing the municipality or organization in their submissions.

SWNCBC appreciates the ability to participate in housing and economic development opportunities that the Department offers and thanks the Department for their continued investment in our programs throughout the years. We would also like to specify to keep the Nebraska Affordable Housing Trust Funds as intended upon their creation for the purposes of housing and not include economic development as eligible activities as shown in the recent Battelle study.

SWNCBC would like to thank the Department for allowing us to participate in funding opportunities and provide comment to the future of those opportunities.

The Department of Economic Development plans to hold a Housing 101 training in Lincoln, Nebraska in October of 2011. Please check with the Department for additional information about this training.

Thank you for your support of the continuation of the allocation of funding through the Investment Zone process. In regard to your comment about the rural areas of the state, affordable housing program funds from several different sources are available for a variety of eligible housing activities in all areas of the State.

In regard to housing application deadlines, the process set for in the Proposed 2011 Annual Action Plan will remain in place for the 2011 program year. However, the Department will consider other options for meeting the application submission deadline including a postmark, or FedEx/UPS date stamp. If a different option is selected for 2012, the Department may choose to set the due date one week earlier in order to have adequate time to process applications. We encourage you to work with regional representatives on your concerns with the Application Guidelines.

In regard to your comment about use of the Nebraska Affordable Housing Trust Funds, the Department remains committed to the provision of affordable housing as a component of an overall economic development strategy. As you referenced, The Competitive Advantage Assessment and Strategy (also referred to as “the Battelle Study”), does recommend many new initiatives for the State of Nebraska which include potential redirection of some of the resources currently used for affordable housing for the preparation of industrial sites and buildings. This proposal was recommended through Legislative Bill 388 in the 2011 Legislature. Because of the importance of affordable housing to communities, the Department has identified an additional \$2 million of the Community Development Block Grant in the 2011 Program Year to be available for Owner-occupied Rehabilitation programs which was not allocated for this purpose in recent years. It is our intention to approach the various programs and services of the Department holistically to positively impact the growth of Nebraska’s economy.

Thank you for your comments.

Comment #19

Revise the draw down request form to include clear direction for applying reuse funds to the form and a fill in box for the same.

The West Central Nebraska Development District is requesting Owner Occupied Rehabilitation set aside funding for ongoing activities.

Set aside Trust funds for demolition activities only.

Please keep in mind an agencies capacity when awards are considered so that agencies that might receive funding do not then contract out to for-profit entities to staff and operate the program.

Please consider a potential conflict of interest when non-governmental agencies are administering the same Community Development Block Grant that they themselves are contracted to do the work.

Thank you for your comments. The Department will take into consideration your CDBG Program administration comments about draw down forms and conflict of interest issues.

In regard to your comment about an Owner-occupied rehabilitation set-aside for West Central Nebraska Development District, the Department will not be adding any additional set-asides to the 2011 Annual Action Plan. The Department is currently working with a limited amount of resources and is working hard to ensure an equitable distribution of funds throughout the state. In regard to your request that Trust funds be set aside for demolition activities, demolition is not currently a Department priority. Finally, in regard to the capacity of agencies to receive funding, the Department does evaluate the capacity of applicants in the scoring process.

Comment #20

NeighborWorks Lincoln (NWL) is very appreciative of the fact that in the 2011 Proposed Annual Action Plan our organization has been designated to receive two \$400,000 set-aside awards. These awards will help NWL continue our work to fulfill our mission of revitalizing neighborhoods and promoting homeownership.

The core neighborhoods in which we do the majority of our work are currently and will remain neighborhoods with extreme needs. Therefore, it is often a challenge for us to promote homeownership and more financially diverse neighborhoods without reaching out to families at or below 100% of AMI rather than 80% of AMI. Therefore, it would be extremely helpful to NWL and ultimately our core neighborhoods if these awards could be from NAHTF funds.

Again, thank you for the continued partnership in the 2011 Annual Action Plan, we do appreciate it. If it is possible to convert these proposed awards to NAHTF funds it would certainly benefit NWL and our efforts in the core neighborhoods of Lincoln.

Due to the reduction in the amount of HOME funds allocated to the Department for the 2011 program year, the Department will be providing one set-aside to Neighbor Works Lincoln (NWL) in the final 2011 Annual Action Plan. In regard to your request that the set-aside be Trust Funds, due to high demand, a limited amount of financial resources, and a goal of the equitable distribution of funds, it is not possible for the Department to use Trust funds for this set-aside award. Thank you for your comments.

Comment #21

Please consider the following comments in regards to the 2011 Annual Action Plan.

As stated on page 3-15, C. NAHP Annual Housing Application Cycle Review Criteria

The Village supports the continuation of the allocation of funds across the Investment Zone Process: This ensures that all programs across the state have an opportunity to receive funding instead of statewide allocations. Statewide allocations would seem to create disadvantages to certain portions of the state.

As stated on page 3-27, Full housing applications must be received by May 6, 2011.

This seems to be unfair to all communities, counties and organizations outside of the Lincoln city limits. To be consistent so all applicants have the adequate time to turn in their application the Village would recommend to change that back to "Must be postmarked by May 6, 2011".

The Village of Wauneta appreciates the ability to participate in housing and economic development opportunities that the Department offers. The Village would also like to specify to keep the Nebraska Affordable Housing Trust Funds as intended upon their creation for the purposes of housing and not include economic development as eligible activities as shown in the recent Battelle study.

The Village of Wauneta would like to thank the Department for allowing us to participate in funding opportunities and provide comment to the future of those opportunities.

Thank you for your support of the allocation of funds process. In regard to the application due dates, the process set for in the Proposed 2011 Annual Action Plan will remain in place for the 2011 program year. However, the Department will consider other options for meeting the application submission deadline including a postmark, or FedEx/UPS date stamp. If a different option is selected for 2012, the Department may choose to set the due date one week earlier in order to have adequate time to process applications. We encourage you to work with regional representatives on your concerns with the Application Guidelines.

In regard to the use of the Affordable Housing Trust Fund, the Department remains committed to the provision of affordable housing as a component of an overall economic development strategy. As you referenced, The Competitive Advantage Assessment and Strategy (also referred to as "the Battelle Study"), does recommend many new initiatives for the State of Nebraska which include potential redirection of some of the resources currently used for affordable housing for the preparation of industrial sites and buildings. This proposal was recommended through Legislative Bill 388 in the 2011 Legislature. Because of the importance of affordable housing to communities, the Department has identified an additional \$2 million of the Community Development Block Grant in the 2011 Program Year to be available for Owner-occupied Rehabilitation programs which was not allocated for this purpose in recent years. It is our intention to approach the various programs and services of the Department holistically to positively impact the growth of Nebraska's economy.

Thank you for your comments.

COMMENT PERIOD FOR SUBSTANTIAL AMENDMENT TO 2011 ANNUAL ACTION PLAN

In August of 2011, DED opened an additional public comment period due to proposed changes in the Housing, Community Development, Homeless, Allocation and Categorical Distribution sections in the 2011 Annual Action Plan. The public comment period for the 2011 Annual Action Plan substantial amendment ran from August 23, 2011 through September 26, 2011. A news release announcing the comment period was distributed over DED's listserv and was also placed on Facebook and Twitter. The Notice of Public Comment Period was placed in newspapers in Lincoln, Kearney, Scottsbluff, Norfolk, and Ainsworth.

The Proposed 2011 Annual Action Plan Substantial Amendment was available on the DED website at: <http://www.neded.org/community/grants/documentslibrary-a-forms/annual-action-plan>.

DED received six comments to the proposed substantial amendment. All comments were logged as they were received. All comments of record are available to the public at DED. A synopsis of the comments and responses follows. DED written responses are in italics, bold, and indented.

SUMMARY OF PUBLIC COMMENTS ON AMENDMENT TO THE 2011 ANNUAL ACTION PLAN

Comment #1

On behalf of the Central Nebraska Housing Developers, I want to thank you for giving us the opportunity to provide comments concerning the 2011 Annual Action Plan. With respect to rental housing in general, and specifically:

- Department Priority #5 – Construction or conversion of 2-6 rental units, excluding LIHTC and rental rehab projects -

Central Nebraska Housing Developers are concerned about the feasibility of these projects under the current rent limit restrictions. We acknowledge that comments regarding rental income and rent limits were submitted for the original public comment period for the 2011 Annual Action Plan, and we couldn't agree more with their suggestions.

There is a tremendous need for quality, affordable rental units in rural Nebraska communities that are working to recruit families for jobs such as, but not limited to: teachers, ethanol plants, small manufacturing or service businesses. Quality, affordable rental units are almost non-existent in rural Nebraska communities, and wages for families being recruited, in many cases, are at a level above the 60% AMI limit set for LIHTC rental projects.

Rural Nebraska communities need new construction rental units to meet a workforce housing need for recruitment and retention of families, because quality, affordable rental units are limited, at best, and in most rural communities, non-existent. However, the current low/high rent limits, make new construction rental projects virtually impossible to cash flow, especially due to property tax valuations. In addition, the current limits for NAHTF (TRUST) eligibility at 80% AMI limits the families who are eligible to rent these needed units – an increase to 100% AMI would be more aligned with the wages that businesses are paying for positions they are recruiting.

Tight budgets prevent cities, housing authorities and non-profits from having funds to build these needed units. We have received interest from a number of local community investors in investing some funds in rental housing units; however, they will not invest their private funds if they are not able to, at a minimum, break even on their return on investment.

If the rent limits were increased to the 65% limit, the project would cash flow and would open the door for local investors to contribute to the project. Increasing the household income limit to

100% AMI would expand the eligible market of families for these units as well. CNHD does recognize that the State of Nebraska utilizes NAHTF (TRUST) funds as a match for Federal HOME funds; however, not all of the TRUST funds are utilized for this match.

In the immediate future, we would propose a special initiative to support new rental housing construction, targeted with funds for each region within the state, with a special emphasis on rural Nebraska, allowing for increased rent limits and household income limits, which would minimally begin to address rental housing needs in Rural Nebraska.

Such a special initiative would generate renewed interest in local investment into housing in Rural Nebraska, and enable the State to create additional rental housing units for a smaller State investment into the project.

Thank you for your comments to the 2011 AAP. The income limits for the Nebraska Affordable Housing Trust Fund (“NAHTF”) rental projects are set by statute and as you pointed out the NAHTF is used to match HOME funds, affecting the rent limits, where possible. The Department will be looking at the overall scope and priorities of both funding sources in light of the recent decreases in funding proposed by the both the State and Federal governments.

Comment #2

On behalf of the Central Nebraska Housing Developers, serving 17 counties in Central Nebraska, I want to thank you for giving us the opportunity to provide comments concerning the 2011 Annual Action Plan. With respect to the scoring criteria concerning Economic Development Certified Communities, I would like to offer the following:

In 2010 and 2011, one of the Project Design and Impact questions, asked “Does this project take place entirely within an Economic Development Certified Community?” During the application workshop in January 2011, we were told that this was an “all-or-nothing” situation, and in cases where two communities who partnered together on a housing project where one community was an Economic Development Certified Community, and the other was not, that the applicant would receive zero points for this category.

In Rural Nebraska, those communities who have been designated as Economic Development Certified Communities recognize that their success comes not from autonomy in the region, but by partnering with surrounding communities. Collaborations and partnerships between all of these communities elevate viability and sustainability of the entire area that includes, and surrounds, that Economic Development Certified Community.

We would like to see the Department of Economic Development award, at a minimum, partial points for housing projects that demonstrate collaborative efforts between Economic Development Certified Communities and surrounding, partnering communities, during the scoring of housing grant applications.

Thank you for your comments to the 2011 Annual Action Plan. We will take your comments into consideration as we evaluate the scoring criteria for all of our housing program applications.

Comment #3

On behalf of the Central Nebraska Housing Developers, I want to thank you for giving us the opportunity to provide comments concerning the 2011 Annual Action Plan.

With respect to Housing Section 3, item C. NAHP Annual Housing Application Cycle Review Criteria, we offer the following comments regarding : Item (c) Cost-effectiveness and appropriateness: appropriate, size, scope, rent schedule and income levels being served; item #4 –The amount of administration and project soft costs are appropriate to achieve the proposed results:

Project Design and Impact question #32 in the application packet, asks: “How were the administration and project soft cost amounts determined? What is the cost per unit for housing management and general administration?” Our question is “will the costs per unit become a scoring mechanism to choose between housing applications” when grant funds are limited?

While we recognize the need to ensure that administration costs are not over-inflated, our concern is that some housing organizations have limited funding and must request full per-unit cost needs, while other more urban organizations who have additional resources are able to spread housing administration and general administration costs over several resources, effectively undercutting other grant applicants.

If cost per unit will be a deciding factor in the future, it will eliminate some housing organizations who are making a significant impact in Rural Nebraska, and limit the effectiveness and viability of housing programs in the State, leaving many regions unserved, because the remaining organizations providing housing programs will be overtaxed or will simply refuse to expand their service area to cover areas with housing program gaps.

Thank you for your comments to the 2011 Annual Action Plan. We will take your comments into consideration as we evaluate the scoring criteria for all of our housing program applications.

Comment #4

Thank you for notifying us of the opportunity to exercise our right to submit public comment on the 2011 Amended Annual Action Plan.

Please accept the following as our public comment for the 2011 Amended Annual Action Plan:

Recommend: Reinstating the set-aside for the Homeownership Opportunity Program administered by the Nebraska Housing Developers Association using HOME program funds at a reduced amount of \$150,000.

Rationale: Initially the set-aside was to be set at \$200,000. Prior to printing of the Proposed 2011 Annual Action Plan the Department of Economic Development notified the Association the set-aside was to be set at \$275,000. In an e-mail from Bob Doty sent on May 2, 2011 the Association was notified the set-aside was to be removed entirely citing a reduction in HOME Funds, a shift in priority to fund Low Income Housing Tax Credit projects versus homeownership projects and citing we had other open grants with NDED (none of which may be used to assist people with disabilities to purchase a home).

This notice came two months after the deadline of February 25, 2011 for pre-applications and four days before the May 6, 2011 deadline to submit a competitive application.

Furthermore, in response to the Association's public comment supporting NDED's initial proposal to have a set-aside for our Homeownership Opportunity Program NDED stated, "they hope that through the resources the Nebraska Housing Developers Association currently has available, NHDA will be able to continue this program without interruption for the coming year."

Our contract for this program expires in December 2011 and the 2011 Program Year runs through June 30, 2012. It is impossible for this program to continue without interruption and it is the only statewide program designed to meet the specific needs of people with disabilities. We have operated this program successfully and efficiently since 2003.

The NDED cited reduction in HOME funds for removing the set-aside yet NDED increased funds in other activities in the Amended 2011 Annual Action Plan.

Recommend: Increase the amount of NAHTF reserved for non-profit housing organizations to increase their capacity, expand their services or support their operational expenses by \$26,668 to offset the reduction in HOME CHDO Operating Funds available.

Rationale: The State of Nebraska has spent more than 15 years developing one of the most effective and efficient, non-profit, community-based, housing development infrastructures in the nation. During these tough economic times it is critical effective and efficient non-profit housing organizations have operating support to continue their work. On average since 1998 less than 6% of NAHTF has been used for operating support. These non-profit organizations have created jobs in communities throughout Nebraska, worked to strengthen communities and have a positive impact on Nebraska's economy. Generally the funding these non-profit organizations receive is multiplied 10 times with a combination of leveraged resources and community benefit.

Recommend: Applications from organizations serving in more than one region or the entire state be allowed to be combined versus the requirement to submit multiple applications.

Rationale: It is inefficient for organizations to spend the resources to prepare and submit more than one application for the same activity. The funding set-aside for each zone can still be preserved while allowing for one application. Specific to capacity building/operating

applications NDED’s response to several public comments on the Proposed 2011 Annual Action Plan requesting one application was, “the Department has determined to maintain the process as it currently exists because organizations that provide statewide TA services are currently eligible to apply for TA grants in the annual cycle.” This response doesn’t take into consideration inefficiencies in preparing and submitting multiple applications. Also, in the 2011 Annual Action Plan it indicates non-profit operating assistance for housing available to local, regional, and reservation-based nonprofits – NDED’s response assumes that “regional” is interpreted by NDED to include statewide organizations.

Support: Increased resources to develop affordable rental units. Encourage flexibility in funding sources, rents, and income of beneficiaries. Additionally, we hope the increase in funding for LIHTC projects is used equitably between urban and rural projects.

Rationale: There have been many indicators that reflect a growing need for affordable rental units.

Recommend: Requiring the use of underwriting criteria to determine appropriate amount of assistance is provided aimed at making housing affordable to people at or below specific incomes to pay no more than 30% of their gross income for principle, interest, taxes, insurance, and utilities relative to homeownership assistance.

Rationale: General Administration isn’t based on the number of people served. Often times several applications are processed before a household is approved for assistance. Many organizations provided one-on-one counseling, help with credit repair, provide homebuyer education, pay for interpreters etc. It is nearly impossible to compare administrative and soft costs between organizations. Using underwriting criteria more consistently in all programs will help ensure appropriate assistance is provided to make housing affordable.

OBSERVATION

- (pgs 3-4 through 3-7) Actions for the 2011 Program Year - none of the expected numbers of housing types to be produced changed although there was significant funding changes.

2011 ALLOCATION (table - pg 2-2)

Most figures on the table have changed from initially proposed 2011 Annual Action Plan (Note that strikethrough numbers in Amended Plan numbers do not always reflect same numbers in Proposed 2011 Annual Action Plan)

	CDBG	NAHTF	HOME	ESG	HSATF	HOPWA	Total Funds
Distribution	\$13,073,587 \$10,747,742	\$4,000,000	\$5,039,333 \$4,410,186	\$596,113 \$596,384	\$1,552,000 \$1,455,000	\$334,249 \$338,184	\$24,595,282 21,548,126
State Admin & Operations	\$371,620 \$323,664 \$100,000	\$300,000	\$559,925 \$490,090	\$31,374	\$48,000	\$10,337	\$1,321,256
Technical	\$135,810						\$135,810

Assistance	\$111,832						
Total 2011 Allocation	\$13,581,017 \$11,183,238	\$4,300,000	\$5,599,258				\$26,052,348

Thank you for your comments to the 2011 Annual Action Plan. We take the distribution of funds very seriously, and seek to provide equitable solutions to all parties when faced with difficult choices. We will continue to work with you (NHDA) to identify resources that could be used to provide housing for persons with disabilities including any of the other Homeowner programs offered across the State for which persons with disabilities would be eligible.

Regarding your observation that the “expected” numbers were unchanged although there was a significant funding change, these numbers are estimates and the actual number of housing types to be produced will not be known until final performance reports on each grant are received and reviewed. Those numbers will be included in subsequent action plans.

Comment #5

Thank you for notifying us of the opportunity to exercise our right to submit public comment on the 2011 Amended Annual Action Plan.

I have reviewed the comments sent to you today by Danielle Hill with the Nebraska Housing Developers Association. Following my review of the original and the amended Annual Action Plans, I share the same Recommendations, Rationales, requests for Support and Observations as Danielle. I had planned to prepare comments in my own words; however, I don’t believe I can improve upon Danielle’s information and presentation. I am letting you know this so that you do not just view her comments as representative of one organization. The NHDA’s membership is statewide and the comments Danielle submitted should be viewed as representing concerns shared statewide. Please accept this email as the formal submission of comments by our agency, Community Development Services.

I would like to add that I am particularly concerned and confused by the fact that you propose to change the funding substantially, but not to change the expected number of housing types to be produced. Please provide justification as to how this is possible.

The municipalities and non-profits with which we work do not have reserves that can fill the gap of the reduced funding.

To ensure that you are clear about the comments to which I am referring, I am including below within the text of this email the comments provided to you by Danielle Hill. As previously stated, these should be viewed as my comments as well.

“Recommend: Reinstating the set-aside for the Homeownership Opportunity Program administered by the Nebraska Housing Developers Association using HOME program funds at a reduced amount of \$150,000.

“Rationale: Initially the set-aside was to be set at \$200,000. Prior to printing of the Proposed 2011 Annual Action Plan the Department of Economic Development notified the Association the set-aside was to be set at \$275,000. In an e-mail from Bob Doty sent on May 2, 2011 the Association was notified the set-aside was to be removed entirely citing a reduction in HOME Funds, a shift in priority to fund Low Income Housing Tax Credit projects versus homeownership projects and citing we had other open grants with NDED (none of which may be used to assist people with disabilities to purchase a home).

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Plan requesting one application was, “the Department has determined to maintain the process as it currently exists because organizations that provide statewide TA services are currently eligible to apply for TA grants in the annual cycle.” This response doesn’t take into consideration inefficiencies in preparing and submitting multiple applications. Also, in the 2011 Annual Action Plan it indicates non-profit operating assistance for housing available to local, regional, and reservation-based nonprofits – NDED’s response assumes that “regional” is interpreted by NDED to include statewide organizations.

“Support: Increased resources to develop affordable rental units. Encourage flexibility in funding sources, rents, and income of beneficiaries. Additionally, we hope the increase in funding for LIHTC projects is used equitably between urban and rural projects.

“Rationale: There have been many indicators that reflect a growing need for affordable rental units.

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“Rationale: General Administration isn’t based on the number of people served. Often times several applications are processed before a household is approved for assistance. Many organizations provided one-on-one counseling, help with credit repair, provide homebuyer education, pay for interpreters etc. It is nearly impossible to compare administrative and soft costs between organizations. Using underwriting criteria more consistently in all programs will help ensure appropriate assistance is provided to make housing affordable.

“OBSERVATION

- (pgs 3-4 through 307) Actions for the 2011 Program Year – none of the expected numbers of housing types to be produced changed although there were significant funding changes.

2011 ALLOCATION (table - pg 2-2)

“Most figures on the table have changed from initially proposed 2011 Annual Action Plan (Note that strikethrough numbers in Amended Plan numbers do not always reflect same numbers in Proposed 2011 Annual Action Plan).”

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State Admin & Operations	\$371,620 \$323,664 \$100,000	\$300,000	\$559,925 \$490,090	\$31,374	\$48,000	\$10,337	\$1,321,256
Technical Assistance	\$135,810 \$111,832						\$135,810

Total 2011 Allocation	\$13,581,017 \$11,183,238	\$4,300,000	\$5,599,258			\$26,052,348
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Regarding your observation that the “expected” numbers were unchanged although there was a significant funding change, these numbers are estimates and the actual number of housing types to be produced will not be known until final performance reports on each grant are received and reviewed. Those numbers will be included in subsequent action plans.

Comment #6

My comment on rental housing is that we have 4 apartments and they need to more energy efficient only have not been able to get any type of weatherization grants, as we cannot afford to do it at this time. They were built in 1973 and still have the original furnace, windows and doors. We put in window air upstairs so that they could at least sleep. Would like new windows, energy furnaces and central air. The Village could also use more housing.

Thank you for your time.

Thank you for your comments. The Department of Economic Development does not directly fund the construction of housing or the rehabilitation of homes. The Department grants money to communities, for-profit and non-profit organizations to undertake these activities. The Department suggests contacting the local Community Action Partnership (CAP) agency, the Central Nebraska Economic Development District office in Atkinson, or other local agencies that may be able to provide weatherization funds for your community’s rental housing units.

COMMENT PERIOD FOR 2nd SUBSTANTIAL AMENDMENT TO 2011 ANNUAL ACTION PLAN

In April 2012, DED opened an additional public comment period due to proposed changes in the Homeless, Allocation, and Categorical Distribution sections in the 2011 Annual Action Plan as a result of the 2nd allocation of Emergency Solution Grant (ESG) funds. The public comment period for the 2011 Annual Action Plan substantial amendment ran from April 6, 2012 through May 7, 2012. A news release announcing the comment period was distributed over DED’s listserv and was also placed on Facebook and Twitter. The Notice of Public Comment Period was placed in newspapers in Ainsworth, Norfolk, Scottsbluff, Kearney, and Lincoln. In addition, the Nebraska Commission on Housing and Homeless and the BOS Subcommittee were also provided information regarding the Substantial Amendment.

The Proposed 2011 Annual Action Plan Substantial Amendment was available on the DED website at: <http://www.neded.org/community/grants/documentslibrary-a-forms/annual-action-plan>.

DED received one comment to the proposed substantial amendment. The comment was logged as it was received. All comments of record are available to the public at DED. A synopsis of the comment and a response follows. DED's written response is noted in italics, bold, and indented.

SUMMARY OF PUBLIC COMMENTS ON 2nd SUBSTANTIAL AMENDMENT TO THE 2011 ANNUAL ACTION PLAN

Comment #1

The Nebraska Commission on Housing and Homelessness met April 12, 2012. As part of the Commission's meeting there was discussion of DED's Second Amendment to the 2011 Annual Action Plan. On behalf of the Commission I am submitting this comment. The Commission voted unanimously to support the proposed changes regarding the Emergency Solutions Grant contained in the Second Amendment to the Annual Action Plan.

Thank you for your comments. The Department of Economic Development appreciates the feedback from the Nebraska Commission on Housing and Homelessness and appreciates the support for the proposed changes to the Emergency Solutions Grant Program.

Section Two: Introduction, National and State CDBG Objectives, and Outcome Performance Measurement System

INTRODUCTION

PURPOSE . . .

The 2011 Annual Action Plan updates the *Nebraska Housing and Community Development Consolidated Plan*, a five-year plan (2010-2014) addressing the state's housing and community development needs. The purpose of each annual action plan is to:

- **Summarize** the state's five-year priorities and objectives for housing, community development, economic development, homelessness, and HOPWA services;
- **Describe** what the state proposes to do to further the five-year priorities and objectives of the *Consolidated Plan*;
- **Explain** the state's method for distributing CDBG, HOME, ESG, HOPWA, HSATF, and NAHTF monies. Activities funded from these programs must meet the priorities identified in the five-year *Consolidated Plan*;
- **List** the resources available to grantees and the state to further the five-year objectives;
- **Report** on specific items required by the U.S. Department of Housing and Urban Development (HUD), such as lead-based paint actions and removal of barriers to affordable housing;
- **Review** citizen comments about the 2011 Annual Action Plan and provide a response from the Department of Economic Development.

ALLOCATION OF 2011 FUNDS

The Annual Action Plan for 2011 summarizes categories and priorities for the distribution of an estimated \$11 million in Community Development Block Grant (CDBG) funds, \$4.9 million in HOME program funds, \$980,984 in Emergency Solutions Grant (ESG) funds; and \$300,000 in Housing Opportunities for Persons with AIDS (HOPWA) funds from the U.S. Department of Housing and Urban Development (authorized under the Housing and Community Development Act of 1974, as amended); \$1.5 million in Homeless Shelter Assistance Trust Funds (HSATF); \$4 million in Nebraska Affordable Housing Trust Funds (NAHTF). The document also describes program priorities and projected use of funds as well as any funds: (1) remaining or recaptured from previous CDBG allocations; (2) reallocated by HUD to the state; and (3) from program income to be distributed by the state during 2011.

2011 Allocation

<i>Table 1</i>	CDBG⁶	NAHTF⁷	HOME	ESG	HSATF⁸	HOPWA	Total Funds
Distribution¹	\$10,747,742	\$4,000,000	\$4,410,816 (90%)	\$918,295 (94%)	\$1,455,000 (97%)	\$338,184 ⁹ (97%)	\$21,870,037
State Admin & Operations	\$323,664 (2% + \$100,000)	\$300,000	\$490,090 ³ (10%)	\$62,599 (6%)	\$45,000 (3%)	\$10,459 (3%)	\$1,231,812
Technical Assistance	\$111,832 (1%)						\$111,832
Total 2011 Allocation⁵	\$11,183,238	\$4,300,000	\$4,900,906	\$980,894¹⁰	\$1,500,000	\$348,643	\$23,213,681

¹ Funds available for distribution to eligible program applicants and local governments.

² Dollar amount reserved for state administration may not exceed 2% of the total base allocation plus \$100,000.

³ State recipients and sub-recipients may also receive administrative funds.

⁴ Dollar amounts reserved for state technical assistance may not exceed 1% of the total base allocation. The technical assistance is provided by the state for capacity building for local governments and nonprofit organizations.

⁵ Includes all distribution, state administration, and technical assistance available from 2011 CDBG, NAHTF, HOME, HOPWA, ESG, and HSATF programs (does not include reallocated funds).

⁶ \$223,664 will be provided by DED as match to the CDBG administration allocation. This amount fulfills the matching requirements of the CDBG Program.

⁷ A minimum of \$1,102,704 of the NAHTF allocation will be committed as HOME Match to meet the 25% HOME Match requirement for the \$4,410,816 non-administration.

⁸ The HSATF allocation of \$1,500,000 surpasses the ESG Program dollar-for-dollar matching requirement (and represents aid and administration). Match used for program costs incurred after the Interim Rule effective January 4, 2012 will be used for eligible activities in compliance with the Interim Rule.

⁹ Includes an estimated \$23,397 in administrative expenses to Nebraska AIDS Project (HOPWA Project Sponsor).

¹⁰ This amount includes an additional \$353,122 in funding that will be allocated to the State of Nebraska for homeless programs for the 2011 Program Year. The additional allocation will be used for eligible activities according to the Interim Rule.

THE NEBRASKA HOUSING AND COMMUNITY DEVELOPMENT CONSOLIDATED PLAN

The 2011 Action Plan is the second of five annual plans. Each action plan describes the one-year actions and funding priorities used to carry out the five-year *Nebraska Housing and Community Development Consolidated Plan*. The *Consolidated Plan* is a comprehensive document identifying the state's housing, economic development, community development, and other special needs for 2010-2014. As the lead state agency responsible for the CDBG and HOME programs, the Nebraska Department of Economic Development (DED) must complete the *Consolidated Plan* (and annual action plans) to receive federal funds for these programs (DED also administers the Nebraska Affordable Housing Trust Fund). The Nebraska Department of Health and Human Services (DHHS) is responsible for the administration of the Nebraska Homeless Assistance Program. This is a grant program that is comprised of the Nebraska Homeless Shelter Assistance Trust Fund (HSATF) and the Department of Housing and Urban Development (HUD) Emergency Solutions Grant (ESG) program. DHHS is responsible for distribution of ESG funds and administration of the ESG program. DHHS contributes to Section 6 of the plan regarding the Homeless Services Priority. DHHS is also responsible for administration of the HOPWA program, and contributes to Section 7 of the plan regarding HOPWA services. Covering all areas of the state, except Omaha and Lincoln, the *Consolidated Plan* establishes funding priorities for the four federal programs, outlines objectives, and identifies one-year actions for program implementation and funding. (As entitlement areas, the cities of Lincoln and Omaha receive funds for these programs directly, and are required to submit and prepare their own *Consolidated Plans*. Since 2005, Lincoln ESG funding has been included in the state ESG grant process.) The *Consolidated Plan* serves as a document that consolidates the planning and application aspects of the above federal programs. The Annual Action Plan also serves as the Qualified Allocation Plan for the NAHTF.

Partnerships for Housing and Community Development The state views this planning requirement as an opportunity to extend and strengthen partnerships among organizations in the public, private, and nonprofit sectors. The goals of the *Consolidated Plan* are to provide decent housing, maintain a suitable living environment, and expand economic opportunities for all Nebraskans. As the lead agency for the *Consolidated Plan*, DED's challenge is to meet these goals using limited resources. In addition to administering CDBG, HOME and NAHTF, DED serves as a facilitator, coordinator, capacity builder, and technical assistance provider to the rural citizens and communities of Nebraska. DED believes housing, homelessness, and community and economic development needs can only be met by working in partnership with other agencies and local governments, and therefore does not provide funding directly to beneficiaries.

DHHS has increased collaboration with other agencies, departments, and local governments to address the multiple issues related to ending chronic homelessness and keeping individuals and families housed. Partnerships include work with the DHHS-Division of Behavioral Health and Mental Health and Substance Abuse Regional Governing Boards, the Nebraska Department of Corrections, the Nebraska Management Information System, regional continua of care and others.

Partnering with the Division of Behavioral Health has led to a Housing Assistance Program and hiring of regional Housing Specialists, who are active in regional continuums of care. A current partnership with the Division of Behavioral Health, the NE Department of Corrections, the University of NE- Public Policy Center, the University of NE - Medical Center, and stakeholders across the state has resulted in a Criminal Justice planning grant that will assess discharge from correctional facilities. The planning grant has a focus on intervention with youth to prevent them from re-entering a correctional facility. DHHS continues to look for additional opportunities to partner with others in ending chronic homelessness and preventing homelessness.

Nebraska's Consolidated Planning Process . . .

- Estimates housing, homelessness, community development, and other special needs for 2010-2014;
- Describes the state's housing market;
- Uses a comprehensive consultation and citizen participation process to determine priority needs;
- Outlines five-year objectives for community development, housing, economic development, homelessness, and HOPWA services;
- Gives actions planned (updated annually) for using funding that provide a basis for measuring and assessing performance. This action plan describes the state's method for distributing funds under formula allocations and using other HUD assistance during the program year.

The Consolidated Plan is available on the Nebraska Department of Economic Development's website at: <http://www.neded.org/community/grants/documentslibrary-a-forms/consolidated-plan>.

NATIONAL AND STATE CDBG OBJECTIVES

National CDBG Objectives and State of Nebraska's CDBG Goal

“The primary national CDBG objective is to develop viable urban communities by providing decent housing, suitable living environments, and expanding economic opportunities, principally for low- and moderate-income persons (LMI).”

NATIONAL CDBG OBJECTIVES

These objectives are achieved through funding projects designed to meet at least one of the following: (1) benefit low- and moderate-income persons; (2) prevent or eliminate slums or blight; and (3) meet urgent community development needs.

Based on the amended 1974 Housing and Community Development Act, and Department of Housing and Urban Development (HUD) guidance, the national objectives are defined and clarified by DED as follows:

1. "Low-and moderate-income person" (referred to throughout this document as LMI person) means a member of a family having an income equal to or less than the Section 8 lower income limit established by HUD for their family size in their county of residence as published in the CDBG application guidelines. Unrelated individuals shall be considered as one-person families for this purpose. The income limits are determined for each Nebraska county on the higher of either: 80% of the median income of the county, or 80% of the median income of the entire non-metropolitan area of the state. An assisted activity generally meets this national objective when it:
 - A. is designed to serve an area primarily residential in character in which at least 51% of the residents are LMI, and is clearly designed to meet identified needs of LMI persons.
 - B. is designed to benefit a limited clientele in which at least 51% of the clientele are LMI persons, and is clearly designed to meet identified needs of LMI persons.
 - C. involves the acquisition or rehabilitation of property to provide housing only to the extent such housing will, upon completion be occupied by LMI persons.
 - D. is carried out by public or private nonprofit entities, or private, for-profit entities for an eligible economic development activity which:
 - i) creates jobs at least 51% of which are either (1) actually taken by LMI persons, or (2) considered available to them because:
 - (a) special skills that can only be acquired with substantial, more than one year, training or work experience or education beyond high school are not a prerequisite to fill such jobs, or

- the business nevertheless agrees to hire unqualified persons and provide them training; and
 - (b) the local government or the assisted business takes actions that would ensure that LMI persons receive first consideration for filling such jobs; or
 - ii) retains jobs at least 51% of which are actually held by LMI persons at the time the assistance is provided plus any other jobs that can reasonably be expected to become available through turnover to LMI persons in a period of two years thereafter, using the standards established in Section 105 (1)(d)(i) of the 1974 Housing and Community Development Act.
 - iii) provides homebuyer assistance to at least 51% of homebuyers who are LMI at the time the assistance is provided using the standard established in Section 105 (a)(8) of the 1974 Housing and Community Development Act.
 - E. is a planning-only activity that can document that at least 51% of the persons who would benefit from implementation of the plan are LMI persons, or the planning activity is undertaken for an area or community that is 51% LMI persons.
2. "Slums" has the same meaning as substandard areas as defined in Revised Statutes of Nebraska §18-2103(10). "Blight" has the same meaning as blighted areas as defined in Revised Statutes of Nebraska §18-2103(11).
- A. an assisted activity generally meets this national objective when it occurs in an area which has been designated by official action of the local government as substandard or blighted in accordance with the applicable state statute and which has a substantial number of deteriorated or deteriorating structures, and is designed to address one or more of the conditions upon which such designation was made.
 - B. is a planning-only activity that can document the plans are for a slum or blighted area, or if all planning elements are necessary and related to the slum and blight criteria.
3. "Community development needs having a particular urgency" are existing conditions that pose serious and immediate threat to the health and welfare of the local government's citizenry where other financial resources are not available to meet such needs. An assisted activity generally meets this national objective when the local government certifies and DED determines that:
- A. the assisted activity is designed to alleviate existing conditions posing a serious and immediate threat to the health or welfare of the community, which are documented by independent authority(ies) and being of recent origin or urgency that is generally determined by the developing condition or becoming critical within 18 months preceding certification and determination;
 - B. the local government is unable to finance the activity on its own (due to the existing and/or proposed annual average debt fee for the facility/service, which exceeds one percent of the median family income of the community/county in which the project is located); and
 - C. that other sources of funding are not available.

STATE OF NEBRASKA'S CDBG GOAL

The state's CDBG goal is achieved through investing in quality communities and quality projects designed to meet the objectives for the priorities identified in the *2010-2014 Consolidated Plan*.

Projected Use of 2011 CDBG Funds

The 2011 CDBG Funds will be used for activities authorized in Section 105(a) of the amended 1974 Housing and Community Development Act that meet the national CDBG objectives. The state certifies that not less than 70% of the aggregate funds received during 2010, 2011, and 2012 shall be used for activities benefiting LMI persons. Information for the current certification period is available upon request from DED.

CDBG and HOME are not specifically targeted to areas of minority concentration, but are distributed throughout the state's non-entitlement areas targeted for activities that serve LMI persons. Maps illustrating the geographic distribution of CDBG and HOME funds can be found in the Annual Performance Report (APR) for each funding category. Minority beneficiary data for race, ethnicity and female head-of-household is also summarized in the APR. Since projects funded in CDBG and HOME typically provide community-wide benefit, it can be assumed minority groups benefit equally in the same proportion as they occur in the general population. Scoring criteria for applications also reflects preference to projects that affirmatively market the availability of assistance to minority populations.

Categorical Allocation of 2011 CDBG Funds

The categories set forth in the Categorical Distribution of 2011 CDBG allocation attempt to balance the need for providing jobs and suitable places to live. Funds are reserved in each category based on a percent of the total funds available for distribution to local governments. The state is allowed \$100,000 plus 2% of the state grant and program income for administration. The state is also allowed 2% of program income received by units of general local government (whether retained by the unit of general local government or paid to the state) and funds reallocated by HUD to the state. The state reserves an additional 1% for technical assistance to grant recipients. To achieve the most effective and efficient use of CDBG funds, DED may, at its discretion, reallocate up to 10% of the total distribution amount among categories. Reallocation of more than 10% can only be made after an official public hearing and shall be used for activities eligible under the 2011 CDBG program.

Distribution of Other Funds

A. Remaining Funds

Funds remaining uncommitted and unobligated from prior years' allocations on the acceptance date for the 2011 CDBG Program, from any funding category, will remain in their funding category. If the remaining uncommitted and unobligated funds exceed the total amount of eligible and viable applications in the original funding category, or if funds need to be moved to another category in order for DED to meet timely distribution requirements, the funds may be distributed among any funding category identified in the 2011 Annual Action Plan. Funds for State Administration and Operations and Technical Assistance that are not used in a program year may be carried forward.

B. Reallocated Funds

Funds reallocated by HUD during 2011 shall be used in conformance with the 2011 CDBG program guidelines, unless otherwise specified by HUD.

C. Redistributed Funds

Funds periodically recaptured by DED from grantees include, but are not limited to: (a) unexpended CDBG funds for approved activities; and (b) disallowed expenditures of CDBG funds for unapproved or ineligible activities. First priority for the redistribution of recaptured CDBG funds is to the Downtown Revitalization Category of the Community Development Priority. The amount redistributed will not exceed the total funds required to fund all eligible and viable projects in the Downtown Revitalization application cycle. The second priority for the redistribution of recaptured CDBG funds is to the Housing Category. Otherwise, funds recaptured from prior CDBG projects will be redistributed in conformance with the 2011 category that is most similar to the category from which the original award was made. Funds recaptured from Economic Development Category grantees may be redistributed to either the Economic Development Category or Tourism Development Category in conformance with 2011 guidelines, or may be distributed among other funding categories. Funds recaptured from Community Development, Housing, and Planning Category grantees will be redistributed in conformance with 2011 guidelines as follows: (1) if there are sufficient funds within 181 days from the date of 2011 grant award, the next ranked fundable applicant(s) will be awarded; or (2) if funds are insufficient, they and any other funds recaptured after the 181 day period and prior to the 2011 CDBG application acceptance date may be redistributed in conformance with the guidelines of any 2011 CDBG category. Funds recaptured from Housing Category grantees may be redistributed for housing activities in the Comprehensive Revitalization Funding Category.

D. Program Income (Estimated Amount for the State in 2011 - \$630,000)

Program income is defined as gross income received by a state, a unit of general local government or a subrecipient of a unit of general local government that was generated from the use of CDBG funds. When program income is generated by an activity that is only

partially funded with CDBG funds, the income shall be prorated to reflect the percentage of CDBG funds used.

The state may use up to 2% of the amount recaptured and reportable to HUD each year for administrative expenses under the Nebraska Community Development Block Grant (CDBG) Program, including amounts recaptured and reported to HUD from and during all open grant years. Program income includes, but is not limited to: a) payments of principal and interest on loans made using CDBG funds; b) proceeds from the lease or disposition of real property acquired with CDBG funds; c) interest earned on CDBG funds held in a revolving fund account; and d) interest earned on any program income pending disposition of such income e) proceeds from the disposition by sale or long term lease of real property purchased with CDBG funds; f) proceeds from the disposition of equipment purchased with CDBG funds, g) gross income from the use or rental of real or personal property acquired by the unit of general local government or a subrecipient of a unit of general local government with CDBG funds; less the costs incidental to the generation of the income, h) gross income from the use or rental of real or personal property owned by the unit of general local government or a subrecipient of a unit of general local government, that was constructed or improved with CDBG funds; less the costs incidental to the generation of the income, i) proceeds from the sale of loans made with CDBG funds, j) proceeds from the sale of obligations secured by loans made with CDBG funds, k) funds collected through special assessments made against properties owned and occupied by households not of low and moderate income, where the special assessments are used to recover all or part of the CDBG portion of a public improvement, and l) gross income paid to a unit of general local government or subrecipient from the ownership interest in a for-profit entity acquired in return for the provision of CDBG assistance.

The state CDBG objective for program income is to provide adequate financing for local development to ensure Nebraska's economic prosperity and to use all resources in a timely manner. The state is seeking to provide a policy for use of program income that coordinates local and state resources to the fullest extent possible. The state is responsible for ensuring that program income at the state and local levels is used in accordance with applicable federal laws and regulations. Federal regulations also allow the state to require the return of program income provided the local government has an opportunity to propose a reuse for the same activity, which is defined:

- For economic development grantees, as any eligible ED activity under Title I of the Housing and Community Development Act of 1974 (as amended) to an eligible business that will support the state's economic base, create or retain jobs, principally for the benefit of LMI persons, and meet a national CDBG objective.
- For grantees with housing activities, as any eligible housing activity under Title I of the Housing and Community Development Act of 1974 (as amended), that was defined in the original program income reuse plan, and that will meet a national CDBG objective.

Economic Development Program Income

Program income, which the grantee has received or expects to receive as a result of grant activities, will be subject to the following provisions:

1. Beginning with the 2008 Program Year, the state implemented policies that allow local governments that actively use program income from the Economic Development Category to retain those funds. The state will require local governments that have been inactive in using their program income from the Economic Development Category to return their program income to the state.

The state will use Program Income Reports submitted by local governments and/or other information obtained from local governments to determine if they have been active or inactive in using their program income from the Economic Development Category. This policy began with the 2008 program year and will continue in the current Program Year. Local governments that have used their ED program income to fund at least one project since July 1, 2009 will be considered active. Local governments that have not used their Economic Development program income to fund at least one project since July 1, 2009 will be considered inactive. For the State to consider a project to be funded, the governing body of the local government must take formal action prior to June 30, 2011 to approve the specified amount of funds be committed for the project. Within ninety days of the governing body's formal action, a written agreement must be executed by all parties involved in the project. Unless there are extenuating circumstances (which would have to be documented and justified to the State), the funds should be provided to the recipient within sixty days from the date the agreement was fully-executed by all parties. If the local government fails to meet these requirements, the program income account will be considered inactive. If an ED program income fund has been determined by the State to be inactive, all program income must be returned to the State. This applies to program income accounts regardless of whether it is designated as a locally administered or regionally administered fund.

In no case shall a program income account have a balance that exceeds \$750,000. Any amount in excess of \$750,000 shall be returned to the State.

Grantees must provide DED with a written notice of intent to reuse program income for the same activity. This notice must be made within 90 calendar days from the date of the grantee's Notice of Approval letter. If the grantee's notice is not submitted to DED within the 90-day period, DED will require all program income be returned to the state. If the grantee submits its notice within the specified period, the grantee will have two options for administering the program income.

- a. **Local Administration.** If the grantee intends to develop or administer an existing local revolving loan fund to continue the same activity, the notice of intent to reuse program income must state this fact. Grantees that submit a notice indicating program income will be retained at the local level will have

180 days from the Notice of Approval to submit a plan for the administration of the program income. The grantee will adopt a local plan that includes either: (i) a detailed description of the organization, including administration and priorities of the program income projects to be approved by the grantee which are consistent with the definitions of same activity as described above; or (ii) the state objectives/method of distribution, including certification that it will incorporate all changes made by the state, and a detailed description of the organization and administration by the grantee.

- b. Regional Administration.** If the grantee intends to develop or participate in a regional revolving loan fund to continue the same activity, the notice of intent to reuse program income must state this fact. Grantees that submit a notice indicating program income will be retained at the regional level will have 180 days from the Notice of Approval letter to: i) enter into an agreement with other local governments to establish a regional CDBG revolving loan fund and submit a plan for the administration of the program income; or ii) enter into an agreement with an existing regional CDBG revolving loan fund. Regional plans for revolving loan fund administration must include either: (a) a detailed description of the organization, administration and priorities of the program income projects to be approved by the member local government's regional revolving loan fund authority which are consistent with the definitions of same activity as described above; or (b) the state objectives/method of distribution, including certification that it will incorporate all changes made by the state, and a detailed description of the organization and administration by the grantee regional revolving loan fund authority. If the grantee does not submit the required agreement and plan for DED approval within the 180-day period, all program income will be returned to the state.

Grantees may receive the first \$250,000 program income from CDBG project loan or use the first \$250,000 as a forgivable loan to the benefiting business, in which the loan is forgiven. Once they reach their cap of \$750,000, the grantee must return additional program income to the state.

Grantees that are under their cap and contribute program income to a CDBG project jointly funded with DED may receive program income receipts from the jointly funded project until (a) the grantee recovers its initial contribution or (b) the grantee reaches its cap.

Local governments applying to the state for CDBG funds must disclose the amount of program income they have accumulated and the amount they are receiving from previous projects. The state will use the information to determine how much program income the grantee can retain from the new (2007 or later) grant.

Grantees receiving a CDBG Economic Development grant in 2007 and beyond that accumulate program income which exceeds the maximum allowable amount of \$750,000 must return the excess amount to the State.

2. If the initial activity, which generates the program income, has not been completed prior to the first receipt of program income, all program income received must be applied to the current grant activity prior to requesting additional CDBG funds.
3. Miscellaneous program income generated by activities that do not meet the definitions of continued same activity must be applied to an open CDBG grant prior to requesting additional CDBG funds, or returned to the state.
4. Grantees that maintain a local revolving loan fund or are members of a regional revolving loan fund will be required to apply all available local or regional revolving loan funds to activities consistent with the local or regional plan of administration prior to receiving approval of CDBG grant applications for those activities.
5. Grantees electing to retain program income are required to monitor and report the amount of program income recaptured to the state. Status updates concerning the outstanding loans or leases shall be submitted on a semi-annual basis. The report includes but is not limited to payments received and amendments to the original loan or lease agreement, as required by the state.
6. All program income earned as a result of CDBG grant activities is subject to all requirements of Title I of the Community Development Act of 1974 (as amended) regardless of whether the original grant is open or closed when the program income is received. In addition, all program income expended from approved CDBG revolving loan funds is subject to all requirements of Title I of the Housing and Community Development Act. This includes all second and subsequent generation loans made from the revolving loan fund.

Program income returned to the state will be committed to a statewide economic development revolving loan fund. Program income received from all activities will be placed in the statewide economic development revolving loan fund. When there are sufficient funds available in the revolving loan fund, these shall be distributed according to the requirements of Title I of the Community and Development Act of 1974 (as amended).

7. Grantees may seek to form sub-grantee relationships with local nonprofit organizations to administer Revolving Loan Funds (RLFs). The local government grantee funded by the state would provide the CDBG funds to a Nonprofit Development Organization (NDO), such as a community development organization or a local economic development corporation. The NDO must be recognized by the state according to the requirements of 24 CFR 570.204 to carryout funded activities through a contract with the local government grantee for activities in which it retains a direct and controlling involvement and responsibilities for the provision of financial assistance to a community economic development project. The activity carried out by the nonprofit development organization must meet the requirements of Section 105 (a)(15) of the Housing and Community Development Act (HCDA).

Section 105 (a)(15) provides the provision, which allows as eligible the assistance to neighborhood based nonprofit organizations, local development corporations, and nonprofit organizations serving the development needs of communities in non-entitlement areas to carry out neighborhood revitalization and community economic development projects.

- The local government grantee of state CDBG funds makes a loan to a for-profit business for economic development or housing activities in accordance with the state's program requirements.
- The local government executes an agreement with the NDO, which executes the loan agreement for the CDBG funds loaned to the for-profit business. The NDO, the local nonprofit organization, would use the repayment of the funds from the for-profit business to make loans, such as for economic development or housing activities.
- The repayment of the CDBG loan is made to the NDO and the NDO retains the payments for future use through a revolving loan fund, which includes a reuse plan approved by the state and local government grantee. The funds repaid to the NDO to continue economic development or housing activities, may not be considered program income.
- The NDO reinvests in the community through its established revolving loan fund, which could fund repayments to fund additional loans in the community to which the state's grant was awarded.

The local government grantee and the NDO would submit a proposal to the state authorizing the approval of an arrangement between the local government and the NDO for establishment of the revolving loan by the NDO for the CDBG funds awarded to the local government. The reuse plan for furthering economic development or housing activities through the NDO's Revolving Loan Fund (RLF) must also be approved by the state to assure that activities funded meet broad based investments in either economic development or housing activities. For example, NDO would administer the grant awarded to the local government for assistance to the for-profit business. The repayments from the business to the NDO's RLF may not be considered program income. Subsequently, loans by the NDO using those funds repaid to the RLF only have to meet those requirements as agreed upon between the state and the local government grantee for the authorization of the NDO's RLF. The RLF established by the NDO would reinvest in broad based economic development or housing activities.

Housing Program Income

Beginning with the 2009 Program Year, the state implemented policies that allow local governments that actively use program income from the Housing Category to retain those funds. The State will require local governments that have been inactive in using their program income from the Housing Category to return their program income to the State. Information regarding the policy relating to program income from the Housing Category is presented in Section 3-22 through 3-24 of the Action Plan.

MONITORING STANDARDS AND PROCEDURES

HUD Programs

To ensure that all statutory and regulatory requirements are being met for activities with HUD funds, the Nebraska Department of Economic Development (DED) and the Department of Health and Human Services (DHHS) uses various monitoring standards and procedures.

DED and DHHS are responsible for ensuring that grantees under the CDBG, HOME, HOPWA, and ESG programs carry out projects in accordance with both Federal and State statutory and regulatory requirements. These requirements are set forth in the grant contract executed between the State and the grantee. The State provides maximum feasible delegation of responsibility and authority to grantees under the programs. Whenever possible, deficiencies are rectified through constructive discussion, negotiation and assistance.

DED conducts two basic types of monitoring that is determined by the established “Risk Analysis” process: off-site, or “desk” monitoring, and on-site monitoring for the CDBG and HOME programs. Department staff regularly reviews each project to verify that it is proceeding in the manner set forth in the Grant Agreement in accordance with applicable laws and regulations. The “Risk Analysis” monitoring plan determines whether a project review is conducted by a “desk” monitoring or on-site monitoring. Desk monitoring is an ongoing process in which the project administrator responsible for overseeing the grantee’s project uses all available information to review the grantee’s performance in carrying out the approved project. This review process enables DED to identify problems requiring immediate attention and to schedule projects for on-site monitoring. Material used for this review includes, but is not limited to: Amendments/Extensions to the Grant Agreement; Project Status Reports, Requests for a Draw-down of Funds; and other support documents.

On-site monitoring is a structured review conducted by the project administrator at the locations where project activities are being carried out or project records are being maintained. One on-site monitoring visit is normally conducted during the course of a project, unless determined otherwise by the “Risk Analysis” process. The “Risk Analysis” components for determination of “desk” or on-site monitoring compliance review includes, but is not limited to: a) grant award amount, b) length of time since grantee monitored, c) length of time project administrator last evaluated, d) significant outstanding audit issues, e) significant outstanding compliance issues, and f) types of prior projects monitored. The review considers all available evidence of conforming to approved program, substantial progress toward program goals, compliance with laws, and continued capacity to carry out the approved program. Checklists are utilized to ensure that all issues are addressed. The number of times a project is monitored depends upon the issues that arise during the desk and on-site monitoring. In summary, DED uses the following processes and procedures for monitoring projects receiving HUD funds: evaluation on program progress, compliance monitoring, technical assistance, project

status reports, monitoring technical assistance visits, special visits and continued contact with grantees by program representatives.

DHHS conducts desk monitoring of the ESG program on an on-going basis. On-site monitoring of all funded programs is conducted on a three-year monitoring cycle. One-third of the funded programs are monitored on-site each year. The “Risk Analysis” process or an unusual circumstance (i.e., program integrity) determines if monitoring of a program is required immediately.

On-site monitoring activity is determined (a) by identifying the mission, goals and objectives to determine what is to be assessed; (b) development of a method to rate participants, programs, and functions based on risk, which may include exposure to fraud, waste and mismanagement. Agencies’ programs may be monitored in five areas:

- 1) **Financial** – How the grantee accounts for and manages financial resources in accordance with approved financial management standards.
- 2) **Physical** – How any funded physical assets are maintained and managed according to established standards.
- 3) **Management** – The capacity of the agency to carry out the programs according to the established requirements.
- 4) **Satisfaction** – The extent to which clients express satisfaction or dissatisfaction with delivery of the program services.
- 5) **Services** – The extent to which the program participants effectively and efficiently deliver service to the intended beneficiaries/clientele.

On-site monitoring activity may include reviewing files using program statutes, regulations and checklists as a guide; validating file information using manual data and reports submitted to NHAP by the program participant; reviewing and validating data related to services, training, and purchases; interviewing program participants in order to clarify and validate information and documentation of the participant’s program progress; talking with clients/end users to determine the level of satisfaction or dissatisfaction with the services or end product provided and physical inspections.

A three-year on-site monitoring schedule was put in place in 2003. That cycle ended in August 2007, with all 70 grantees monitored in the financial area. The next three-year on-site monitoring cycle will assess programs. This cycle began in March 2008.

DHHS also conducts desk monitoring of the Project Sponsor on an ongoing basis for the HOPWA Program. On-site monitoring of financials, internal controls and client charts occurs every two years, or more frequently, if desk monitoring presents cause for interim on-site monitoring.

OTHER ACTIONS

Underserved Needs

All of the activities that will be funded under the State's Community Development Block Grant, HOME Investments Partnerships, Housing Opportunities for Persons with AIDS, Emergency Solutions Grant, Nebraska Affordable Housing Trust Fund and Nebraska Homeless Shelter Assistance programs will address obstacles to meeting underserved needs. The state will identify and respond to underserved needs as they arise from self-evaluation and citizen participation.

Foster and Maintain Affordable Housing

The Housing Priority of the Annual Action Plan addresses how the State will foster and maintain affordable housing. In particular Housing Objectives One, Two and Three specifically address this issue.

Remove Barriers to Affordable Housing

The Housing Priority of the Annual Action Plan addresses how the State attempts to remove barriers to affordable housing. Housing Objective Four deals with removing barriers to affordable housing.

Evaluate and Reduce Lead Based Paint Hazards

The State is committed to reducing lead based paint hazards. DED will continue its efforts to educate CDBG and HOME recipients on the dangers of lead-based paint. Housing Objective One and Two outline what is being done by the State to evaluate and reduce lead based paint hazards.

Reduce the Number of Poverty Level Families

Many agencies throughout Nebraska actively pursue the elimination of poverty. The role that Consolidated Plan agencies perform in this overall endeavor is to foster and promote self-sufficiency and independence. To better empower individuals and families toward self-sufficiency and independence the following strategies will be put to work:

- Promote sustainable economic development through affordable housing and other community development activities;
- Evaluate projects, in part, on the basis of their ability to foster self-sufficiency when awarding funding for projects;
- Maintain a strong relationship with the Continuum of Care system, to enhance and promote the stabilization of homeless families and encourage transition to stable households and housing situations;
- Explore partnership opportunities with other agencies that provide a range of services and activities having a measurable and potentially major impact on the causes of poverty in their communities; and

- Enhance efforts to educate the public and interested people about available supportive services that foster self-sufficiency and independent living arrangements.

Develop an Improved Institutional Structure

DED is committed to improving institutional structures. The institutional structure for the CDBG, HOME, HOPWA, and ESG programs is composed of DED, DHHS, local governments, nonprofit organizations and private industry. It is essential that these entities work together efficiently. The Action Plan focuses on improving institutional structure through coordination particularly in rental housing programs and water/wastewater programs for communities. Additional information about improving institutional structure can be found in the 2010-2014 Consolidated Plan in Section 4-23 through 4-24.

Enhance Coordination Between Public and Private Housing and Social Service Agencies

DED is committed to enhancing the coordination between public and private housing and social service agencies. In the Nebraska Affordable Housing Program DED will continue to support the interagency institutional structure through set-asides for leveraging with other agency resources. In addition, DED will continue to coordinate with public partners in the Affordable Housing Agency Committee (AHAC) process to then work with private housing and social service agencies through providing technical assistance and financing resources in the Nebraska Investment Finance Authority (NIFA)-led Collaborative Resource Allocation in Nebraska (CRANE) process. In addition, DED is represented on various social service state advisory groups to ensure housing services are coordinated with social services for needy populations in Nebraska. Additional information about enhancing coordination can be found in the 2010-2014 Consolidated Plan in Section 4-23 through 4-24.

Fostering Public Housing Resident Initiatives

The State does not operate public housing units. Therefore, action in this area is not feasible. However, the State does work with local public housing agencies to the extent possible and is interested in efforts to increase residents' involvement in public management and provide them with expanded homeownership opportunities.

NEBRASKA OUTCOME PERFORMANCE MEASUREMENT SYSTEM

The State of Nebraska has developed an “Outcome Performance Measurement System” in which data is being collected on outcomes of activities funded with CDBG, HOME, ESG, and HOPWA Funds. The Outcome Performance Measurement System is set forth in the Department of Housing and Urban Development’s Notice of Outcome Performance Measurement System for Community Planning and Development Formula Grant Programs [Docket No. FR-4970-N-02], and is required to be included in State Annual Action Plan’s as per Federal Register 24 CFR Parts 91 and 570 Consolidated Plan Revisions and Updates Final Rule.

The Nebraska Outcome Performance Measurement System has been developed around major activities funded with CDBG, HOME, HOPWA, and ESG Funds. Those activities include: Public Facilities or Infrastructure; New Rental Units Constructed and Rental Rehabilitation; Homeownership Units Constructed, Acquired, and/or Acquired with Rehabilitation; Owner Occupied Rehabilitation; Down Payment Assistance; Tenant-based Rental Assistance, Job Creation; Job Retention; Business Assistance; Community Revitalization; Homeless Services; and Homelessness Prevention. The State of Nebraska’s Annual Action Plan identifies objectives and performance indicators to address the states needs.

For the purposes of the Performance Measurement System, each activity is assigned to one of three objective categories that best illustrates the purpose and intent of the activity. The three objectives are:

- Suitable Living Environment: This objective relates to activities that are designed to benefit communities, families, or individuals by addressing issues in their living environment.
- Decent Housing: This objective focuses on housing programs where the purpose of the program is to meet individual family or community needs and not programs where housing is an element of a larger effort, since such programs would be more appropriately reported under Suitable Living Environment.
- Creating Economic Opportunities: This objective applies to the types of activities related to economic development, commercial revitalization, or job creation.

Once the objective for the activity is determined, one of three outcome categories is selected that best reflects what will be achieved by funding the activity. The three outcome categories are:

- Availability/Accessibility: This outcome category applies to activities that make services, infrastructure, public services, public facilities, housing, or shelter available or accessible to low-and moderate-income people, including persons with disabilities. In this category, accessibility does not refer only to physical barriers, but also to making the affordable basics of daily living available and accessible to low- and moderate-income people where they live.

- Affordability: This outcome category applies to activities that lower the cost, improve the quality, or increase the affordability of a product or service to benefit a low-and moderate-income person or household.
- Sustainability - This outcome applies to projects where the activity or activities are aimed at improving communities or neighborhoods, helping to make them livable or viable by providing benefit to persons of low- and moderate-income or by removing or eliminating slums or blighted areas, through multiple activities or services that sustain communities or neighborhoods.

OBJECTIVES & OUTCOMES = OUTCOME STATEMENT			
	Outcome 1: Availability/Accessibility	Outcome 2: Affordability	Outcome 3: Sustainability
Objective 1: Creating Suitable Living Environments	Accessibility for the purpose of creating Suitable Living Environments (SL-1)	Affordability for the purpose of creating Suitable Living Environments (SL-2)	Sustainability for the purpose of creating Suitable Living Environments (SL-3)
Objective 2: Providing Decent Affordable Housing	Accessibility for the purpose of providing Decent Housing (DH-1)	Affordability for the purpose of providing Decent Housing (DH-2)	Sustainability for the purpose of providing Decent Housing (DH-3)
Objective 3: Creating Economic Opportunities	Accessibility for the purpose of creating Economic Opportunities (EO-1)	Affordability for the purpose of creating Economic Opportunities (EO-2)	Sustainability for the purpose of creating Economic Opportunities (EO-3)
OUTCOME STATEMENTS			

Specific outcome indicators are identified in the Annual Action Plan for each objective. Indicator data will be collected from funding recipients through grant administration and reported by the State in HUD’s Integrated Disbursement and Information System (IDIS) at the time of grant closeout.

Section Three: Housing Priority

Respond to regional needs for affordable, decent, safe and appropriate housing as part of balanced economic development in Nebraska.

Housing Priority Statement & Objectives

HOUSING PRIORITY: RESPOND TO REGIONAL NEEDS FOR AFFORDABLE, DECENT, SAFE AND APPROPRIATE HOUSING AS A PART OF BALANCED ECONOMIC DEVELOPMENT IN NEBRASKA.

The State of Nebraska's Objectives developed to meet the Housing Priority include:

Objective One: Promote additional affordable rental housing and preservation of affordable rental housing in selected markets.

Objective Two: Promote housing preservation by improving the quality of Nebraska's existing affordable housing stock.

Objective Three: Promote additional households into homeownership by expanding affordable homeownership opportunities.

Objective Four: Enhance statewide understanding of fair housing law through outreach and education.

Background

HUD requires the state to report the activities it plans to undertake during the next year to:

- Address obstacles to meeting underserved needs;
- Foster and maintain affordable housing (including the coordination of Low-Income Housing Tax Credits with the development of affordable housing);
- Remove barriers to affordable housing;
- Evaluate and reduce lead-based paint hazards;
- Reduce the number of poverty level families;
- Develop an improved institutional structure; and
- Enhance coordination between public and private housing and social service agencies and foster public housing resident initiatives.

These activities are reflected in the housing objectives and actions for the 2011 Program year, and in Section 2-18 to 2-19 of the 2011 Annual Action Plan.

As shown in the Housing Needs Assessment section (Part Four) of the state's *Consolidated Plan*, a great need exists in the state for available housing stock that is affordable. Two primary issues exist: housing availability and affordability.

When Census 2000 was taken, about 150,000 households in Nebraska had a housing problem. These problems include incomplete plumbing facilities, incomplete kitchen facilities, overcrowding, severe overcrowding, cost burden, and severe cost burden. This information suggests that lower-income renters and homeowners were more likely to reside in units with a housing problem.

Because many housing units in Nebraska were built prior to 1980, the risk of lead-based paint hazards is a significant problem. In 2000, 57.9 percent of owner-occupied units and 56.1 percent of renter-occupied units were at risk; this represents nearly 382,000 housing units. Furthermore, when the number of units with lead-based paint risks were segmented by income and tenure, over 77,000, or 88%, of the at-risk rental units were found to be occupied by extremely low- to moderate-income (LMI) households. This is more than 79.8 percent of LMI homeowners who faced the potential of lead-based paint hazards. According to the 2000 Census, 43.9 percent of the total housing stock was constructed prior to 1960 and 25.3 percent was constructed prior to 1940. These homes have a greater potential for structural problems related to inadequate foundations and floor supports, poor plumbing, outdated electrical wiring, with substandard roofing, as well as greater likelihood of lead-based paint hazards.

In the future, Nebraska will continue to expand and household formation will continue to place pressures on the State's housing market. The total number of households in Nebraska increased more quickly than the population, growing 10.6 percent versus the 8.4 percent rise in population. In addition, the distribution of household income in Nebraska did not improve appreciably between 1990 and 2000. By 2000, the total number of extremely low-income households, meaning they earned less than 30 percent of the Area Median Family Income, increased from 1990 and lower-income households were significantly more common among racial and ethnic minorities in Nebraska. The State's disabled population totaled 16 percent of Nebraska's overall population in 2000. Relatively higher concentrations of the disabled population were found in the more rural areas of Nebraska compared to the more densely populated eastern portion of the State.

Due to the vast number of total households across Nebraska, including Lincoln and Omaha, with incomes that qualify them as low-income in the Nebraska Affordable Housing Program and the housing stock conditions and availability discussed in the housing and homeless needs assessment section, it is critical that NDED make strategic and focused investments with the limited Nebraska Affordable Housing Program resources. It is simply not feasible to assist every qualified recipient in every qualified household, or even a substantial portion. Instead, NDED housing investments are made with direct benefits to the individual considered in addition to the effect of the investment on housing values, expanding the life of a home, and positive effects on the local economy.

The Nebraska Commission on Housing and Homelessness

The Nebraska Commission on Housing and Homelessness (NCHH) was established by Executive Order in 1998. This commission consolidates the work of the Nebraska Affordable Housing Commission, the Nebraska Interagency Council on the Homeless, and the Affordable Housing Trust Advisory Committee, and recognizes the strong link among housing, homelessness, and near homeless issues.

The Commission's function is to make recommendations to NDED and the Health and Human Services System Department of Services (HHS) on the operation of the Nebraska Affordable Housing Trust Fund and the Homeless Shelter Assistance Trust Fund respectively; serve as an advisory body on housing and homelessness; assist with education, advocacy, coordination and cooperation; and integrate recommendations from *Nebraska's Housing and Community Development Consolidated Plan* and Annual Action Plan with other statewide strategic planning

initiatives involved with affordable housing, homelessness/near homelessness, and other housing issues.

Actions for the 2011 Program Year

The state views the provision of affordable housing as a high priority, especially for persons/families making 100% of median income or less. The state works with public, private and nonprofit organizations to identify needs, fill gaps in services, and provide technical assistance in the area of housing. Actions planned for 2011 to further this goal are a result of the priority for funding and objectives set by the state in 2010 in the *Consolidated Plan*.

2011 program objectives and measurements (planned between July 1, 2011 and June 30, 2012) are as follows:

Specific Objective	Outcome/Objective	Sources of Funds	Performance Indicators	Year	Expected Number	Actual Number	Percent Complete
	Specific Annual Objective						
DH-2	Affordability of Decent Housing						
NEW RENTAL UNITS CONSTRUCTED AND RENTAL UNITS REHABILITATED							
DH-2.1	PROMOTE ADDITIONAL AFFORDABLE RENTAL HOUSING AND PRESERVATION OF AFFORDABLE RENTAL HOUSING IN SELECTED MARKETS.	CDBG HOME NAHTF	Number of Affordable Rental Units Newly Constructed.	2010	25		
				2011	25		
				2012			
				2013			
			2014				
			Number of units meeting Section 504 Standards.	2010	4		
				2011	4		
				2012			
				2013			
			2014				
			Number of units qualified as Energy Star.	2010	0		
				2011	0		
		2012					
		2013					
		2014					
		CDBG HOME NAHTF	Number affordable rental units rehabilitated.	2010	25		
				2011	25		
				2012			
				2013			
			2014				
			Number of rehabilitated affordable rental units meeting Section 504 standards.	2010	0		
				2011	0		
				2012			
				2013			
2014							
Number of rehabilitated affordable	2010		0				
	2011		0				
	2012						

DH-2.1	PROMOTE ADDITIONAL AFFORDABLE RENTAL HOUSING AND PRESERVATION OF AFFORDABLE RENTAL HOUSING IN SELECTED MARKETS. (continued)	CDBG HOME NAHTF	rental units qualified as Energy Star.	2013			
				2014			
			Number of rehabilitated affordable rental units created through conversion of non-residential buildings.	2010	10		
				2011	10		
				2012			
				2013			
				2014			
			Number of rehabilitated affordable rental units brought from substandard to standard condition (DED Rehabilitation Standards).	2010	10		
				2011	10		
				2012			
				2013			
				2014			
			Number of rehabilitated affordable rental units brought into compliance with lead safe housing rule (24 CFR part 35).	2010	0		
				2011	10		
				2012			
2013							
2014							
HOMEOWNERSHIP UNITS CONSTRUCTED, ACQUIRED AND/OR ACQUIRED WITH REHABILITATION ACTIVITIES OWNER OCCUPIED UNITS REHABILITATED OR IMPROVED							
DH-2.2	PROMOTE HOUSING PRESERVATION BY IMPROVING THE QUALITY OF NEBRASKA'S EXISTING AFFORDABLE HOUSING STOCK.	CDBG HOME NAHTF	Number of affordable units newly constructed, acquired or acquired with rehabilitation.	2010	150		
				2011	150		
				2012			
				2013			
				2014			
			Number of units that are newly constructed, acquired, and/or acquired with rehabilitation that require five years of affordability period.	2010	150		
				2011	150		
				2012			
				2013			
				2014			
Number of units	2010	5					

DH-2.2	PROMOTE HOUSING PRESERVATION BY IMPROVING THE QUALITY OF NEBRASKA'S EXISTING AFFORDABLE HOUSING STOCK. (continued)	CDBG HOME NAHTF	constructed, acquired, or acquired with rehabilitation that are Section 504 accessible.	2011	5		
				2012			
				2013			
				2014			
			Number of households previously living in subsidized housing.	2010	5		
				2011	5		
				2012			
				2013			
		CDBG HOME NAHTF	Number of rehabilitated owner-occupied units brought from substandard to standard condition (DED Rehabilitation Standards).	2010	100		
				2011	100		
				2012			
				2013			
			Number of rehabilitated owner-occupied units qualified as Energy Star.	2010	0		
				2011	0		
				2012			
				2013			
			Number of rehabilitated owner-occupied units brought into compliance with lead safe housing rule (24 CFR part 35)	2010	50		
				2011	50		
				2012			
				2013			
DIRECT FINANCIAL ASSISTANCE TO HOMEBUYERS							
DH-2.3	PROMOTE ADDITIONAL HOUSEHOLDS INTO HOMEOWNERSHIP BY EXPANDING AFFORDABLE HOMEOWNERSHIP OPPORTUNITIES.	CDBG HOME NAHTF	Number of first-time homebuyers benefitting from direct financial assistance to homebuyers.	2010	50		
				2011	50		
				2012			
				2013			
				2014			
		Number of first-time homebuyers benefitting from direct financial assistance that also received housing counseling.	2010	50			
			2011	50			
			2012				
			2013				
			2014				

DH-2.3	PROMOTE ADDITIONAL HOUSEHOLDS INTO HOMEOWNERSHIP BY EXPANDING AFFORDABLE HOMEOWNERSHIP OPPORTUNITIES. (continued)	CDBG HOME NAHTF	Number of first-time homebuyers that receive down-payment and closing cost assistance.	2010	50		
				2011	50		
				2012			
				2013			
				2014			
FAIR HOUSING OUTREACH AND EDUCATION							
N/A	ENHANCE STATEWIDE UNDERSTANDING OF FAIR HOUSING LAW THROUGH OUTREACH AND EDUCATION.	CDBG HOME NAHTF	Number of community representatives trained on Fair Housing Act requirements.	2010	25		
				2011	25		
				2012			
				2013			
				2014			
			Number of communities that undertook activities to affirmatively further fair housing.	2010	30		
				2011	30		
				2012			
				2013			
				2014			

Housing Funding Categories

A. NDED Affordable Housing Program (Includes Nebraska Affordable Housing Trust Fund (NAHTF), Community Development Block Grant (CDBG), and HOME) Category – State Objectives

The state objectives for using NAHTF, CDBG, and HOME funds in the Housing Category provide for investing funds in quality projects and programs for quality communities so that local governments and nonprofit organizations can leverage private financing to provide for permanent, energy efficient, affordable housing.

Projects will (1) address housing conditions related to community economic development needs; (2) expand equal housing opportunities; or (3) create public/private partnerships to address housing needs holistically (linking housing with supportive services to promote economic self-sufficiency and family preservation).

The Nebraska Affordable Housing Program Outcome Statement is:

Safe, decent, affordable appropriate housing for all Nebraskans is the foundation for economic growth.

In administering the resources for the Nebraska Affordable Housing Program there are constraints of using these funds that the Department cannot change. Following is a sampling of givens related to the Nebraska Affordable Housing Program.

Legislative, Statutory and Regulatory Givens:

The Affordable Housing Act and Rules and Regulations, which govern the Nebraska Affordable Housing Trust Fund

- Income restrictions
- Eligible recipients
- Factors for award consideration
- Eligible activities
- Eligible housing

U.S. HUD statutory, regulatory and administrative requirements for the HOME and CDBG programs

- Income restrictions
- Rent restrictions
- Eligible recipients
- Eligible beneficiaries
- Eligible housing
- Eligible activities
- HOME match requirements of 25%, where the source, type, and reporting requirements of eligible match is restrictive

Department of Economic Development statutory requirements

- Commitment to coordinated development activities

Control Agency (HUD and other State Agencies) Givens:

- Projects cannot begin non-administrative activities until after Notice of Release of Funds.
- Thorough and detailed review at application before funding that includes requiring evidence and documentation of expected program compliance.
- Maintain an ongoing commitment to ensure program compliance.

Additional information regarding constraints on the use of funds in the Nebraska Affordable Housing Programs, including but not limited to affordability periods and resale and recapture requirements, can be found in the program administration manuals and application guidelines on NDED's website: <http://www.neded.org/content/view/90/1270/>.

B. How and What Projects to be Assisted

NDED will award funds under the Housing Category to eligible local governments, local or regionally-based nonprofit 501(c)(3) or 501(c)(4) housing organizations (including reservation-based non-profit organizations), and public housing authorities to carry out quality housing programs and projects that meet the national and state objectives for NAHTF, CDBG, and HOME programs.

The 2011 NDED Affordable Housing Program includes the following applications for funding based on Investment Zones and set-asides. NDED will begin to review all applications after they are received on the specified due date. Each application guideline will include a description of threshold requirements and scoring criteria. Generally, applications that meet all threshold requirements and rank highest shall receive either a Notice of Award or a Notice of Conditional Award, subject to the amount of funds available. NDED reserves the right to fund or not fund applications based on the status of other federal and state funding sources involved in the project and conditional reservations of funds, regardless of ranking. NDED will determine the most appropriate funding source and amount for the proposed project or program. NDED may provide a Notice of Conditional Award with the condition of the applicant to transfer the grantee status to another NDED determined eligible applicant. The newly identified eligible recipient must complete all requirements for the identified funding source as a Condition of Award.

Applications recommended for approval through this process will be presented to the Community and Rural Development Division's director for consideration of recommending an award to the Director of the Department of Economic Development. The CRD director has the authority to ask for reconsideration of the award recommendation or to submit the director's recommendation to the Director of the Department of Economic Development. The CRD Director may make awards for non-profit operating assistance, predevelopment, and program set-aside awards on the Department Director's behalf. All actions will be in compliance with the submission and selection criteria.

Disaster Emergency Housing awards will be approved by the Governor. NDED reserves the right to make first contact with an eligible applicant to encourage application immediately following a natural disaster that creates housing needs that may be met by the NAHTF. Disaster emergency housing does not have a specific allocation of NAHTF and therefore the funding available is subject to the actual NAHTF balance and obligations at the time of award.

■ ■ ■ DISASTER EMERGENCY HOUSING FUND ■ ■ ■

NAHTF funds will be available to respond to housing needs related to State Declared Disaster areas for eligible activities.

NDED will make every effort to expedite assistance through the disaster emergency award. The NAHTF, however, was not created as a first response resource and is not available to individuals on an emergency basis. Instead the NAHTF is a valuable resource in addressing intermediate housing needs after a natural disaster. In addition, applicants must be aware that since NAHTF resources are not an entitlement program these funds often are not adequate to assist all NAHTF eligible beneficiaries in the disaster area.

The Department has ongoing disaster contracts with the following agencies if an area is declared a state disaster area:

- **Blue Valley Community Action:** Fillmore, Gage, Jefferson, Polk, Saline, Thayer and York counties.
- **Central Nebraska Housing Developers:** Blaine, Boyd, Brown, Cherry, Custer, Garfield, Greeley, Hamilton, Holt, Howard, Keya Paha, Loup, Merrick, Rock, Sherman, Valley and Wheeler counties.
- **Community Action Partnership of Mid-Nebraska:** Buffalo, Franklin, Frontier, Furnas, Gosper, Harlan, Kearney, Phelps and Red Willow counties.
- **Housing Development Corporation:** Adams, Clay, Hall, Nuckolls and Webster counties.
- **Lincoln County CDC:** Lincoln County.
- **Northeast Nebraska Development District:** Antelope, Boone, Burt, Cedar, Colfax, Cuming, Dakota, Dixon, Dodge, rural Douglas, Knox, Madison, Nance, Pierce, Platte, Stanton, Thurston, Washington, and Wayne counties.
- **City of Omaha:** City of Omaha
- **Panhandle Area Development District:** Banner, Box Butte, Cheyenne, Dawes, Deuel, Garden, Kimball, Morrill, Scotts Bluff, Sheridan and Sioux counties.
- **Sandhills RC&D:** Arthur, Grant, Hooker, Logan, McPherson and Thomas counties.
- **Southeast Nebraska Affordable Housing Council:** Butler, Lancaster, Otoe, Saunders, and Seward counties.
- **Southeast Nebraska Community Action:** Cass, Johnson, Nemaha, Pawnee, Richardson and Sarpy counties.
- **Southwest Nebraska Community Betterment Corporation:** Chase, Dundy, Hayes, Hitchcock and Perkins counties.
- **West Central Nebraska Development District:** Keith and Dawson counties.

■ ■ ■ RENTAL HOUSING ■ ■ ■

HOME and NAHTF funds will be available for newly-constructed affordable rental housing; acquisition and/or rehabilitation of existing rental housing; lease-purchase programs that lead to homeownership.

Rental projects, excluding those using Low-Income Housing Tax Credits, including new construction, acquisition and/or rehabilitation are eligible to apply in the NDED Annual Housing Application Cycle of applications. Projects that are seeking (but have not received) a Low-income Housing Tax Credit allocation are eligible to apply in the combined NDED/NIFA Annual LIHTC set-aside Application Cycle of applications. NDED does not have funds available for rental projects that do not meet the above criteria.

The NAHP Annual Housing Application Cycle New Construction, Acquisition or Rehabilitation Rental Projects will be considered for NAHTF only.

NAHTF \$ - available to local or regional nonprofit 501(c)(3) or 501(c)(4) housing organizations (including reservation-based non-profit organizations), local units of government, and public housing authorities. These funds will be provided for new construction rental housing; lease-purchase programs, where the housing unit assisted will remain rental housing (leased) for 36 months or greater; new construction rental housing with some infrastructure; lease-purchase programs with some infrastructure, where the housing unit assisted will remain rental housing (leased) for 36 months or greater; and for the acquisition and rehabilitation of existing rental housing.

HOME \$ – available to local or regional nonprofit 501(c)(3) or 501(c)(4) housing organizations (including reservation-based non-profit organizations), local units of government, and public housing authorities. These funds will be provided for new construction rental housing; lease-purchase programs, where the housing unit assisted will remain rental housing (leased) for 36 months or greater; new construction rental housing with some infrastructure; lease-purchase programs with some infrastructure, where the housing unit assisted will remain rental housing (leased) for 36 months or greater; and for the acquisition and rehabilitation of existing housing. HOME funds will be awarded as HOME CHDO funds in the case where a state designated Community Housing Development Organization (CHDO) holds ownership and/or has controlling interest in the project.

Funds will be provided as a grant to the local or regional housing nonprofit 501(c)(3) or 501(c)(4); public housing authority; or local unit of government.

Review criteria for rental housing:

See section C. NAHP Annual Housing Application Cycle Review Criteria for the New Construction, Acquisition or Rehabilitation Rental Housing (excluding LIHTC projects) review criteria.

See section D. combined NDED/NIFA Annual LIHTC set-aside Application Cycle Review Criteria for projects applying for NDED AHP and Low-income Housing Tax Credits. CRANE

projects including Low-income Housing Tax Credits are eligible and are awarded on a first-ready, first served basis as defined in the NIFA LIHTC qualified allocation plan.

Additional Information on the scoring process and other assistance to applicants will be provided in the 2011 NDED Affordable Housing Program Application Guidelines.

■ ■ ■ NON-PROFIT OPERATING ASSISTANCE – HOUSING ■ ■ ■

NAHTF funds will be available for organizational operating expenses as the non-profit meets NDED’s capacity building requirements. HOME CHDO operating funds will be eligible for CHDO’s planning on undertaking housing development projects in the next 2 years. *Ongoing rental project operating expenses are not eligible for these funds.*

NAHTF \$ – available to local regional, and reservation-based nonprofit 501(c)(3) and 501(c)(4) housing organizations. Ongoing rental project operating expenses are not eligible for these funds.

HOME\$ – available to State designated Community Housing Development Organizations (CHDOs). Ongoing rental project operating expenses are not eligible for these funds.

The primary purpose is to increase and maintain the capacity of an organization to produce affordable housing. NAHTF funds will be provided as a grant to the nonprofit 501(c)(3) or 501(c)(4). State designated Community Housing Development Organizations (CHDOs) can access NAHTF or HOME funds for operating costs as eligible nonprofit 501(c)(3) and 501(c)(4) organizations.

Review criteria for non-profit operating assistance -housing:

See section E. NDED Review Criteria for the Non-profit Operating Assistance grants. The budget will be reviewed in-depth throughout the operating grant consideration process.

Additional Information on the scoring process and other assistance to applicants will be provided in the 2011 NDED Affordable Housing Program Application Guidelines.

■ ■ ■ HOMEBUYER PROGRAMS ■ ■ ■

Homebuyer Programs – NAHTF, CDBG, and HOME funds will be available for activities to assist homebuyers.

The NAHP Annual Housing Application Cycle Homebuyer will be considered for NAHTF only. HOME funds are available for Homebuyer programs through the Program Set-asides, Investment Zone Set-asides, and CHDO homebuyer programs only.

HOME \$ - available to eligible local governments, local or regionally-based nonprofit 501(c)(3) or 501(c)(4) housing organizations (including reservation-based non-profit organizations), and public housing authorities to:

- (a) Provide down payment and closing cost assistance for existing and new homes.
- (b) Purchase, Rehabilitation, and Resale which includes acquisition, rehabilitation and development subsidy/down payment assistance/closing cost assistance.
- (c) New construction of homes, which may include land acquisition, infrastructure, and development subsidy/down payment assistance/closing cost assistance.
- (d) Acquisition/Rehabilitation, which includes assisting the homebuyer to acquire the home and rehabilitation of the home to meet standards within 6 months of occupancy.

HOME funds may be awarded as HOME CHDO funds in the case where a state designated Community Housing Development Organization (CHDO) holds title to the property at a designated point during the project for the following activities:

- (i) New construction of homes, including land acquisition, development subsidy and/or down payment assistance, and
- (ii) Purchase, rehabilitation, and resale which includes acquisition, development subsidy and/or down payment assistance.

NAHTF \$ - available to eligible local governments, local or regionally-based nonprofit 501(c)(3) or 501(c)(4) housing organizations (including reservation-based non-profit organizations), and public housing authorities. Proposals may include any of the following activities:

- (a) Provide down payment and closing cost assistance for existing or new homes.
- (b) Purchase, Rehabilitation, and Resale which includes acquisition, development subsidy and/or down payment assistance.
- (c) New construction of homes, which includes land acquisition, infrastructure, development subsidy and/or down payment assistance.
- (d) Acquisition/Rehabilitation, which includes assisting the homebuyer to acquire the home and rehabilitation of the home to meet standards within 6 months of occupancy.

CDBG \$ - available to local units of government for

- (a) Provide down payment and closing cost assistance for existing or new homes.
- (b) Infrastructure costs related to the development of a new residential area (subdivision) in the community. Infrastructure activities can only be done on publicly owned land. These will only be awarded in conjunction with a complete proposal that includes (but is not limited to) (1) the number and types of units to be developed; the types of customers to be assisted; (2) program guidelines for the homebuyer program and/or development proposal for a rental project; and (3) single family housing development proforma and/or rental housing proforma that includes detailed timelines showing beneficiaries assisted within 36 months of CDBG award.

Review criteria for homebuyer programs:

See section C. NAHP Annual Housing Application Cycle Review Criteria for the Homebuyer programs review criteria.

Additional Information on the scoring process and other assistance to applicants will be provided in the 2011 NDED Affordable Housing Program Application Guidelines.

■ ■ ■ OWNER-OCCUPIED REHABILITATION PROGRAMS ■ ■ ■

Owner-Occupied Rehabilitation Programs – CDBG, HOME and NAHTF funds will be available to local governments, non-profits and public housing agencies to administer owner-occupied rehabilitation programs.

The NAHP Annual Housing Application Cycle Round II Owner-occupied Rehabilitation programs are available to local governments only for CDBG funds. HOME and NAHTF funds are available for owner-occupied rehabilitation through the Program Set-asides and Investment Zone Set-asides only. The NDED may award NAHTF or HOME funds to specific projects if the project is selected for funding and CDBG funds are not sufficient to fund the owner-occupied rehabilitation projects. The applicant, the activities, and the project funded with NAHTF or HOME Funds must also be CDBG eligible. In order to ensure a diversity of project types awarded in each Investment Zone, the NDED reserves the right to limit the amount of funds awarded for owner-occupied rehabilitation programs. This amount will be no less than the amount of CDBG available in the 2011 Nebraska Affordable Housing Program.

CDBG \$ - available to local units of government for owner-occupied rehabilitation programs.

HOME \$ -- available to eligible local governments, local or regionally-based nonprofit 501(c)(3) or 501(c)(4) housing organizations (including reservation-based non-profit organizations), and public housing authorities to implement owner-occupied rehabilitation programs

NAHTF\$ - eligible local governments, local or regionally-based nonprofit 501(c)(3) or 501(c)(4) housing organizations (including reservation-based non-profit organizations), and public housing authorities to implement owner-occupied rehabilitation programs.

Review criteria for owner-occupied rehabilitation housing:

See section C. NAHP Annual Housing Application Cycle Review Criteria for the Owner-occupied rehabilitation programs review criteria.

Additional Information on the scoring process and other assistance to applicants will be provided in the 2011 NDED Affordable Housing Program Application Guidelines and Application Guideline workshops.

C. NAHP Annual Housing Application Cycle Review Criteria

The Investment Zone Process

Homebuyer assistance programs, owner-occupied rehabilitation programs, non-profit operating assistance, and rental property assistance applications

The application deadlines and review process will be consistent for all activities and all Investment Zones. 2011 Investment Zones are geographic in nature and have an identified allocation amount of Nebraska Affordable Housing Program investment for the program year for Homebuyer, Owner-occupied rehabilitation and New Construction, Acquisition or Rehabilitation Rental property assistance (excluding Low-income Housing Tax Credit properties).

Review criteria will include priority for projects that demonstrate the following characteristics:

Demonstrates Desired Results:

(a) Meets Department priorities
--

Community Needs Factors For CDBG projects

Community Need Factors (CNF) scoring on four statistical factors (each valued at 0, 5, 10, 15, or 20 points) that measure the applicant's economic distress: (a) population change, based on the applicant's percent change in population from 1990 to the most current year for which the U.S. Bureau of the Census has reported a count or estimate compared to the statewide percent change in population; (b) income, based on the most recent estimate of per capita income for the applicant reported by the U.S. Bureau of the Census compared to the state per capita income; (c) unemployment, based on the most recent unemployment rate of the applicant's county reported by the Nebraska Department of Labor compared to the state average unemployment rate; and (d) retail sales change, based on the applicant's percent change in net taxable sales from 1990 to the most recent year reported by the Nebraska Department of Revenue compared to the state percent change in net taxable sales. With a maximum score of 20 points on each of the four factors, the maximum possible total CNF total score for an applicant is 80. CNF scoring categories for 2011 are:

SCORING CATEGORIES FOR COMMUNITY NEEDS FACTORS

<u>Population Change, 1990 - 2008 (State Increased 13.0%)</u>		<u>1999 Per Capita Income as Percent of State Average</u>	
>=13.0%	0	>=100.0%	0
(3.5)% - 12.9%	5	90.0% to 99.9%	5
(20.0)% - (3.6)%	10	80.0% to 89.9%	10
(36.5)% - (20.1)%	15	70.0% to 79.9%	15
<=(36.6)%	20	<=69.9%	20

<u>2009 County Unemployment Rate as Percent of State Average</u>		<u>Net Taxable Sales Change, 1990 - 2006 (State Increased 103.2%)</u>	
<=100.0%	0	>=103.2	0
100.1% to 133.3%	5	61.7% - 103.1%	5
133.4% to 166.6%	10	20.1% - 61.6%	10
167.7% to 199.9%	15	(21.5)% - 20.0%	15
>=200.0%	20	<=(21.6)%	20

Population Change. To receive any points in the population change category, an applicant must have a population increase less the statewide average percent increase. From 1990 to 2008, the state population increase was 13 percent. To receive the maximum of 20 points in this category, an applicant must have a decrease in population greater than that of the Nebraska county with the greatest percent decrease in population. From 1990 to 2008, Blaine County had the highest percent decrease at -36.6 percent.

Income. To receive any points in the income category, an applicant must have a per capita income less than the state average. In 1999—the most recent year for which the U.S. Bureau of the Census reports income data for communities—the state per capita income was \$19,613. To receive the maximum of 20 points in this category, an applicant must have a per capita income less than 70 percent of the state average.

Unemployment. To receive any points in the unemployment category, an applicant must be in a county with an unemployment rate greater than the state average. In 2009, the state unemployment rate was 4.6 percent. To receive the maximum of 20 points in this category, an applicant must be in a county with an unemployment rate at least double the state average.

Retail Sales Change. To receive any points in the retail sales category, an applicant must have an increase in net taxable sales less than the state percent increase. From 1990 to 2006, net taxable sales in the state increased 103.2 percent. To receive the maximum of 20 points in this category, an applicant must have a decrease in net taxable sales greater than that of the Nebraska county with the greatest percent decrease in net taxable sales. From 1990 to 2006, Rock County had the highest decrease at -21.6 percent.

Scoring Criteria
For NAHTF Homebuyer assistance programs and rental property
assistance applications

(a) Meets Department Priorities			
1. Housing projects designed to assist in rehabilitating units located over retail locations or in the change of use of existing non-residential buildings to housing.	<input type="checkbox"/> Yes 25 pt	<input type="checkbox"/> No 0 pts	
2. Homebuyer assistance programs including down-payments/closing cost assistance with rehabilitation programs and purchase/rehabilitate/resell programs.	<input type="checkbox"/> Yes 20 pt	<input type="checkbox"/> No 0 pts	
3. Employer Assisted Housing Program, with a significant financial contribution of an employer or group of employers, equal to at least 5 percent of the total NAHP grant request.	<input type="checkbox"/> Yes 15 pt	<input type="checkbox"/> No 0 pts	
4. Homebuyer assistance programs not including rehabilitation on existing homes.	<input type="checkbox"/> Yes 10 pt	<input type="checkbox"/> No 0 pts	
5. Construction or conversion of 2-6 rental units, excluding LIHTC and rental rehab projects.	<input type="checkbox"/> Yes 10 pt	<input type="checkbox"/> No 0 pts	
6. New construction housing for homeowners.	<input type="checkbox"/> Yes 5 pt	<input type="checkbox"/> No 0 pts	
TOTAL POINTS POSSIBLE:			50

(b) Reasonableness: the project will meet a demonstrated need of the community and the market			
1. The market indicates a need for the product and services.	<input type="checkbox"/> Yes 10 pts	<input type="checkbox"/> No 0 pts	
2. Has a Site-Specific Market Study been conducted for proposed project?	<input type="checkbox"/> Yes 10 pts	<input type="checkbox"/> No 0 pts	
3. Local housing and buildings codes are adopted and enforced.	<input type="checkbox"/> Yes 5 pts	<input type="checkbox"/> No 0 pts	
4. Funding is leveraged.	<input type="checkbox"/> Leveraged with proof of firm commitments. 5 pts	<input type="checkbox"/> Leveraged; no firm commitments. 1 pt	<input type="checkbox"/> No 0 pts
5. Project or program will be developed in collaboration with local and regional plans being implemented by other agencies or development organizations.	<input type="checkbox"/> Yes 1 pt	<input type="checkbox"/> No 0 pts	
6. Project includes exterior façade improvements or construction.	<input type="checkbox"/> Yes 5 pts	<input type="checkbox"/> No 0 pts	
7. Firm commitment to make at least 1 unit visitable.	<input type="checkbox"/> Yes 2 pts	<input type="checkbox"/> No 0 pts	
8. Firm commitment to make at least 1 unit accessible.	<input type="checkbox"/> Yes 2 pts	<input type="checkbox"/> No 0 pts	
9. Interest sheets or waiting list – please attach.	<input type="checkbox"/> Yes 10 pts	<input type="checkbox"/> No 0 pts	
TOTAL POINTS POSSIBLE:			50

(c) Community and Economic Development Planning Efforts: the project is part an overall community or regional economic development/community development effort.			
1. Community Needs Assessment conducted within last 3 years.	<input type="checkbox"/> Yes 5 pts	<input type="checkbox"/> No 0 pts	
2. Community Needs Assessment showed project was a priority.	<input type="checkbox"/> Yes 10 pts	<input type="checkbox"/> No 0 pts	
3. Economic Development Certified Community.	<input type="checkbox"/> Yes 5 pts	<input type="checkbox"/> No 0 pts	
4. There is evidence of strategies in the community or region to demolish dilapidated buildings.	<input type="checkbox"/> Yes 2-5 per year 5 pt	<input type="checkbox"/> Yes 6 or more per year 10pts	<input type="checkbox"/> No 0 pts
5. The project is located in a community or region that is working on other community development goals (including housing, citizen participating, public works, leadership development, etc).	<input type="checkbox"/> Yes 5 pts	<input type="checkbox"/> No 0 pts	
6. Documentation of project design based on low income input.	<input type="checkbox"/> Yes 5 pts	<input type="checkbox"/> No 0 pts	
7. There is evidence of strategies in the community or region to rehabilitate substandard properties.	<input type="checkbox"/> Yes 2-5 per year 5 pt	<input type="checkbox"/> Yes 6 or more per year 10pts	<input type="checkbox"/> No 0 pts
TOTAL POINTS POSSIBLE:			50

Probability of Producing Desired Results:

(a) Level of Readiness to Proceed			
1. Resources and Commitments are in place to proceed.		<input type="checkbox"/> Yes 5 pts	<input type="checkbox"/> No 0 pts
2. Adjacent neighbor input was considered.		<input type="checkbox"/> Yes 10 pts	<input type="checkbox"/> No 0 pts
3. Program Guidelines	<input type="checkbox"/> Meet DED requirements and board approved 10 pts	<input type="checkbox"/> Meet DED requirements, not board approved 5 pts	<input type="checkbox"/> Does not meet DED requirements or no guidelines submitted 0 pts
4. Required Zoning, Infrastructure & Utilities in place.		<input type="checkbox"/> Yes 5 pts	<input type="checkbox"/> No 0 pts
5. Project administrator has been identified.		<input type="checkbox"/> Yes 5 pts	<input type="checkbox"/> No 0 pts
6. Grantee has an established line of credit for project costs.		<input type="checkbox"/> Yes 10 pts	<input type="checkbox"/> No 0 pts
7. Grantee has evaluated project area with regards to the Environmental Review Statutory Checklist.		<input type="checkbox"/> Yes 5 pts	<input type="checkbox"/> No 0 pts
TOTAL POINTS POSSIBLE:			50

(b) Demonstrated Capacity			
1. The applicant has the capacity and commitment to implement the project in a timely manner.		<input type="checkbox"/> Yes 5 pts	<input type="checkbox"/> No 0 pts
2. Implementation Schedule is feasible and realistic.		<input type="checkbox"/> Yes 3 pts	<input type="checkbox"/> No 0 pts
3. Pre-Application and Optional Full Application submitted to DED for review.		<input type="checkbox"/> Yes 5 pts	<input type="checkbox"/> No 0 pts
4. The applicant has been successful in similar projects in the past.		<input type="checkbox"/> Yes 5 pts	<input type="checkbox"/> No 0 pts
5. Administrator for the project has the capacity and commitment to implement the project in a timely manner.		<input type="checkbox"/> Yes 5 pts	<input type="checkbox"/> No 0 pts
6. Application and corresponding parts complete when submitted.		<input type="checkbox"/> Yes 3 pts	<input type="checkbox"/> No 0 pts
7. Applicant has 2 or fewer findings on most recent monitoring visit.		<input type="checkbox"/> Yes 10 pts	<input type="checkbox"/> No 0 pts
8. Applicant turns in reports on time.		<input type="checkbox"/> Yes 4 pts	<input type="checkbox"/> No 0 pts
9. Applicant has expended all housing grant funds received in 2008 and prior and has expended at least 80% of all housing grant funds received in 2009.		<input type="checkbox"/> Yes 10 pts	<input type="checkbox"/> No 0 pts
TOTAL POINTS POSSIBLE:			50

(c) Cost-effectiveness and appropriateness: appropriate, size, scope, rent schedule and income levels being served;			
1. Homebuyer OR Tenant Education is required. <i>For homebuyers:</i> education must be provided by HUD-approved housing counseling agencies, REACH affiliated organizations, or a Department approved equivalent. <i>For tenants:</i> RentWise-Nebraska tenant education program or a Department approved equivalent.	<input type="checkbox"/> Yes 10 pts	<input type="checkbox"/> No 0 pts	
2. Documentation that low-income households provided input on housing needs.	<input type="checkbox"/> Yes 5 pts	<input type="checkbox"/> No 0 pts	
3. Does the project duplicate another service in the region?	<input type="checkbox"/> No 5 pts	<input type="checkbox"/> Yes 0 pts	
4. The amount of administration and project soft costs are appropriate to achieve the proposed results.	<input type="checkbox"/> Yes 5 pts	<input type="checkbox"/> No 0 pts	
5. The project is appropriate for the size and scope of the funds requested.	<input type="checkbox"/> Yes 5 pts	<input type="checkbox"/> No 0 pts	
6. Project will serve at least one household below 60% AMI.	<input type="checkbox"/> Yes 5 pts	<input type="checkbox"/> No 0 pts	
7. Recycled products will be used in the project.	<input type="checkbox"/> Yes 10 pts	<input type="checkbox"/> No 0 pts	
8. Project is making use of existing buildings.	<input type="checkbox"/> Yes 5 pts	<input type="checkbox"/> No 0 pts	
TOTAL POINTS POSSIBLE:			50

Characteristic	Criteria	Points
Demonstrates Desired Results	Meets Department priorities	0-50
Demonstrates Desired Results	Reasonableness	0-50
Demonstrates Desired Results	Community and Economic Development Planning Efforts	0-50
Demonstrates Desired Results	Possible Points	150
Probability	Level of Readiness	0-50
Probability	Demonstrated Capacity	0-50
Probability	Cost-effectiveness and Appropriateness	0-50
Probability	Possible Points	150
	Total Possible Points	300

Additional Information on Community Development Block Grant funds: CDBG funds may be awarded for direct assistance to low-income homebuyers to purchase existing and new homes. CDBG funds may be awarded to local governments for owner-occupied rehabilitation programs. The programs must demonstrate an overall revitalization impact. CDBG will take into consideration the additional scoring criteria of the Community Need Factors. The Community Needs Factor score will be used to determine of all CDBG eligible projects determined a priority for NDED investment, which projects will actually receive CDBG funds for award as opposed to HOME or NAHTF.

Additional Information on the scoring process and other assistance to applicants is provided in the 2011 NDED Affordable Housing Program Investment Zone Application Guidelines available in December 2010.

Program Income

1. Beginning with the 2009 Program Year, the state implemented policies that allow grantees that actively use program income from the housing category to retain those funds. The state will require grantees that have been inactive in using their program income from the Housing Category in CDBG and NAHTF to return their program income to the state.

The state will use Program Income Reports submitted by local governments and non-profit recipients and/or other information obtained from local governments and grantees to determine if they have been active or inactive in using their program income from the Housing Category in CDBG and NAHTF. Effective July 1, 2011, grantees that have used their housing program income to fund at least one housing project since July 1, 2009 will be considered active. Grantees that have not used their housing program income to fund at least one housing project since July 1, 2009 will be considered inactive. For the State to consider a project to be funded, the governing body of the grantee must take formal action prior to June 30, 2011 to approve the specified amount of funds be committed for the project. Within ninety days of the governing body's formal action, a written agreement must be executed by all parties involved in the project. Unless there are extenuating circumstances (which would have to be documented and justified to the State), the funds should be provided to the recipient within 6 months from the date the agreement was fully executed by all parties. If the grantee fails to meet these requirements, the program income account will be considered inactive. If a housing program income fund has been determined by the State to be inactive, all program income must be returned to the State. This applies to program income accounts regardless of whether it is designated as a locally administered or regionally administered fund. Additional information on when a project is considered by the Department to be funded is contained in Section 2-10.

In no case shall a program income account have a balance that exceeds \$750,000. Any amount in excess of \$750,000 shall be returned to the State.

Grantees must provide DED with a written notice of intent to reuse program income for the same activity. This notice must be made within 90 calendar days from the date of

the grantee's Notice of Approval letter. If the grantee's notice is not submitted to DED within the 90-day period, DED will require all program income be returned to the state. If the grantee submits its notice within the specified period, the grantee will have two options for administering the program income.

- a. Local Administration - Housing.** If the grantee intends to develop or administer an existing housing local revolving loan fund to continue the same activity, the notice of intent to reuse program income must state this fact and a CDBG Certified Administrator must be assigned to the program income account. Grantees that submit a notice indicating program income will be retained at the local level will have 180 days from the Notice of Approval to submit a plan for the administration of the program income. The grantee will adopt a local plan that includes either: (i) a detailed description of the organization, including administration and priorities of the program income projects to be approved by the grantee which are consistent with the definitions of same activity as described above; or (ii) the state objectives/method of distribution, including certification that it will incorporate all changes made by the state, and a detailed description of the organization and administration by the grantee.
- b. Regional Administration - Housing.** If the grantee intends to develop or participate in a regional revolving loan fund to continue the same housing activity, the notice of intent to reuse program income must state this fact and a CDBG Certified Administrator must be assigned to the program income account. Grantees that submit a notice indicating program income will be retained at the regional level will have 180 days from the Notice of Approval letter to: i) enter into an agreement with other local governments to establish a regional CDBG revolving loan fund and submit a plan for the administration of the program income; or ii) enter into an agreement with an existing regional CDBG revolving loan fund. Regional plans for revolving loan fund administration must include either: (a) a detailed description of the organization, administration and priorities of the program income projects to be approved by the member local government's regional revolving loan fund authority which are consistent with the definitions of same activity as described above; or (b) the state objectives/method of distribution, including certification that it will incorporate all changes made by the state, and a detailed description of the organization and administration by the grantee regional revolving loan fund authority. If the grantee does not submit the required agreement and plan for DED approval within the 180-day period, all program income will be returned to the state.

Grantees applying to the state for NAHP funds must disclose the amount of program income they have accumulated and the amount they are receiving from previous projects. The state will use the information to determine how much program income the grantee can retain from the new (2010 or later) grant.

Grantees receiving a Housing grant in 2011 and beyond that accumulate program income which exceeds the maximum allowable amount of \$750,000 must return the excess amount to the state.

2. If the initial activity, which generates the program income, has not been completed prior to the first receipt of program income, all program income received must be applied to the current grant activity prior to requesting additional funds.
3. Miscellaneous program income generated by activities that do not meet the definitions of continued same activity must be applied to an open grant prior to requesting additional funds, or the full amount of program income returned to the state.
4. Grantees that maintain a local revolving loan fund or are members of a regional revolving loan fund will be required to apply all available local or regional revolving loan funds to activities consistent with the local or regional plan of administration prior to receiving approval of grant applications for those activities.
5. Grantees electing to retain program income are required to monitor and report the amount of program income recaptured to the state. Status updates concerning the outstanding loans or leases shall be submitted on a semi-annual basis. The report includes but is not limited to payments received and amendments to the original loan or lease agreement, as required by the state.
6. All program income earned as a result of CDBG grant activities is subject to all requirements of Title I of the Community Development Act of 1974 (as amended) regardless of whether the original grant is open or closed when the program income is received. In addition, all program income expended from approved CDBG revolving loan funds is subject to all requirements of Title I of the Housing and Community Development Act. This includes all second and subsequent generation loans made from the revolving loan fund.

CDBG Program income returned to the state will be committed to a statewide economic development revolving loan fund. Program income received from all activities will be placed in the statewide economic development revolving loan fund. When there are sufficient funds available in the revolving loan fund, these shall be distributed according to the requirements of Title I of the Community and Development Act of 1974 (as amended).

NAHTF Program Income returned to the state will be deposited to the NAHTF account and redistributed according to the NAHTF regulations.

D. Combined NDED/NIFA Annual LIHTC set-aside Application Cycle Review Criteria

The 2011 HOME set-aside for Low-income Housing Tax Credit projects

The application deadlines and review process will be consistent with the 2012 Nebraska Investment Finance Authority (NIFA) Low-income Housing Tax Credit (LIHTC) Qualified Allocation Plan to be finalized in September 2011. Therefore, criteria and information in this section are proposed until approval of the Qualified Allocation Plan which undergoes an official public review and comment process in May and/or June of 2011.

NDED may award NAHTF funds to projects in order to meet the NAHTF 25% per Congressional District statutory requirement. These projects must complete the HOME application process and meet the HOME rent, income, and site review requirements.

Generally, applications that meet threshold requirements and rank highest shall receive either a Notice of Award or a Notice of Conditional Award, subject to the amount of funds available. NDED reserves the right to fund or not fund applications based on the status of other federal and state funding sources involved in the project and conditional reservations of funds, proposed project site and long-term affordability period feasibility regardless of ranking. NDED will determine the most appropriate funding source and amount for the proposed project or program. Nebraska Affordable Housing Program HOME Low-income Housing Tax Credit set-aside applications and applications will be ranked according to score.

The highest scoring application that receives a LIHTC reservation in each of the 4 Investment Zones (Western, Central, Northeast and Southeast) will receive consideration for NAHP award. The remainder of the funds will be distributed according to highest scoring application that receives an LIHTC reservation first. Applications will only receive full approval for award after a reservation of Low-income Housing Tax Credits and the approval of the NDED Director.

Application review criteria are identified in the LIHTC/HOME application guidelines available in June of 2011. These criteria include information needed to do a thorough subsidy layering review in accordance with HOME requirements.

The LIHTC/HOME application guidelines include a scoring process that will allow the applicant to make a reasonable estimate of what the score will be prior to application submission. These guidelines are also subject to a full public review and comment period in coordination with the LIHTC Qualified Allocation Plan. Generally the criteria will include the following:

- 1) Guidelines for sustainable underwriting such as debt-credit ratio requirements, trending of income and expenses, and trending of specific expenses such as property management and reserve accounts
- 2) Review of the capacity of key parties in the development and ownership of the project.
- 3) Review of the costs of development including total project cost by bedroom-size, construction cost estimates, and project soft costs such as developer fee and other contingencies.
- 4) Review legal instruments long-term project compliance such as the Land Use Restriction Act and partnership agreements.

- 5) Review of fair housing and leasing practices such as tenant selection process, lease agreements and affirmative marketing.
- 6) Review of the proposed distribution of project cash flow, income and reserve account funds.

E. Review Criteria for Non-profit Operating Assistance Grants

Review criteria will include priority for projects that demonstrate the following characteristics:

Demonstrates Desired Results:

- (a) Cost-effectiveness and Appropriateness: the organization is increasing capacity or maintain operations with appropriate milestones and timelines;
- (b) Evidence of strong, effective collaboration with Community Action Agencies and/or Development Districts;
- (c) Reasonableness: the organization will meet a demonstrated need of the community or region and the proposed customers and demonstrate the ability to continue to meet that need without NAHP assistance after 3 years if applying for capacity building.

Probability of Producing Desired Results:

- (a) Commitment of all partners: status of commitment of all other funding sources and support of the community and the region;
- (b) Demonstrated Capacity: for successful development and long-term management and ownership by the key person(s) responsible for implementation of the project; readiness, willingness and ability to work in partnership and cooperation with the department during the application review phase is a key indicator of capacity;
- (c) Consistency with Local Planning: the project is consistent with an overall community or regional economic development/community development comprehensive or regional plan.

Characteristic	Criteria	Points
Demonstrates Desired Results	Cost-effectiveness and appropriateness	0-15-37-50
Demonstrates Desired Results	Collaboration	0-15-37-50
Demonstrates Desired Results	Reasonableness	0-15-37-50
Demonstrates Desired Results	Possible Total Points	150
Probability	Commitment of all partners	0-15-37-50
Probability	Demonstrated Capacity	0-15-37-50
Probability	Consistency with Local Planning	0-15-37-50
Probability	Possible Total Points	150
	Total Possible Points	300

**Nebraska Affordable Housing Program
(NAHTF, HOME, and CDBG)
NDED Annual Housing Application Cycle Information**

Investment Zones	Eligible Applicants	Application Cycle
Central (NAHTF regions 2 and 4)	Local or regional nonprofit 501(c)(3) or 501(c)(4) housing or related service organizations, local units of government, reservation-based non-profit organizations, and public housing authorities. Applicants within the City of Omaha must apply to the City for eligible NAHTF projects.	Optional Pre-applications must be received by February 25, 2011 Pre- applications submitted on or before February 25, 2011 will receive technical assistance and recommendations from the NDED regional housing specialist Full Applications must be received by May 6, 2011
Northeast (NAHTF regions 5 and 7, including Omaha)		
Southeast (NAHTF regions 6 and 8, including Lincoln)		
Western (NAHTF regions 1 and 3)		

Application Process Timeline and Description for Homebuyer programs, Owner-occupied rehabilitation programs (CDBG), Non-profit operating assistance (NAHTF/HOME), New Construction, Acquisition or Rehabilitation Rental (NAHTF) project application

Date	Location	Action	Responsible Parties
12/17/2010	www.neded.org	Application Guidelines are posted	NDED
Application Workshop attendance is not required. The workshops are an informal presentation and discussion between interested applicants, application preparers and the designated NDED Housing Regional Specialist. Not all workshops will follow the same format and attending a workshop does not substitute for working closely with the Regional Specialist throughout the application process. Workshops will be canceled in the case of inclement weather.			
1/11/2011	Scottsbluff	Application Workshop	NDED, Applicant and Application preparers
1/12/2011	Kearney	Application Workshop	
1/13/2011	Beatrice	Application Workshop	
1/19/2011	Norfolk	Application Workshop	
2/25/2011	Lincoln NDED Office	OPTIONAL –pre-applications received on or before this date will receive a review and feedback will be provided from the NDED Regional Housing Specialist	Applicant
4/8/2011	Statewide	OPTIONAL – Reviews items must be submitted to regional reps for their review	Applicant
5/6/2011	Lincoln NDED office	Full Applications must be received	Applicant
6/13-6/20/2011	TBD	Interviews	NDED, Applicant and application preparer
August 2011	TBD	Contract Negotiations	NDED, Applicant and application preparer
10/28/2011	Lincoln NDED Office	Complete, accurate and satisfactory contract negotiation information received from applicants	Applicant and application preparer
11/19/2011		Award Letters distributed	NDED
CDBG OOR Round 2			
12/17/2010	www.neded.org	Application Guidelines are posted	NDED
7/29/2011	Lincoln NDED Office	Full applications must be received	Applicant
9/30/2011		Award letters distributed	NDED
October 2011	TBD	Contract Negotiations	NDED, Applicant and application preparer

All deadlines are in bold print. The remaining dates are for planning purposes only.

F. 2011 Nebraska Affordable Housing Program Allocation of Funds Process

Step 1: Determine the amount of funds available for award.

Funding source	HOME	NAHTF	CDBG	TOTAL
Amount (less NDED admin)	\$4,410,816	\$4,000,000	\$2,000,000	\$10,433,807

NAHTF are significantly less than previous years, therefore, the proposal is to provide NAHTF only as (1) a set-aside to Omaha to meet the 25% per Congressional District requirement, (2) a competitive application for non-profit operating funds, and (3) a competitive application for funds on a regional basis.

Step 2: The Department will reserve \$2,000,000 in CDBG funds for owner occupied rehabilitation programs, to be awarded in a statewide application pool as part of round two of the Annual Application Cycle.

Step 3: Leverage private and public resources with NDED NAHP funds

\$1,993,231 of HOME is reserved for projects with 2012 Low-income Housing Tax Credit equity as a funding source. This application is only available to projects that are also seeking (not received) an allocation of Low-income Housing Tax Credits as of September 2011. NDED may award NAHTF funds to projects in order to meet the NAHTF 25% per Congressional District statutory requirement. These projects must complete the HOME application process and meet the HOME rent, income, environmental review and site review requirements.

Step 4: Nebraska Commission on Housing and Homelessness priority for Technical Assistance/Operating Support

\$160,000 NAHTF is reserved for non-profit housing organizations to increase their capacity, expand their services or support their operational expenses.

\$223,332 HOME CHDO Operating Funds is reserved for State Designated Community Housing Development Organizations (CHDOS) who will be doing a development project in the next two years.

Step 5: Divide the remaining funds into 4 Investment Zones (Northeast including Omaha, Southeast including Lincoln, Central and Western)

- (1) A base allocation of 1/8 (half of the available non-Program set-aside funds divided by 4 zones) was distributed to each of the 4 geographic zones. This base was used to ensure each zone allocation would be sufficiently funded to allow for at least two quality projects per zone.
- (2) A formula using population as the base and weighted with the per capita personal income in 2000 was used to determine a formula allocation for the 4 Investment Zones.

Step 6: The Department requirement to award a minimum of 25% of the NAHTF to each Congressional District will partially be met by a set-aside to the City of Omaha in Congressional District 2. The City of Omaha must agree to meet some minimum standards of NDED including

a commitment to provide reasonable developer fees and/or operating costs to non-profit developers and affordable housing providers within the City of Omaha. The plan for use of the City of Omaha set-aside will be provided in the Housing and Community Development Annual Action Plan that the City develops for the U.S. Department of Housing and Urban Development. When this plan is finalized, specific projects and applicants will submit applications that meet all NDED thresholds and criteria for funding. The plan for use of funds must be completed no later than June 30, 2011 and the funds must be committed to specific projects no later than June 30, 2012.

\$1,000,000 NAHTF City of Omaha set-aside for all NAHTF eligible activities, including Low-income Housing Tax Credit projects. A minimum of 10% of the funds must be used for administration costs.

Step 7: A portion of the Investment Zone allocation is provided to Zone set-asides that have received a commitment of funds in previous years with a performance-based agreement and demonstrate compliance with all NDED Annual Housing Application Cycle Review Criteria. Eligible Investment Zone set-asides are (1) ongoing Non-profit Capacity Building projects, (2) ongoing owner-occupied rehabilitation programs, (3) ongoing homeownership programs. These projects must meet the criteria of the corresponding competitive applications. These programs have made sufficient progress in the previous year and therefore are performance-based set-asides.

Investment Zone – Western Nebraska: This is a geographic zone consisting of the Panhandle and Southwest regions of the state. (Please see map).

Zone Set-asides for owner-occupied rehabilitation to serve counties and communities within the grantees service area that are not served by other NDED owner-occupied rehabilitation programs:

\$79,791 HOME	MID NE Community Action
\$79,791 HOME	Southwest NE CBC
\$79,791 HOME	Sandhills RC&D
\$200,000 NAHTF	Panhandle Regional Program
\$79,791 HOME	West Central NE Development District

Investment Zone – Central Nebraska: This is a geographic zone consisting of the North Central and South Central regions of the state. (please see map)

Zone Set-asides for owner-occupied rehabilitation to serve counties and communities within the grantees service area that are not served by other NDED owner-occupied rehabilitation programs:

\$139,634 HOME	Housing Development Corp.
\$119,687 HOME	CNED, Inc.
\$119,687 HOME	NED, Inc.

Zone Set-asides for homebuyer programs:

\$239,373 HOME CHDO	Housing Development Corp.
\$59,834 HOME CHDO	NEHI

Investment Zone – Northeast Nebraska: This is a geographic zone consisting of the Northeast and Omaha (see step 6) regions of the state. (please see map)

Zone Set-asides for owner-occupied rehabilitation to serve counties and communities within the grantees service area that are not served by other NDED owner-occupied rehabilitation programs:

\$319,164HOME	NED Inc.
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Zone Set-aside for homebuyer programs:

\$239,373HOME CHDO	Three Rivers HDC
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Investment Zone – Southeast Nebraska: This is a geographic zone consisting of the Southeast and Lincoln regions of the state. (please see map)

Zone Set-asides for owner-occupied rehabilitation to serve counties and communities within the grantees service area that are not served by other NDED owner-occupied rehabilitation programs:

\$319,164 HOME	Southeast Nebraska Affordable Housing Council
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Zone Set-aside for homebuyer programs:

\$319,164 HOME CHDO	NeighborWorks Lincoln
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Step 8: The remaining funds in each Investment Zone are available in the NDED Annual Housing Application Cycle for homebuyer programs, owner-occupied rehabilitation programs, and new construction, acquisition or rehabilitation rental projects with pre-applications due February 25, 2011.

Investment Zone	Description	Amount available in the competitive zone application cycle for the 2011 Program Year with all Set-asides removed.
Western Nebraska	Panhandle (NAHTF region 1) and Southwest (NAHTF region 3)	\$735,301
Central Nebraska	North Central (NAHTF region 2) and South Central (NAHTF region 4)	\$669,359
Northeast Nebraska	Northeast (NAHTF region 5)	\$468,815
Southeast Nebraska	Southeast (NAHTF region 6) and Lincoln (NAHTF region 8)	\$774,957

Application guidelines are provided to apply for the above allocations.

The above totals may be reduced or increased based on actual Nebraska Affordable Housing Trust Fund receipts.

Exhibit 1
2011 Nebraska Affordable Housing Trust Fund Regions

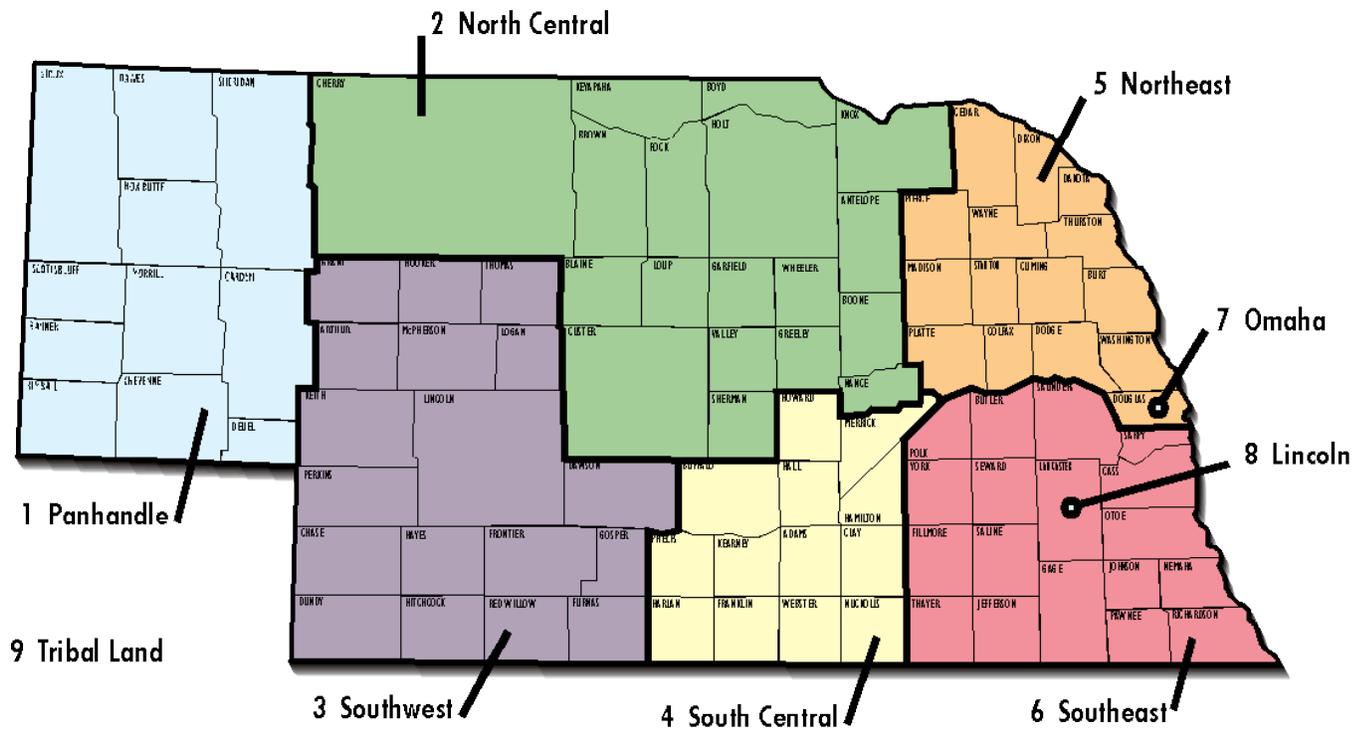
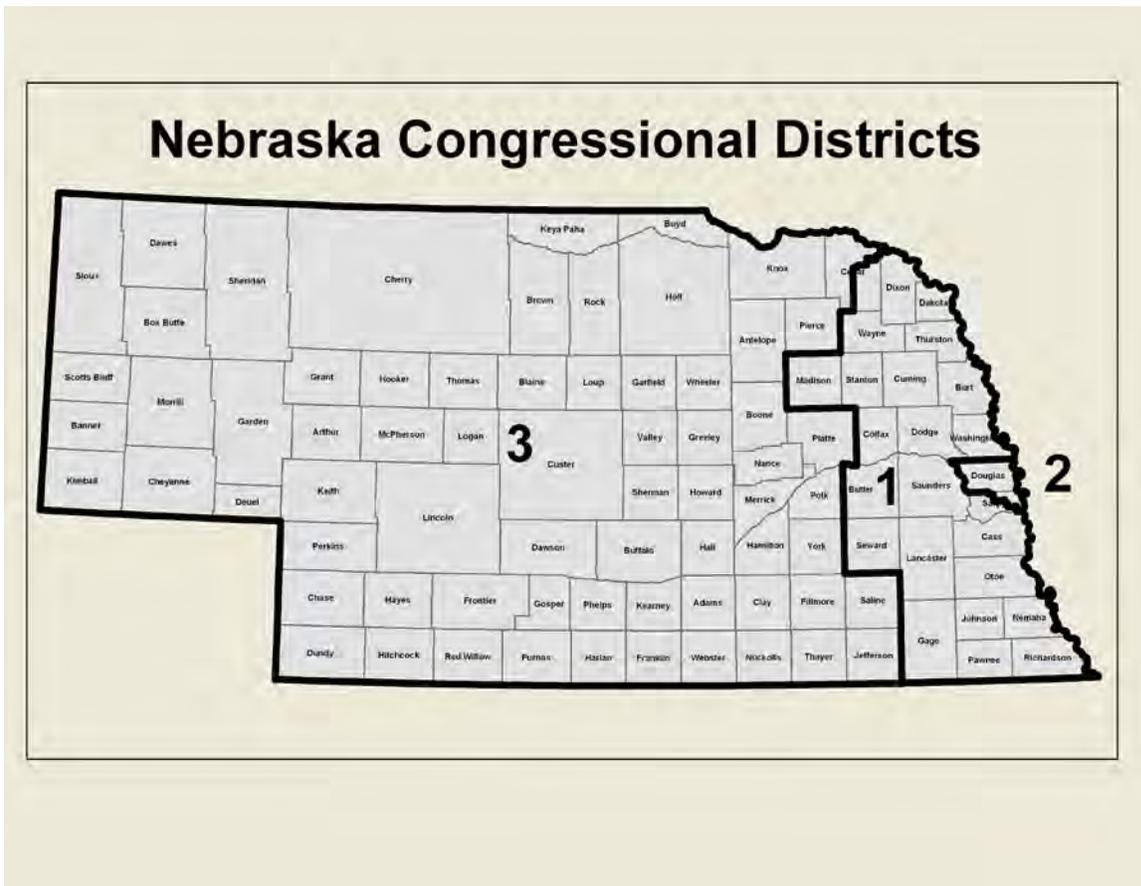


Exhibit 2



Section Four: Community Development Priority

Strengthen Nebraska communities through community development programs and services in order to provide a stable platform for economic development.

Community Development **Priority Statement & Objectives**

COMMUNITY DEVELOPMENT PRIORITY: STRENGTHEN NEBRASKA COMMUNITIES THROUGH COMMUNITY DEVELOPMENT PROGRAMS AND SERVICES IN ORDER TO PROVIDE A STABLE PLATFORM FOR ECONOMIC DEVELOPMENT.

The State of Nebraska's Objectives developed to meet the Community Development Priority include:

Objective One: Improve the quality of water and wastewater in Nebraska and assist in developing and financing appropriate infrastructure and facilities for communities and counties that have planned and set priorities for long-term development.

Objective Two: Invest in quality projects that are identified in a formal community development plan; compliment or support related community investments; leverage maximum private and/or other investment; and have reasonable plans for long-term operation and maintenance.

Objective Three: Increase capacity, efficiency, and effectiveness of local planning efforts resulting in long-term development.

Background

The following is a report on the activities the state plans to undertake during the next year to target non-housing community development problems in the five funding categories through which DED competitively allocates CDBG funds. Resources must be targeted to serious problems affecting the local economic base, public health, welfare, or safety. DED structures its community development CDBG allocations and redistributed funds around five funding categories: water/wastewater, public works, planning, comprehensive revitalization, and downtown revitalization. The types of projects funded, and the priorities and objectives for each category are included in the 2011 Annual Action Plan.

The state has an obligation to more effectively coordinate its delivery system for community development programs, services, and funding. For example, many rural Nebraska communities simply do not have facilities, such as community buildings, care centers, fire protection, and medical clinics. Because they are lacking in one or more of these facilities, the community is often in jeopardy of losing its economic base to nearby communities that can offer these services. Other communities may have these facilities, but have outgrown them, or the facilities have become economically obsolete. Another serious problem plaguing many rural communities involves water and sewer infrastructure, communities that lack public water/sewer systems or that has deteriorating facilities. Other communities have outgrown their water and wastewater systems. Some

systems no longer meet the requirements set forth by the Environmental Protection Agency. Other equally serious problems with infrastructure exist. Communities also need to support their community attraction facilities that strengthen the economic development base.

State community development resources also must be directed toward problems that are resolvable.

- Applicants must show that work on their projects can start promptly.
- Community development problems are serious compared with other problems identified in all the applications received.
- Projects will resolve community development problems in a reasonable period of time.

Development of Community Development CDBG Objectives

CDBG objectives have resulted from more than 20 years of consultation with local communities and public comment. The selection criteria and priorities outlined in the CDBG section of this Action Plan also were developed with advice and consent of the Nebraska Economic Development Commission. Priorities and objectives support the state's anti-poverty strategy of creating jobs with livable wages, and are directed toward both workers and employers. The efforts for workers include assuring that education, job training, and skill development programs adequately prepare them for the jobs that are available. The business efforts include providing economic assistance, tax credits, and loans that attract new firms; and retaining/expanding existing ones, especially businesses that hire low- and very low-income people.

Set up by state statute, the Nebraska Economic Development Commission provides leadership and advice to DED to strengthen Nebraska's position in the global economy. The commission consists of nine voting members (three each from Nebraska's three congressional districts) and the DED director (a non-voting member). For more than twenty years the CDBG Advisory Committee regularly consulted with DED in regard to the state's CDBG Program. However, in April of 2010, the duties of the CDBG Advisory Committee were assigned to the Economic Development Commission, when the CDBG Advisory Committee was eliminated from statute. In addition to its other statutory duties, the Economic Development Commission now also responsible for providing regular consultation to DED in regard to the Community Development Block Grant Program.

Actions for the 2011 Program Year

Objectives and measurable actions planned between July 1, 2011 and June 30, 2012, are listed below:

Specific Objective	Outcome/Objective	Sources of Funds	Performance Indicators	Year	Expected Number	Actual Number	Percent Complete
	Specific Annual Objective						
SL-1	Availability/Accessibility of Suitable Living Environment						
PUBLIC WORKS, WATER AND WASTEWATER, AND INFRASTRUCTURE ACTIVITIES							
SL-1.1	IMPROVE THE QUALITY OF WATER AND WASTEWATER IN NEBRASKA AND ASSIST IN DEVELOPING AND FINANCING APPROPRIATE INFRASTRUCTURE AND FACILITIES FOR COMMUNITIES AND COUNTIES THAT HAVE PLANNED AND SET PRIORITIES FOR LONG-TERM DEVELOPMENT.	CDBG	Number of LMI persons with new access to a facility or infrastructure benefit.	2010	1,000		
				2011	1,000		
				2012			
				2013			
			Number of LMI persons with improved access to a facility or infrastructure benefit.	2010	1,000		
				2011	1,000		
				2012			
				2013			
			Number of LMI persons who previously had access to only substandard facilities or infrastructure services that will now have access to safe, appropriate facilities and/or infrastructure.	2010	500		
				2011	500		
				2012			
				2013			
2014							
SL-3	Sustainability of Suitable Living Environment						
COMPREHENSIVE REVITALIZATION AND DOWNTOWN REVITALIZATION ACTIVITIES							
SL-3.1	INVEST IN QUALITY PROJECTS THAT ARE IDENTIFIED IN A FORMAL COMMUNITY DEVELOPMENT PLAN; COMPLIMENT OR SUPPORT RELATED COMMUNITY INVESTMENTS; LEVERAGE MAXIMUM	CDBG	Number of LMI persons benefitting from comprehensive revitalization and downtown revitalization activities.	2010	4,000		
				2011	4,000		
				2012			
				2013			
			Amount of public and private funds leveraged from comprehensive	2010	\$1,000,000		
				2011	\$1,000,000		
				2012			
				2013			
			2014				

	PRIVATE AND/OR OTHER INVESTMENT; AND HAVE REASONABLE PLANS FOR LONG-TERM OPERATION AND MAINTENANCE.		revitalization and downtown revitalization activities.				
OTHER	Other Objectives						
PLANNING AND TECHNICAL ASSISTANCE ACTIVITIES							
OTHER-1	INCREASE CAPACITY, EFFICIENCY, AND EFFECTIVENESS OF LOCAL PLANNING EFFORTS RESULTING IN LONG-TERM DEVELOPMENT.	CDBG	Number of LMI persons benefitting from local and regional planning projects	2010	5,000		
				2011	5,000		
				2012			
				2013			
				2014			
			Amount of public and private funds leveraged through planning projects.	2010	\$100,000		
				2011	\$100,000		
				2012			
				2013			
				2014			
			Number of technical assistance and training sessions conducted for building capacity of local government officials.	2010	4		
				2011	4		
				2012			
				2013			
				2014			

Comprehensive Revitalization Funding Category

A. Comprehensive Revitalization Category – State Objective:

The purpose of the Comprehensive Revitalization Category is to provide flexible investments in housing and infrastructure to carry out a comprehensive strategy of revitalization to stabilize, support, and enhance clearly defined residential neighborhoods with concentrations of persons with lower incomes.

B. How and What Projects May be Assisted:

The primary national objective of the CDBG Program is the “development of viable urban communities by providing decent housing and a suitable living environment, particularly for low and moderate-income persons.” Eligible activities are those identified as State Priorities in the Housing, Public Works, Planning, and Downtown Revitalization categories such as housing rehabilitation or homebuyer assistance programs; neighborhood centers or senior centers of a single or multipurpose nature designed to provide public recreational and social activities; nonprofit centers for day care, dependent care, primary health and mental health care outpatient clinics (excluding shelters defined as: hospitals, nursing homes, convalescent homes, battered spouse shelters, shelters for the homeless, halfway houses, group homes, temporary housing); accredited public libraries; single or multi-service fire/rescue buildings (fire trucks are specifically considered “public facilities” and thus eligible); removal of architectural barriers for accessibility; water distribution (only if system service connections are or will be metered) and/or sanitary sewer collection system improvements (lines on private property are eligible under LMH national objective); bridge and/or street improvements including curb, gutter, and sidewalk; storm sewer improvements; flood control (designed to influence or affect the flow in a natural water course such as a river, stream or lake); drainage improvements (i.e. retention ponds or catch basins); and tornado-safe shelters in manufactured home parks (containing not less than 20 manufactured housing units that are within such proximity of shelter to be of use in a tornado); neighborhood parks (a new facility/improvement or a quantifiable increase of an existing facility/improvement); analyses of impediments and barriers to fair housing choice; neighborhood/comprehensive/strategic development plans; functional or special studies for: housing, downtown revitalization, energy conservation and transportation; environmental, heritage tourism, and historic preservation studies; Loans to businesses located in the designated downtown business district for façade improvements; loans to businesses located in the designated downtown business district to improve deficiencies in meeting community codes; historic restoration, rehabilitation and preservation for physical structures and infrastructure in a defined downtown business district. When in support of any of the above activities, acquisition, clearance, and code enforcement activities may be undertaken.

C. CDBG National Objective.

All activities proposed in applications for CDBG funding in the Comprehensive Revitalization Category must meet one of the national objectives of either (1) benefitting low-and moderate income persons (through the subcategories LMI Area Benefit, LMI

Limited Clientele, or LMI Housing); or (2) aiding in the prevention or elimination of slums or blight. A project or project activity that fails to meet one of these specified national objectives is ineligible.

D. Grant Amount, Leverage and Distribution of Comprehensive Revitalization Category Funds:

DED has conditionally guaranteed grant awards in 2009, 2010 and 2011 under the Comprehensive Revitalization Category for up to eight non-entitlement local governments, between 49,999 and 20,000 in population, based on the greater amount for either: a minimum funding level of \$175,000 or the formula allocation according to the number of low- and moderate-income persons residing in the community. The funding allocations are determined by dividing the amount of the CDBG Program funds available for distribution in the Downtown Revitalization, Housing, Planning, Water Wastewater and Public Works categories (excludes Economic Development and Tourism Development categories) by the total number of low and moderate-income (LMI) persons residing in the non-entitlement areas of the state multiplied by the number of LMI persons residing in the eligible community. The source of the LMI persons is the U.S. Department of Housing and Urban Development calculations from 2000 Census data.

The six of seven eligible communities and approximate funding allocations are shown below (based on available allocation for 2011 Downtown Revitalization, Housing, Planning and Community Development Category distribution of \$5,499,097, divided by a non-entitlement LMI population of 411,329 equals \$13.369/capita, multiplied by the respective number of LMI persons).

City	LMI pop.	Formula	Allocation
Columbus	8,107	\$108,382	\$ 175,000
Fremont	9,502	\$127,032	\$ 175,000
Grand Island	17,349	\$231,939	\$ 231,939
Kearney	10,203	\$136,404	\$ 175,000
Norfolk	9,648	\$128,984	\$ 175,000
North Platte	10,087	\$134,853	\$ 175,000
	64,896	\$867,594	\$1,106,938

All activities, except general administration, require 1:1 leverage. Proposed leverage must be from CDBG eligible activities directly related to the proposed project(s) in the same neighborhood or directly benefiting a substantial majority of the LMI persons or families residing within the neighborhood during the grant award period. Consideration for leverage will be given for such sources as public/private cash, loans and program income from prior awards.

The general administration activity cannot exceed 8% of the city’s allocation. The housing management activity cannot exceed 8% of the city’s allocation. These amounts are taken out of the CDBG CR funds allocation for each city. General Administration and Housing Management activities require no matching funds.

Up to 25% of each community's allocation can be used for activities eligible for assistance under the Downtown Revitalization funding category; provided that such activities were identified as needs in the comprehensive needs assessment, and provide a benefit to low/moderate income residents of the community. If the CR grantee is awarded a Downtown Revitalization grant, 0% of the CR allocation may be used for activities eligible for assistance under the Downtown Revitalization funding category;

Grantees with open Comprehensive Revitalization awards cannot apply in any CDBG Water Wastewater or Public Works category.

E. Application Submission, Threshold and Review Criteria:

Seven of eight eligible communities were awarded funds in May 2005 to complete a Comprehensive Needs Assessment and a Revitalization Strategy. The communities completed Comprehensive Needs Assessment studies to identify all areas of low and moderate-income concentrations and inventoried all types and degree of housing and community development needs within each area (HUD Census data is available that identifies LMI areas in each community; however, proposed activities that do not coincide with these boundaries were supplemented by income survey of the activity service area). The Comprehensive Revitalization Strategy and needs assessment studies were submitted and the seven communities participated in three years of annual CDBG funding for meeting the needs of LMI persons in the designated areas of the community's strategy. Prior to funding each of the three years an updated Assessment/Strategy and Comprehensive Revitalization was submitted indicating the progress and improvements conducted in the project areas.

Eligible communities interested in the three year (2009-2011) Comprehensive Revitalization category submitted a Comprehensive Revitalization application to DED by April 15, 2009 to complete a Comprehensive Needs Assessment and a Revitalization Strategy. The Comprehensive Needs Assessment identified all areas of low and moderate-income concentrations and inventoried all types and degree of housing and community development needs within each area (HUD Census data is available that identifies LMI areas in each community; however, proposed activities that do not coincide with these boundaries must be supplemented by income survey of the activity service area). All types of needs were considered whether eligible for state/federal CDBG or not eligible. The Revitalization Strategy set a one, two and three year action plan to meet the needs of the LMI neighborhood(s) selected for investment. The Needs Assessment and Revitalization Strategy process involved citizen participation, particularly LMI residents, in all development and implementation phases.

For communities meeting timely expenditure rates, it is anticipated that an updated Assessment/Strategy and Comprehensive Revitalization application will be submitted in April 2011 for Action Plan-Year Two funding and April 2012 for Action Plan-Year Three funding. The updated Assessment/Strategy must include program performance and any needs that remain unmet in the selected target areas. The identified needs of the initially selected target area(s) must be substantially addressed before investments in any new target area(s) can be proposed.

During the Assessment/Strategy and Application process, DED may require revisions before the documents can be approved. If this is necessary, communities will be allowed a maximum 30 days to conduct appropriate revisions and re-submit the requested documents to DED. Communities that fail to meet these deadlines will forfeit their Comprehensive Revitalization funding allocation.

Comprehensive Revitalization Milestone Summary

Complete Needs Assessment/Strategy	May 20 – Nov 20, 2009
2009 CR application for Phase I due	January 29, 2010
Phase I implementation	Feb 26, 2010 – March 31, 2011
2010 CR application for Phase II due	April 15, 2011
Phase II implementation	July 1, 2011 – Aug 31, 2012
2011 CR application for Phase III due	June 16, 2012
Phase III implementation	July 2, 2012 – Aug 30, 2013

Threshold requirements must be met prior to application review. Applications will not be considered and returned if the following threshold requirements are not met:

- applicant is eligible;
- activities are eligible and comply with national CDBG objectives and state CDBG priorities;
- applicant has no significant, unresolved audit finding;
- applicant has no legal actions under way that may significantly impact its capacity;
- applicant is following a detailed citizen participation plan and anti-displacement plan;
- applicant has adopted authorizing participation resolution;
- applicant must have addressed and cleared all compliance problems (i.e. Davis-Bacon, acquisition, fair housing, etc.), if any, from past awards and have response accepted by DED;
- applicant is current with all reporting requirements (semiannual status reports, closeout reports, audit reports, notification of annual audits, etc.)
- 2011 applicant has drawn down 90% of any 2009 CDBG funds and 100% of any 2008 or prior year CDBG funds (this requirement excludes Comprehensive Revitalization, Economic Development, Planning, and Tourism Development CDBG funds).

The percentage for funds drawn down shall be figured by DED based on the final application acceptance date, except when an applicant is awarded funds after initial award date, obligated and drawn down funds shall be based on a proportionate number of months lapsed since initial grant award. DED shall contact an applicant if additional information is required.

Community Development Funding Category (Includes Public Works & Water Wastewater)

A. Community Development Category – State Objective:

The purpose of the Community Development Category is to provide for investments in effective and affordable infrastructure to quality communities that are investing in long-term development. This provides a sound basis for fostering local economic development. This recognizes the importance of the availability and condition of public works/facilities and housing in business expansion and location decisions. Funded projects shall develop the state's communities and counties by providing residents with basic public works/facilities with the opportunity to maximize energy efficiency.

B. How and What Projects May be Assisted

Distribution of Community Development Category Funds:

DED will award grants under the Community Development Category to eligible local governments to carry out public works/facilities and projects meeting the national and state CDBG objectives through:

Public Works: Single or multiple activities that contribute to the revitalization of neighborhoods or specific target areas that are contiguous and substantial which have concentrations of LMI families. Activities given priority are: community centers or senior centers of a single or multipurpose nature designed to provide public recreational and social activities; nonprofit centers for day care, primary health and mental health care outpatient clinics (excluding shelters defined as: hospitals, nursing homes, convalescent homes, battered spouse shelters, halfway houses, group homes, temporary housing); remodel shelter facilities for the homeless (excludes costs for operation); accredited public libraries; single or multi-service fire/rescue buildings (fire trucks are specifically considered “public facilities” and thus eligible); removal of architectural barriers from City/Village Halls or County Courthouses for accessibility; parks (a new facility/improvement or a quantifiable increase of an existing facility/improvement); water distribution (only if system service connections are or will be metered) and/or sanitary sewer collection system improvements (lines on private property are eligible under LMH national objective); bridge and/or street improvements including curb, gutter, and sidewalk; storm sewer improvements; flood control (designed to influence or affect the flow in a natural water course such as a river, stream or lake); drainage improvements (i.e. retention ponds or catch basins); and tornado-safe shelters in manufactured home parks (containing not less than 20 manufactured housing units that are within such proximity of shelter to be of use in a tornado). When in support of any of the above activities, acquisition, clearance, and code enforcement activities may be undertaken.

Water Wastewater: Activities that are designed to address and resolve a specific problem/need that will contribute to the revitalization of a community or specific target areas that are contiguous and substantial, where there is a concentration of lower income families. Activities given priority are publicly owned water system improvements including, source, treatment, storage and/or distribution improvements; publicly owned sanitary sewer collection and/or treatment system improvements. When in support of any of the above activities, clearance activities may be undertaken.

Funds can be available for each of three phases: preliminary engineering/planning, final design engineering, and construction.

Preliminary Engineering/Planning. Funds are available for preliminary engineering reports or facility plans that will result in a comprehensive assessment of a community's entire water or sewer system and can reasonably be expected to result in a construction project within two years of the grant award. Reports/Plans must be reviewed and accepted by Water Wastewater Advisory Committee or appropriate regulatory agencies before the grant is closed out.

Final Design. Communities may be invited to submit an application for final engineering design to include the following items: final engineering design and bid specifications; detailed cost estimates, including all items necessary to complete the project; identification of all permits and approvals necessary to construct the project with a schedule showing a realistic review and approval process for each; maps showing the specific location of the project; environmental review of the project that complies with implementing regulations of HUD; costs for activities leading up to acquisition, such as appraisals; and grant administration. Final design recipients must have regulatory agency approval of plans and specifications before the grant is closed out and before CDBG construction application is submitted.

Construction. Communities may be invited to submit an application for construction activities such as preparation of environmental review, acquisition of real property (only if an option to purchase is secured and effective), bid process, construction of improvements, construction management, general administration and legal. Projects for water system improvements will be considered only if service connections are metered or if the project will include installation of meters.

When appropriate, a single grant application for both final design and construction may be obtained; however, grantees must have all land acquired, options taken or condemnation proceedings begun, regulatory agency approval of plans and specifications and all bids opened within 12 months of award or CDBG construction funds will be terminated.

C. CDBG National Objective.

Public Works: All activities proposed in applications for CDBG funding in the Public Works subcategory must meet the national objective of benefitting low-and moderate income persons. This includes only the subcategories of LMI Area Benefit or LMI Limited Clientele. A Public Works project or project activity that fails to meet the

national objective of benefitting low-moderate income persons through the LMI Area Benefit or LMI Limited Clientele subcategory is ineligible.

Water Wastewater: All activities proposed in applications for CDBG funding in the Water Wastewater subcategory must meet the national objective of benefitting low-and moderate income persons. This includes only the subcategory of LMI Area Benefit. A Water Wastewater project or project activity that fails to meet the national objective of benefitting low-moderate income persons through the subcategory of LMI Area Benefit is ineligible.

D. Grant Amount and Matching/Leverage

Maximum PW/WW grant amount is \$350,000. The maximum grant amount for a single water or wastewater project includes final design and construction components for a period of five years (applicants cannot separate a project into phases, such as water source in one phase and water storage or distribution in a separate phase or sanitary sewer treatment in one phase and sanitary sewer collection in a separate phase, to apply for more than one grant). The cost per resident beneficiary cannot exceed \$3,000, except for daycare where it cannot exceed \$5,000.

The maximum Preliminary Engineering/Planning grant amount is \$30,000 for a community/unincorporated county and \$50,000 for multi-community, countywide or regional report.

CDBG funds estimated for distribution are \$962,252 for Public Works and \$1,049,729 for Water Waste/Water.

All community development activities require a 25% match (minimum 12.5% non-CDBG cash, in-kind services, contributions) of the total project cost. General administration activities require no matching funds. General Administration for Preliminary Engineering Reports shall not exceed 7% of the CDBG award or \$1,500 whichever is greater.

E. Threshold and Review Criteria for Submitting Applications

Community Development Category/Applicant Submission and Grantee Selection:

Eligible local governments may individually or jointly apply and receive only one grant per year in the Public Works (PW) Category. Eligible local governments may also individually or jointly apply and receive only one grant per year in the Water Wastewater (WW) Category. Projects are to be completed within 24 months following award.

Public Works applications will be submitted as prescribed in the Community Development application guidelines. Public Works applications will be accepted beginning June 20, 2011 through July 1, 2011. Applications will be accepted during this period based on U.S. Postal Service postmark date or date of delivery by other means. If CDBG funding in the Public Works category is not awarded in the first round of application acceptance, the Department may determine, in its sole discretion, to accept a second round of Public Works applications. Should the Department decide to accept a

second round, the details and dates of acceptance will be publically announced by the Department.

Water Wastewater applications (preliminary engineering, final engineering, construction) will be accepted throughout the year beginning May 2, 2010. A coordinated application process is used to fund priority water wastewater projects. This coordinated application process is accomplished between the following federal and state agencies: U.S. Department of Agriculture Rural Development, the Nebraska Department of Health and Human Services, the Nebraska Department of Environmental Quality and DED.

Threshold requirements must be met prior to review. Applications will not be considered if the following threshold requirements are not met:

- applicant is eligible;
- applicant for multi-jurisdictional application is a direct participant in the study/project, can not serve only as a pass through for CDBG funds or only as the general administrator;
- activities are eligible and comply with national CDBG objectives and state CDBG priorities;
- applicant has no significant, unresolved audit finding;
- applicant has no legal actions under way that may significantly impact its capacity;
- applicant is following a detailed citizen participation plan and anti-displacement plan;
- applicant has adopted authorizing participation resolution;
- applicant must have addressed and cleared all compliance problems (i.e. Davis-Bacon, acquisition, fair housing, etc.), if any, from past awards and have response accepted by DED;
- applicant is current with all reporting requirements (semiannual status reports, closeout reports, audit reports, notification of annual audits, etc.);
- PW applicant meets minimum selection criteria scores of 5 points for needs identification, and 50 points for impact of activities on identified needs;
- applicant must have the DED approve the method and determination for meeting the national CDBG objective for benefit to low and-moderate income (LMI) persons before application submission;
- 2011 applicant has drawn down 90% of any 2009 CDBG funds and 100% of any 2008 or prior year CDBG funds (this requirement excludes Economic Development and Tourism Development CDBG funds); and
- applicant does not have an open Comprehensive Revitalization grant.

The percentage for funds drawn down shall be figured by DED based on the final application acceptance date, except when an applicant is awarded funds after initial award date, obligated and drawn down funds shall be based on a proportionate number of

months lapsed since initial grant award. DED shall contact an applicant if additional information is required.

Public Works applicants meeting threshold requirements are reviewed by DED on a competitive basis according to the Selection Criteria Matrix. Applicants ranking highest in competitive order shall be selected for funding subject to the amount of funds available for each priority.

Public Works - Selection Criteria Matrix

The matrix below delineates each selection criterion as a numerical score applied to Public Works. The minimum threshold scores are: 5 points for needs identification and 50 points for project impact.

(1)	(2)	(3)	(4)	(5)	(6)	
CNF	Needs Identification	Project Impact	National Objective	Local Effort	Leverage	TOTAL
80	50	150	70	100	50	500

(1) Community Need Factors (CNF) scoring on four statistical factors (each valued at 0, 5, 10, 15, or 20 points) that measure the applicant’s economic distress: (a) population change, based on the applicant’s percent change in population from 1990 to the most current year for which the U.S. Bureau of the Census has reported a count or estimate compared to the statewide percent change in population; (b) income, based on the most recent estimate of per capita income for the applicant reported by the U.S. Bureau of the Census compared to the state per capita income; (c) unemployment, based on the most recent unemployment rate of the applicant’s county reported by the Nebraska Department of Labor compared to the state average unemployment rate; and (d) retail sales change, based on the applicant’s percent change in net taxable sales from 1990 to the most recent year reported by the Nebraska Department of Revenue compared to the state percent change in net taxable sales. With a maximum score of 20 points on each of the four factors, the maximum possible total CNF total score for an applicant is 80. The CNF scoring categories for 2011 are:

SCORING CATEGORIES FOR COMMUNITY NEEDS FACTORS

<u>Population Change, 1990 - 2008 (State Increased 13.0%)</u>	<u>1999 Per Capita Income as Percent of State Average</u>	<u>2009 County Unemployment Rate as Percent of State Average</u>	<u>Net Taxable Sales Change, 1990 - 2006 (State Increased 103.2%)</u>
>=13.0%	0 >=100.0%	0 <=100.0%	0 >=103.2%
(3.5)% - 12.9%	5 90.0% to 99.9%	5 100.1% to 133.3%	5 61.7% - 103.1%
(20.0)% - (3.6)%	10 80.0% to 89.9%	10 133.4% to 166.6%	10 20.1% - 61.6%
(36.5)% - (20.1)%	15 70.0% to 79.9%	15 167.7% to 199.9%	15 (21.5)% - 20.0%
<=(36.6)%	20 <=69.9%	20 >=200.0%	20 <=(21.6)%

Population Change. To receive any points in the population change category, an applicant must have a population increase less than the statewide average percent increase. From 1990 to 2008, the state population increase was 13 percent. To receive the maximum of 20 points in this category, an applicant must have a decrease in population greater than that of the Nebraska county with the greatest percent decrease in population. From 1990 to 2008, Blaine County had the highest percent decrease at -36.6 percent.

Income. To receive any points in the income category, an applicant must have a per capita income less than the state average. In 1999—the most recent year for which the U.S. Bureau of the Census reports income data for communities—the state per capita income was \$19,613. To receive the maximum of 20 points in this category, an applicant must have a per capita income less than 70 percent of the state average.

Unemployment. To receive any points in the unemployment category, an applicant must be in a county with an unemployment rate greater than the state average. In 2009, the state unemployment rate was 4.6 percent. To receive the maximum of 20 points in this category, an applicant must be in a county with an unemployment rate at least double the state average.

Retail Sales Change. To receive any points in the retail sales category, an applicant must have an increase in net taxable sales less than the state percent increase. From 1990 to 2006, net taxable sales in the state increased 103.2 percent. To receive the maximum of 20 points in this category, an applicant must have a decrease in net taxable sales greater than that of the Nebraska county with the greatest percent decrease in net taxable sales. From 1990 to 2006, Rock County had the highest decrease at -21.6 percent.

(2) Needs Identification - applicant's description of public participation and the process used to identify community needs and allocate resources to address needs will be compared to other applicants with: 0 points- Below Average; 5 points – Average (needs identification). The community has completed a comprehensive community needs assessment process including citizen participation. The process includes but is not limited to developing and distributing community attitude surveys, holding public meetings to develop community priorities and involving local groups and organizations to develop community priorities. Activities must have been completed in the last three years prior to the date of the application submission. 30 points – Above Average (needs identification, development and implementation) The community has completed the above needs identification activities, has identified and prioritized survey results from the needs assessment process, has been involved in developing ongoing community action plans for short and long-term projects (*Action plans must include strategies/goals, action tasks, timelines, estimated financial assistance needed, potential sources of assistance, and responsible parties to oversee goal progress.*). Community must also show significant community and economic development efforts with citizen participation within the last three to five years as a result of community needs assessments, participation, and planning efforts. The community must show

evidence of a broad base of projects and/or programs that have been implemented and completed within the last three to five years; 50 points – Outstanding (needs identification, development and implementation, sustainability) The community has completed above needs identification, development and implementation, and in addition adopted or updated a comprehensive plan, housing study and/or capital improvement plan within the last five to seven years. The community can show participation in the Nebraska Community Improvement Program (NCIP) and/or show evidence of other economic or community initiatives such as implementing LB840 and/or completing a business retention and expansion survey for the community. (Maximum 50 points, minimum threshold score 5 points)

(3) Project Need, Impact and Readiness– the seriousness of the need(s) being resolved, the project impact and readiness will each be evaluated. For PROJECT NEED: 0 points - less serious problems (i.e. facility needs functional improvements like kitchen or parking, minor code violations, expanding access, repair due to pending highway construction, etc.); 25 points - moderately serious problems (i.e. health & safety threat to users, facility not physically accessible, undersized or lacking space, infiltration and inflow or decrepit distribution lines, etc.); 50 points - severe and widespread problems exist in service area (i.e. no facility or cannot house or will lose a basic program/service, no similar facility or service within reasonable distance, significant structural problems, etc). For PROJECT IMPACT: 0 points - the activity or application does not clearly address the identified need(s), design life, maintenance capacity, duplication of activity, etc.; 25 points - the project will significantly address the identified need(s) in the service area, has a long term design life and maintenance capacity and will not duplicate other facilities in the area, etc; 50 points - the proposed project will substantially address the identified need(s) in the service area, has a long term design life and maintenance capacity and will not duplicate other facilities in the area. For PROJECT READINESS: 0 points - little preliminary work is done on project, site or financing, unrealistic or unclear construction timetable, etc; 25 points - significant preliminary work is done, project is feasible and cost estimates reliable, financial resources have been investigated and are pending, optional sites are available, average construction timetable, etc; 50 points - substantial preliminary work is done, project is feasible and cost estimates reliable, non-CDBG financial resources are committed, site is controlled, environmental agency consultation has been completed, construction can be promptly started and completed. (Maximum score 150 points, minimum threshold score 50 points)

(4) National Objective Impact – projects that primarily benefit low and moderate-income (LMI) persons will be scored up to 70 points based on the median percentage of LMI persons benefiting and the median number of LMI persons benefiting as compared to all LMI applicants with: (a) 40 points for at or above the median percentage of LMI persons benefiting and 20 points for below the median and greater than 55% LMI persons benefiting (0 points below 55% LMI) and (b) 30 points for at or above the median number of LMI persons benefiting and 0 points for below the median number of LMI persons benefiting. The

median is the middle piece of data when those data are placed in numerical order.
(Maximum 70 points)

- (5) Local Effort Factor: the measure of an applicant's fiscal effort to maintain and improve its public facilities through local government tax revenues. The local effort factor is calculated as follows: divide the latest complete fiscal year local government tax revenues, including local sales tax revenues, by the product of the applicant's most recent counted or estimated population reported by the U.S. Bureau of the Census and the applicant's most recent per capita income. The local effort formula is: $\text{Local Effort Factor} = \text{Local Government Revenue} / (\text{Population} \times \text{Per Capita Income})$.

The local effort scores of applicants within a CDBG Community Development priority are calculated based on the median local effort factor for those applicants. Applicants are competitively scored only with those in the same priority. The local effort score for each applicant is calculated by first determining the result for the following formula: $x = (\text{Local Effort Factor} / \text{Median}) \times 50$. The result of this formula is the local effort score for the applicant if less than 100; if not, the local effort score is 100, the maximum possible local effort score allowed for applicants.

- (6) Leverage - local and other funds or in-kind contributions committed to the project's activities that exceed the required match. Leverage is scored based on two points per percentage that exceeds the required match. (Maximum 50 points)

Preliminary Engineering/Planning Selection. Communities intending to receive funds for a Preliminary Engineering Report or Facility Plan must submit a full application to DED. Following technical review of the proposed Report/Plan by an interagency team and any necessary clarification, DED will review suitable applications for the following items on a meets/doesn't meet criteria.

- Need for project: Description of the need faced by current residents, explanation of how need determined, description of community/area being served, and analysis that indicates meeting CDBG LMA national objective.
- Impact of the project: Description of the report/plan to be provided. This section must include the engineer that will conduct the study. (Application must demonstrate that Engineer is properly appointed or procured).
- Outcomes and evaluation: Local government must certify that the Preliminary Engineering Report will follow the Guide developed by the Water Wastewater Advisory Committee (WWAC), or for Facility Plans, that it will follow guidance from the Department of Environmental Quality. (The grant contract will require review and acceptance by the appropriate regulatory agency or WWAC before the grantee accepts the final product. If the final product is not approved, costs for the report/plan will be disallowed).
- Scope of Work and budget: Statement of the process for conducting the study and a financial budget. Include a description of the work tasks to be performed resulting in the completion of an approvable report/plan, a schedule for completion of work tasks

and outputs, and an estimate of hours to complete work tasks. Commitment by local government to proceed and complete study in a timely manner based on timeline.

Selection is based on the eligible applicant successfully meeting all four items. The application must document compliance with national objective of benefiting low and moderate-income persons. Awards will be reserved until December 31, 2010 for projects scoring 85 or more points on the Drinking Water State Revolving Fund (DWSRF) and 55 or more points on the Clean Water State Revolving Fund (CWSRF) priority systems, after January 3, 2011 CDBG funds may be considered for lower priority projects if funds remain available.

Potential Water Wastewater applicants for final design or construction must submit a pre-application consisting of a cover sheet and a preliminary engineering report. An interagency team will concurrently review the engineering report within 60 days of submission for technical, operational, and financial aspects of the project. Substantive concerns must be addressed before the interagency team will recommend logical funding sources to which a full application should be submitted. Each funding agency will follow its own full application process.

Water Wastewater applicants will be reviewed by DED according to the following threshold factors before a CDBG application is invited: 1) priority ranking as determined by Drinking Water State Revolving Fund (DWSRF) or Clean Water State Revolving Fund (CWSRF) priority system (invitations will be reserved until December 31 for projects scoring 85 or more points on the DWSRF and 55 or more points on the CWSRF, after January 3, 2011 CDBG funds may be considered for lower priority projects if funds remain available); 2) appropriateness and completeness of solution in terms of size, capacity and demand for the community as well as technical, operational and financial aspects of the project (solutions must alleviate high priority needs, reasonably projected average residential user fee must exceed \$20/month after grant assistance); and 3) readiness to promptly start and complete construction to include, but not be limited to, verification of reliable water source if applicable, status of plans and specifications, and commitment of non-CDBG funds to complete the project.

Ties shall be broken for Preliminary Engineering Reports and Water Wastewater projects when two or more projects: a) have equivalent State Revolving Fund priority ranking, b) propose appropriate solutions, c) are ready to promptly start and complete activities, and d) adequate CDBG funding for all projects is not available. The community with the highest percent of low- and moderate-income persons shall have priority.

Applications recommended for approval through these processes will be presented to DED's director and to the office of the Governor for grant award. The DED director has the authority to ask for reconsideration of recommended project awards to assure compliance with the submission and selection criteria. The Department will send a formal Notice of Approval letter to the applicant community receiving application approval.

Planning Funding Category

A. Planning Category – State Objective

The purpose of the Planning Category is to provide communities the opportunity to solve problems and meet citizen needs through a community planning process that assesses community development needs, develops options for meeting those needs, and packages work plans or carries out processes that lead to successful projects.

B. How and What Projects May be Assisted & Distribution of Planning Category Funds

DED will award grants under the Planning Category to eligible local governments to carry out local and regional planning activities (strategic or special projects) meeting the national and state CDBG objectives. These plans should lead to project financing through other categories in the CDBG Program or funding solutions through other federal/state/local/nonprofit entities or a combination of various funding resources. In general, eligible planning activities include: studies, analysis, data gathering, identification of implementation actions, and preparation of plans. These planning projects include:

- Community strategic planning; such as: environmental scan, needs assessment, citizen participation, downtown revitalization, and fiscal management.
- Analyses of impediments and barriers to fair housing choice.
- Neighborhood/comprehensive/strategic development plans.
- Functional or special studies for: housing, infrastructure, community economic development, land use/ regulatory measures, business park site/location/use feasibility study, main street improvement district, downtown revitalization, energy conservation and transportation.
- Environmental, heritage tourism, and historic preservation studies.
- Pre-engineering studies for publicly owned water/wastewater projects.

Ineligible activities include: engineering, architectural and design work related to a specific activity; implementation of the plan; operating costs for an organization; and the preparation of a CDBG application.

C. CDBG National Objective.

All activities proposed in applications for CDBG funding in the Planning Category must meet one of the national objectives of either (1) benefitting low-and moderate income persons (through the subcategories of LMI Area Benefit, LMI Limited Clientele, or LMI Housing); or (2) aiding in the prevention or elimination of slums or blight. A project or project activity that fails to meet one of these specified national objectives is ineligible.

D. Grant Amount and Matching/Leverage

No more than 60% of CDBG funds allocated will be awarded from the first application cycle. Maximum grant is \$30,000 per community/unincorporated county. Maximum

grant for multi-community, countywide, or regional planning projects may not exceed \$50,000. There is an estimated \$349,910 reserved for planning projects out of the 2011 Community Development Block Grant allocation.

All planning activities require a 25% match (minimum 12.5% non-CDBG cash, in-kind services, contributions) of the total project cost. General administration activities require no matching funds. General administration activities shall not exceed 7% of the CDBG funds awarded or \$1,500, whichever is greater.

E. Threshold and Review Criteria for Submitting Applications

Eligible local governments may individually or jointly apply and receive more than one grant per cycle in the Planning Category. The applicant local government in multi-jurisdictional application must also be a direct participant in the study/project. The applicant local government cannot serve only as a pass through for CDBG funds or only as the general administrator of the study/project. All municipalities must be involved with the same project, which addresses a common issue. The product can, however be packaged to meet individual municipal or county needs. There must be a product for the regional study and each municipality or county may have its own product that addresses local recommendations, strategies, or needs as an example. Projects are to be completed within twenty-four (24) months following award.

Applications will be submitted as prescribed in the CDBG application guidelines. Applications will be accepted during three cycles. The first cycle is March 31, 2011 through April 14, 2011 and the second cycle is October 19, 2011 through October 31, 2011. The third cycle is an open cycle and applications will be accepted beginning January 11, 2012 and will continue until CDBG Planning Category funds are depleted. Applications will be reviewed, scored and ranked according to the four reserve zones as indicated on the reserve zone map for planning (Exhibit 3, Section 4-31). The maximum amount, which may be awarded in each reserve zone the 1st cycle is \$100,000, unless there is a balance not awarded from other reserve zones. The balances available from the reserve zones are available on a statewide basis for awards to applicants not awarded in each reserve zone, which exceeds its \$100,000 maximum. Those applicants will be ranked on a state wide basis and considered for awards. Reserve Zone Map (Exhibit 3, Section 4-31).

Applications will be accepted during these periods based on U.S. Postal Service postmark date or date of delivery by other means. Applications not funded during the cycle may be carried over to the next 2010 cycle at the request of the applicant or may be resubmitted during the next 2010 -application cycle.

Threshold Requirements

Applications will be returned and not considered if they fail to meet any of the following threshold requirements prior to review:

- applicant is eligible;
- applicant for multi-jurisdictional application is a direct participant in the study/project, can not serve only as a pass through for CDBG funds or only as the general administrator;

- multi-jurisdictional applicants are involved with the same project which addresses a common need. The regional study has a product, each municipality or county may have its own product that addresses local recommendations, strategies, or needs as an example;
- activities are eligible and comply with national CDBG objectives and state CDBG priorities;
- applicant has no significant, unresolved audit finding;
- applicant has no legal actions under way that may significantly impact its capacity;
- applicant is following a detailed citizen participation plan and anti-displacement plan;
- applicant has adopted authorizing participation resolution; and
- applicant must have addressed and cleared all compliance problems (i.e. Davis-Bacon, acquisition, fair housing, etc.), if any, from past awards and have responses accepted by DED;
- applicant is current with all reporting requirements (semiannual status reports, closeout reports, audit reports, notification of annual audit reports, etc.)
- applicant meets minimum selection criteria score of 400 points (includes no criterion with a 0 score; except for leverage).
- applicant must have DED approve the method and determination for meeting the national CDBG objective for benefit to low and-moderate income (LMI) persons before application submission; and
- 2011 applicant has drawn down 90% of any 2009 CDBG grant and 100% of any 2008 or prior year CDBG grant (this requirement excludes Economic Development and Comprehensive Revitalization CDBG funds).

The percentage for funds drawn down shall be figured by DED based on the final application acceptance date, except when an applicant is awarded funds after initial award date, obligated and drawn down funds shall be based on a proportionate number of months lapsed since initial grant award. DED shall contact an applicant if additional information is required.

Application Process

Applicants meeting threshold requirements are reviewed by DED on a competitive basis according to the Selection Criteria Matrix for the 2011 Planning Category. Applicants ranking highest in competitive order shall be selected for funding, subject to the amount of funds available.

Applications recommended for approval through these processes will be presented to DED's director and to the office of the Governor for grant award. The DED director has the authority to ask for reconsideration of recommended project awards to assure compliance with the submission and selection criteria. The Department will send a formal Notice of Approval letter to the applicant community receiving application approval.

Selection Criteria

This matrix delineates each selection criterion as a numerical score applied to the Planning Category. The minimum total threshold score is 400 points (including no criterion with 0 points scored; except for leverage). Each selection criterion includes a separate minimum threshold score for qualifying the application. All selection criteria will be scored in five point increments. Each selection criterion shall be scored on a scale.

(1)	(2)	(3)	(4)	(5)	(6)	
PROBLEM STATEMENT	IMPACT	STRATEGY	NATIONAL OBJECTIVE	LEVERAGE	WORK PLAN/ BUDGET	TOTAL
175	200	250	70	50	175	920

- (1) Problem Statement –the significance of the stated problem will be scored as compared to other applicants with: 0-50 no problem, 55-95-minor problems, and 100-175-major problems. The three criteria are scored for: (a) explanations of the overall purpose on the project application and factual information that illustrates the severity of the community's problems up to 75 points; (b) past efforts to resolve the problem and meet community needs up to 50 points; and (c) stated goals and objectives for resolving the problem statement with a description of how the community was included in the citizen participation process to determine the objectives for problem resolution up to 50 points. (Maximum 175 points with a minimum threshold 50 point).
- (2) Impact –the impact of the problem solution will be scored as compared to other applicants with: 0-55 inadequate, 60-120 average, and 125 –200 above average. The three criteria are scored for: (a) description of the alternatives considered to deal with the need(s) and the rationale for selecting the proposed solution up to 50 points; (b) description of the proposed project in measurable units, the degree to which these accomplishments will reduce or eliminate the need(s), and any plans to eliminate what needs remain up to 125 points; and (c) indication of whether there has been a formal study/report completed that recommends the proposed solution, and if so, who completed it and when up to 25 points. (Maximum 200 points with a minimum threshold of 60 points).
- (3) Strategy – the project planning strategy for problem solution and community impact will be scored as compared to other applicants with: 0-45 inadequate, 50-95 below average, 100-145 average, 150-195-above average, and 200-250 more than adequate. The following five criteria will be scored on a maximum of 50 points per each: (a) detailed description of the planning activities and the methods for achieving goals and objectives; (b) the objectives for meeting the goals along with a timeline for problem resolution; (c) description of the project outcome as expected in measurable terms; (d) outline and scheduling (timeline) of how broad-based community involvement/awareness will be included in the process for the CDBG planning project; and (e) how the completed planning activities will benefit the community, especially low and moderate-income and special needs persons. (Maximum 250 points with a minimum threshold of 100 points).

- (4) National Objective Impact – projects that primarily benefit low and moderate-income (LMI) persons will be scored up to 70 points based on the median **percentage** of LMI persons benefiting and the median **number** of LMI persons benefiting as compared to all applicants with: (a) 40 points for at or above the median percentage of LMI persons benefiting and 20 points for below the median and greater than 55% of LMI persons benefiting with 0 points below 55% and (b) 30 points for at or above the median number of LMI persons benefiting and 0 points for below the median of LMI persons benefiting. The median is the middle piece of data when the data is placed in numerical order. (Maximum 70 points).
- (5) Leverage – local and other funds or in-kind contributions committed to the project’s activities that exceed the required match. Leverage is scored based on two points per percentage that exceeds the required match. (Maximum 50 points).
- (6) Work Plan/Budget/Evaluation – the overall work plan to implement the planning project will be compared to other applicants: The four criteria are scored at: 0-45 inadequate, 50-95 average, and 100-175-above average. The four criteria also include: (a) provide a work plan and a narrative that lists and describes the activities and tasks, time frames, products or outcomes, and key parties responsible for completing each activity up to 75 points; (b) provide a budget that illustrates projected expenses, and links these expenses to the sources of funding up to 25 points; and (c) provide a budget narrative that addresses the relationship of the CDBG Planning project to other funding sources and explains how expenses were determined up to 50 points; and (d) description of the plan and method for completing the project in a timely manner up to 25 points. (Maximum 175 points with a minimum threshold of 50 points).

Downtown Revitalization Funding Category

A. Downtown Revitalization Category – State Objective:

The purpose of the Downtown Revitalization Category is to provide for investments in Nebraska Communities that will contribute to the revitalization or redevelopment of downtown infrastructure, health and safety concerns, and develop a greater capacity for growth. This provides a sound basis for fostering local economic development. This recognizes the importance of the condition and viability of a downtown to increase the community's tax base and create a center for community activity which is directly related to business expansion and location decisions. Activities will assist communities to carry out a comprehensive downtown revitalization plan to stabilize and enhance clearly defined downtown areas that will provide a benefit to low/moderate income residents of the community or aid in the elimination of substandard or blighted structures and areas in the downtown.

B. How and What Projects May be Assisted:

Distribution of Downtown Revitalization Category Funds:

DED will award CDBG grants under the Downtown Revitalization Category to eligible local governments to carry out planning and downtown revitalization projects that meet required national and state CDBG objectives. Projects will be carried out in two phases, first a planning phase which will result in the completion of a well defined, comprehensive redevelopment plan that defines a series of specific desired outcomes with goals and action steps for improvements to a defined downtown business district.

The second phase will be awarded, after the successful completion and approval by DED of the downtown revitalization plan; to implement physical projects or loan programs identified in the downtown revitalization plan. The plan must be submitted with the required application to receive an award for Phase II activities. CDBG funds for phase II are reserved for communities that were selected to complete Phase I for Downtown Revitalization Projects.

Eligible Applicants include every Nebraska incorporated municipality with a population of less than 50,000. See the "Threshold Requirements" for specific thresholds that are also considered in determining eligibility.

Eligible Activities generally include:

- Planning
- All public facility and infrastructure activities that are also eligible under the "Community Development Public Works Category" of the Nebraska CDBG Program that are located in the downtown business district. Activities may include but are not limited to street improvements including curb, gutter, and sidewalk; storm sewer improvements; flood control drainage improvements; removal of architectural barriers; and single or multiuse facility improvements that are designed to provide public recreational and social activities; removal

of architectural barriers that restrict accessibility for elderly and handicapped persons in support of public facilities/infrastructure, which includes buildings used predominantly for the general conduct of government

- Loans to businesses located in the designated downtown business district for façade improvements
- Loans to businesses located in the designated downtown business district to improve deficiencies in meeting community codes
- Acquisition, clearance, and code enforcement activities which support other revitalization activities
- Historic restoration, rehabilitation and preservation for physical structures and infrastructure in a defined downtown business district

Ineligible Activities generally include:

- Buildings, or portions thereof, used predominantly for the general conduct of government cannot be assisted with CDBG funds.
- General government expenses cannot be paid with CDBG funds, except for documented local government administration of the CDBG project.
- CDBG funds cannot be used to pay for facilities or equipment used for political purposes or to engage in other political activities
- The purchase of equipment with CDBG funds is generally ineligible
- The general rule is that any expense associated with repairing, operating or maintaining public facilities, improvements and services is ineligible.

Compliance with CDBG National Objective Requirements

All project activities must meet one of two national objectives of the CDBG program.

The two national objectives are:

- Benefiting low-to-moderate (LMI) income persons
- Aiding in the prevention or elimination of slums or blight

In the CDBG Downtown Revitalization Category portion of the CDBG program of the Department all projects in a given program year are funded through meeting the two CDBG Program national objectives cited above, namely, benefiting LMI persons or aiding in the prevention or elimination of slums or blight. In turn, that LMI benefit will serve persons on an area wide basis, or serve a limited clientele as defined by HUD, and the prevention or elimination of slums and blight will be determined on an area or spot basis.

C. CDBG National Objective.

All activities proposed in applications for CDBG funding in the Downtown Revitalization Category must meet one of the national objectives of either (1) benefiting low-and moderate income persons (through the subcategories of LMI Area Benefit or LMI Limited Clientele); or (2) aiding in the prevention or elimination of slums or blight. A project or project activity that fails to meet one of these specified national objectives is ineligible.

D. Grant Amount and Matching/Leverage

Maximum grant amount for Phase I (planning) activities are \$30,000 per community. Planning activities undertaken to complete Phase I for Downtown Revitalization require a 25% match. At a maximum, no more than one-half of the total project match may be in-kind source contributions. And at a minimum, at least one-half of the total project match must be non-CDBG cash contributions, of the total project costs (planning only). General administration activities require no matching funds. General administration activities shall not exceed 7% of the CDBG funds awarded or \$1,500 whichever is greater.

Maximum grant amount for Phase II (project implementation) activities is up to \$350,000 per community. Downtown Revitalization activities require a 25% match. At a maximum, no more than one-half of the total project match may be in-kind source contributions. And at a minimum, at least one-half of the total project match must be non-CDBG cash contributions. General administration activities do not require matching funds. General administration activities shall not exceed 6% of the CDBG funds awarded.

CDBG funds allocated for distribution are estimated at \$120,000 for planning activities (Phase I) and \$1 million for downtown revitalization project implementation (Phase II).

E. Threshold Criteria for Submitting Pre-Applications and Applications

Eligible local governments may apply individually for Phase I (downtown planning activities). Phase II funding is reserved for communities who have been selected to complete Phase I. Phase II applications must be submitted with a completed downtown revitalization plan and a proposed project to be implemented to be eligible for Phase II funding. Local governments must successfully complete Phase II of a downtown revitalization project before they will be eligible to apply for additional funds through the Downtown Revitalization Category. Following award, projects are to be completed within eight (8) months for Phase I and 24 months for Phase II.

Application workshops will be held in January. Downtown Revitalization pre-applications and applications will be submitted as prescribed in the Downtown Revitalization application guidelines. Pre-Applications for Phase I Downtown Revitalization Planning Activities will be accepted beginning March 18 through March 31, 2011. Phase II Applications will be accepted January 19 through January 31, 2012. Pre-applications and Applications will be accepted during these periods based on U.S. Postal Service postmark date or date of delivery by other means. If CDBG funding in the Downtown Revitalization category is not awarded in the first round of application acceptance, or CDBG funds are available in other Community Development categories, the Department may determine, in its sole discretion, to accept a second round of Downtown Revitalization applications. Should the Department decide to accept a second round, the thresholds and details along with the dates of acceptance will be publically announced by DED.

Threshold Requirements for Applicant Eligibility

DED will select communities through a competitive pre-application process to participate in the Downtown Revitalization Category. To be eligible to participate in the competitive process, applicants must meet three threshold criteria, which include:

- applicant is an incorporated Nebraska local municipal unit of government with a population of less than 50,000;
- applicant is designated as an Economic Development Certified Community (for a complete list of designated EDC communities, visit: <http://www.neded.org/content/view/384/670/>); or applicant is designated as a NCIP Leadership Community, to apply, visit: http://www.neded.org/files/crd/ncip/2010/NCIP_Leadership_Communities_Application.pdf; and
- applicant has adopted a comprehensive plan, zoning and subdivision ordinances, building codes, code enforcement, and a building permit process.

Additional Threshold Requirements for Pre-Application Review

- activities proposed are eligible and comply with national CDBG objectives and state CDBG priorities;
- applicant has no significant, unresolved audit finding;
- applicant has no legal actions under way that may significantly impact its capacity;
- applicant is following a detailed citizen participation plan and anti-displacement plan;
- applicant has adopted authorizing participation resolution;
- applicant must have addressed and cleared all compliance problems (i.e. Davis Bacon, acquisition, fair housing, etc.), if any, from past awards and have response accepted by DED;
- applicant is current with all reporting requirements (semiannual status reports, closeout reports, audit reports, notification of annual audits, etc.); and
- applicant has drawn down 90% of any 2009 CDBG grant and 100% of any 2008 or prior year CDBG grant (this requirement excludes Comprehensive Revitalization, Economic Development, Planning and Tourism Development CDBG funds)

F. Review Criteria for Submitting Pre-Applications and Applications

Applicants meeting required thresholds for eligibility and review may submit a Pre-application by the deadline, March 31, 2011. Pre-applications will be reviewed using the below scoring matrix. The highest scoring applicants, who also meet all required thresholds, will be awarded up to \$30,000 to initiate Phase I (planning) of the Downtown Revitalization Program. Phase II funds for Downtown Revitalization are reserved for the initial communities selected for Phase I, however submission of a application and completed downtown revitalization plan are required to receive Phase II funds.

Phase I Pre-Application Scoring Matrix

The matrix below delineates each selection criterion as a numerical score applied to the Downtown Revitalization Funding Category. The minimum total threshold score is 400 points (including no criterion with 0 points scored; except for Bonus Points). Each selection criterion includes a separate minimum threshold score for qualifying the application. All selection criteria will be scored in five point increments. Each selection criterion shall be scored on a scale.

(1)	(2)	(3)	(4)	(5)	(6)	
Problem Statement	Leverage / Financial Commitment	Business and Community Support	Capacity/ Commitment	On-Site Review	Bonus Points	TOTAL
175	150	150	225	150	30	880

- (1) **Problem Statement** –the significance of the stated problem will be scored as compared to other applicants with: 0-50 no problem, 55-95-minor problems, and 100-175-major problems. The three criteria are scored for: (a) explanations of the overall purpose on the project application and factual information that illustrates the severity of the downtown problems up to 75 points; (b) past efforts to resolve the problem and meet downtown needs up to 50 points; and (c) stated goals and objectives for resolving the problem statement with a description of how the community will be included in the citizen participation process to determine the objectives for problem resolution up to 50 points. (Maximum 175 points with a minimum threshold 50 point).
- (2) **Leverage / Financial Support-** the level of financial support (public and/or private) already committed to the project (for both phase I and phase II) will be compared to other applicants with: 0-50 below average – lack of cash on hand or committed; average; 51-100 average – a solid commitment of cash that meets match requirements; and 101-150 above average – cash on deposit or otherwise secured that meets match requirements. (Maximum 150 points with a minimum threshold of 50 points).
- (3) **Business Community Support** – The level of commitment and support from the local business community will be compared to other applicants with 0-50 below average – no evidence, or little evidence from the business community to commit and support downtown revitalization efforts; average; 51-100 average – a solid commitment from the business community to commit and support downtown revitalization efforts including support letters, or other evidence that identifies business support; and 101-150 above average – Business community support letters, financial commitment from businesses in the core business district, other business support outside of the core business district, a Redevelopment Authority or other community organization structure is operational and functioning to support downtown revitalization (Maximum 150 points with a minimum threshold of 50 points).
- (4) **Capacity / Commitment** – The level of capacity and commitment by the applicant will be compared to other applicants with 0-75 below average – lack of local staff or

ability to oversee the revitalization efforts from planning to the implementation of the physical project, no evidence of commitment to proceed with a physical project after Phase I is complete, no active code enforcement in place; 75-150 average – local capacity demonstrated through past projects, past downtown and community improvement efforts, citizen participation, and evidence of commitment to proceed with a physical project after the successful completion of a downtown revitalization plan and demonstrated active code enforcement is in place; 151-225 above average – Local capacity demonstrated through past improvement efforts, citizen participation, evidence of commitment to proceed with a physical project after the successful completion of a downtown revitalization plan, active code enforcement in place, and demonstrated organized groups, organizations, efforts dedicated to downtown development,. (Maximum 225 points with a minimum threshold of 75 points).

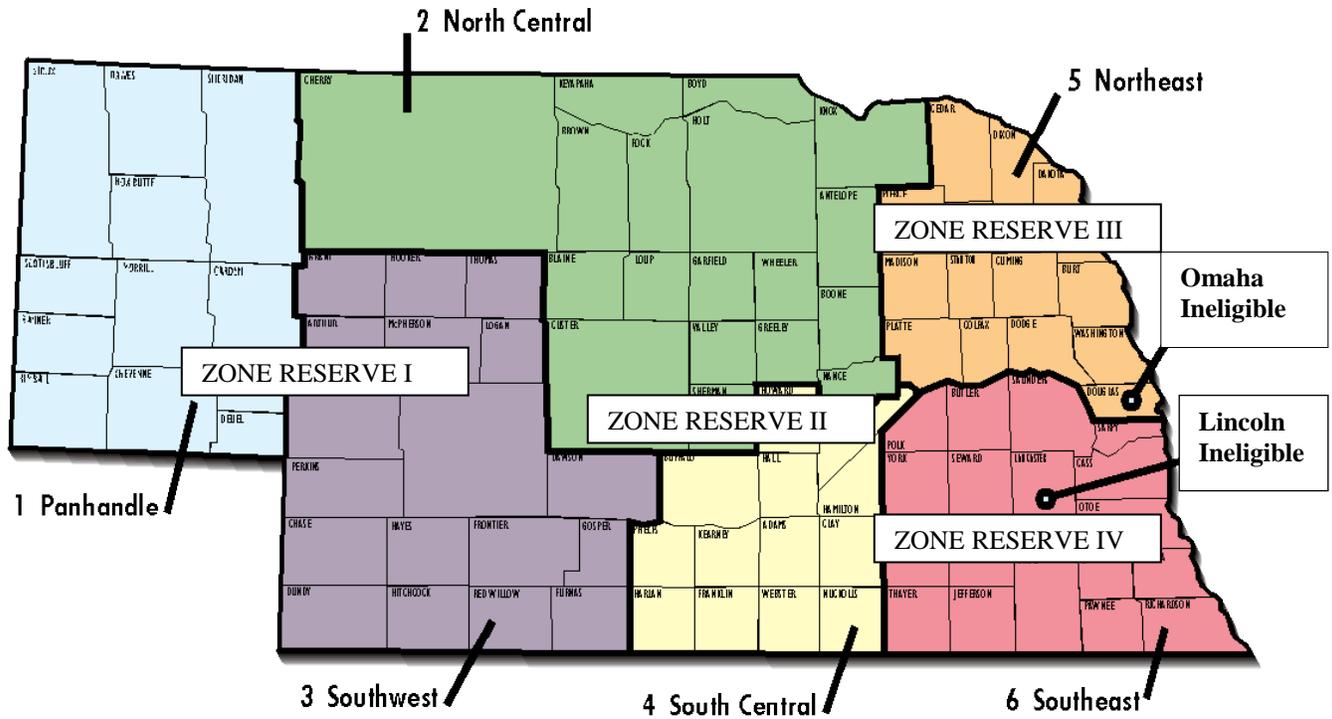
- (5) **On-Site Review** – The level of project need and impact based on an onsite review conducted by the DED Review Team will be compared to other applicants with 0-50 below average – less serious problems exist in the downtown, little or no substandard conditions exist, infrastructure is in good/excellent condition, downtown structures are in good/excellent condition, little or no physical or economic blight identified; 51-100 average – *moderately serious problems exist in the downtown district, less than 25% of the properties in the project area exist in the state of physical and/or economic blight, infrastructure problems exist (deteriorating streets, hazardous sidewalks, accessibility, drainage, etc), façade improvement needed, vacancies exist;* 100-150 above average – serious problems exist in the downtown district, 25% or more of the properties in the project area are physically blighted, vacancies exist, physical and economic blight prevalent, (*Physical Blight is the deteriorated conditions or states of disrepair of district infrastructure, buildings, and other physical elements which detracts from the overall appearance and identity of the district and, in turn, depress property values and the ability to market and attract investment; Economic blight is the existence of vacant, disinvested, or underutilized buildings and parcels which represent unrealized commercial potential and project a negative image that harms efforts to attract new investment.*) (Maximum 150 points with a minimum threshold of 50 points).

- (6) **Bonus Points** – Bonus points will be awarded as follows for applicants that can demonstrate any of the following at the time of the submittal of the Pre-Application:
- a. Have participated in the Nebraska Community Improvement Program with the submission of a project or program anytime in the last three years including current participation. **10 bonus points**
 - b. Are a Certified Nebraska Main Street Community or a Nebraska Main Street Community Participant (membership participation only not included); or can demonstrate some other downtown planning organization model that is active and implemented. **10 bonus points**
 - c. A Redevelopment Authority or other downtown/business/community organization structure is operational and functioning in the community. **10 bonus points**

G. Summary of Milestones/Timeline

Milestone Summary	Dates
Pre-Application submitted to DED	31-March-2011
DED Conducts Site Visits	April/May 2011
Communities Selected/Awarded Phase I Downtown Revitalization Strategic Planning	2-June-2011
Selected Communities Conduct Phase I - DTR Plan (8 months)	June 2011-March 2012
Submit downtown revitalization plan and Phase II Application for the proposed project activities to DED	31 January 2012
Contract Negotiations conducted between DED and Applicant Communities	February/March 2012
CDBG Awarded for Phase II: Downtown Revitalization Project Activities (Implementation of downtown revitalization plan; 2 yr contract)	April 2012

Exhibit 3 2010 Nebraska Planning Category Funding Reserve Zones



- ZONE RESERVE I.....1 Panhandle and 3 Southwest.
- ZONE RESERVE II.....2 North Central and 4 South Central.
- ZONE RESERVE III.....5 Northeast.

Section Five: Economic Development Priority

Foster the competitiveness of Nebraska's business and industrial sector—and as a result—assist in the economic development of Nebraska's communities and people.

Economic Development Priority Statement & Objectives

ECONOMIC DEVELOPMENT PRIORITY: FOSTER THE COMPETITIVENESS OF NEBRASKA'S BUSINESS AND INDUSTRIAL SECTOR—AND AS A RESULT— ASSIST IN THE ECONOMIC DEVELOPMENT OF NEBRASKA'S COMMUNITIES AND PEOPLE.

The State of Nebraska's Objectives developed to meet the Economic Development Priority include:

Objective One: Promote the retention and expansion of existing businesses in Nebraska, and the startup of new businesses in Nebraska, and the immigration of out-of-state businesses relocating or expanding into Nebraska.

Objective Two: Invest in public facilities and improvement activities that make economic opportunities available to low and moderate income persons.

Objective Three: Invest in effective and affordable tourist attractions (for profit or nonprofit) in quality communities that will result in visitor spending, generate jobs, and promote long-term economic development.

Objective Four: Undertake planning activities that may include but are not limited to: a feasibility study, an environmental review, preliminary site planning, site predevelopment, market analysis and a marketing plan; all in preparation for a larger project.

Background

The primary objective of this priority is to develop viable communities and counties by expanding economic opportunities, principally for low and moderate income (LMI) persons. The state CDBG objective of the Economic Development category is to support businesses that expand the state's economic base and create quality jobs for persons in the low and moderate-income levels.

The following is a report on the activities the state plans to undertake during the next year to target economic development activities for CDBG funds. The CDBG allocations for economic development are structured around economic and business development. Resources must be addressed to serious problems affecting the local economic base. These include loss of population in most counties and the differences in income in the metro and non-metro areas.

Development of Economic Development CDBG Objectives

CDBG objectives result from more than 15 years of consultation with local communities and public comment. The selection criteria and priorities outlined in the Economic Development section of this Action Plan also were developed with advice of the Nebraska Economic Development Commission. Priorities and objectives support the state's anti-poverty strategy of creating jobs with livable wages, and are directed toward both workers and employers. The

efforts for workers include assuring that education, job training, and skill development programs adequately prepare them for the jobs that are available. The business efforts include providing economic assistance, tax credits, and loans that attract new firms; retain/expand existing firms - especially businesses that hire low and moderate income people; and assistance for new businesses and entrepreneurs.

Set up by state statute, the Nebraska Economic Development Commission provides leadership and advice to DED to strengthen Nebraska's position in the global economy. The commission consists of nine voting members (three each from Nebraska's three congressional districts) and the DED director (a non-voting member). For more than twenty years the CDBG Advisory Committee regularly consulted with DED in regard to the state's CDBG Program. However, in April of 2010, the duties of the CDBG Advisory Committee were assigned to the Economic Development Commission, when the CDBG Advisory Committee was eliminated from statute. In addition to its other statutory duties, the Economic Development Commission now also responsible for providing regular consultation to DED in regard to the Community Development Block Grant Program.

Actions for the 2011 Program Year

Objectives and measurable actions planned between July 1, 2011 and June 30, 2012, are outlined in the following table:

Specific Objective	Outcome/Objective	Sources of Funds	Performance Indicators	Year	Expected Number	Actual Number	Percent Complete
	Specific Annual Objective						
EO-1	Availability/Accessibility of Economic Opportunity						
JOB CREATION AND RETENTION ACTIVITIES							
EO-1.1	PROMOTE THE RETENTION AND EXPANSION OF EXISTING BUSINESSES IN NEBRASKA AND THE STARTUP OF NEW BUSINESSES IN NEBRASKA, AND THE IMMIGRATION OF OUT-OF-STATE BUSINESSES RELOCATION OR EXPANDING INTO NEBRASKA.	CDBG	Number of jobs created or retained.	2010	160		
				2011	160		
				2012			
				2013			
				2014			
			Number of jobs created or retained that were designated for LMI persons.	2010	82		
				2011	82		
				2012			
				2013			
			Amount of public or private funds leveraged.	2010	\$8,500,000		
				2011	\$8,500,000		
				2012			
2013							
2014							
PUBLIC FACILITIES AND IMPROVEMENT ACTIVITIES							
EO-1.2	INVEST IN PUBLIC FACILITIES AND IMPROVEMENT ACTIVITIES THAT MAKE ECONOMIC OPPORTUNITIES AVAILABLE TO	CDBG	Number of jobs created or retained.	2010	29		
				2011	29		
				2012			
				2013			
				2014			
			Number of jobs created or	2010	15		
2011	15						

	LOW AND MODERATE INCOME PERSONS.		retained that were designated for LMI persons.	2012			
				2013			
				2014			
TOURISM DEVELOPMENT ACTIVITIES							
EO-1.3	INVEST IN EFFECTIVE AND AFFORDABLE TOURIST ATTRACTIONS (FOR PROFIT OR NONPROFIT) IN QUALITY COMMUNITIES THAT WILL RESULT IN VISITOR SPENDING, GENERATE JOBS, AND PROMOTE LONG-TERM ECONOMIC DEVELOPMENT.	CDBG	Amount of public or private funds leveraged through tourism development activities.	2010	\$200,000		
				2011	\$200,000		
				2012			
				2013			
				2014			
			Number of jobs created or retained.	2010	4		
				2011	4		
				2012			
				2013			
				2014			
OTHER	Other Objectives						
PLANNING ACTIVITIES							
OTHER-1	UNDERTAKE PLANNING ACTIVITIES THAT MAY INCLUDE BUT ARE NOT LIMITED TO: A FEASIBILITY STUDY, AN ENVIRONMENTAL REVIEW, PRELIMINARY SITE PLANNING, SITE PREDEVELOPMENT, MARKET ANALYSIS AND A MARKETING PLAN; ALL IN PREPARATION FOR A LARGER PROJECT.	CDBG	Amount of public and private funds leveraged for planning projects.	2010	\$225,000		
				2011	\$225,000		
				2012			
				2013			
				2014			

Economic Development Funding Category

Objective

The objective of the Nebraska Department of Economic Development ("Department" or "DED") for the Community Development Block Grant ("CDBG") Economic Development ("ED") category is to assist businesses which expand the state's economic base and which create quality jobs principally benefiting employees in the low and moderate income ("LMI") levels.

Eligible Applicants

Eligible applicants include every Nebraska incorporated municipality under 50,000 population; and every Nebraska county.

Eligible Businesses

Not all businesses are eligible to be benefited businesses under the Department's CDBG ED program. Refer to the discussion of eligible (and ineligible) businesses below.

Eligible Activities

Generally, eligible activities include:

- loans to for-profit businesses (through the applicant community) for a variety of business purposes
- public facilities (infrastructure) projects undertaken by applicant communities for economic development purposes, where a benefiting business agrees to locate or expand premises on the infrastructure improvements and agrees to create jobs for LMI persons
- job training grants to for-profit businesses (through the applicant community)
- entrepreneurial development grants
- speculative building projects or speculative industrial park prospects, in the form of conditional grants to applicant communities for such projects
- short-term interim financing program

Compliance with CDBG National Objective Requirements

All project activities must meet one of three national objectives of the CDBG program. The three national objectives are:

- benefiting low and moderate (LMI) income persons
- aiding in the prevention or elimination of slums or blight
- meeting other community development needs having a particular urgency because existing conditions pose a serious and immediate threat to health or welfare of the community and other financial resources are not available to meet such needs

In the CDBG ED category portion of the CDBG program of the Department, nearly all, if not all, projects in a given program year are funded through meeting the first national objective cited above, namely, benefiting low and moderate income persons. In turn, that LMI benefit is demonstrated in nearly all projects through job creation, job retention, or both job creation and job retention, by a benefited business. Such job creation or job retention must involve the employment of persons, the majority (51% or more) of whom are LMI persons.

Maximum Amounts of Awards

\$1,000,000 will be used as a guideline for an award for any one project under the CDBG ED category, further limited by maximums of \$250,000 for any one job training grant and \$250,000 for any one speculative building project. \$1,000,000 will be used as a guideline for an award for any one speculative industrial park project under the CDBG ED category.

Amount of Loan Forgiveness Flowing Through to a Benefited Business

The aggregate amount of forgiveness to a benefited business-from the CDBG ED category may be an amount up to the total award, and will be determined by DED.

Application Timing and Process

With the exception of Speculative Data Sites, applications for CDBG ED awards are accepted and considered on an open cycle. The process of application review involves consideration and recommendation by: the Project Review Committee; followed by the Department Director, followed by the office of the Governor. The Department will send a formal Notice of Approval Letter to an applicant community receiving application approval.

The review process by the Department Project Review Committee is based on the individual and collective judgments of Committee members, in consultation with other Department staff as necessary, applying an objective scoring process based on various criteria. A group/consensus decision is reached evaluating the merits of each application and deciding whether to fund, and if positively determined, at what level of funding.

Matching Requirements

All CDBG ED category projects require a minimum 1:1 match of CDBG funds with funds from other (non-CDBG) sources. Put another way, CDBG funds can be no more than 50% of the total project cost. In addition to achieving the match as described above, Speculative Industrial Park Projects – Data Centers as described below can achieve their match using the following costs as well: DED approved costs associated with the infrastructure development of the site, and DED approved marketing costs associated with the promotion of the site.

Application Underwriting Guidelines

The Housing and Community Development Act (HCDA) and HUD's CDBG regulations outline basic project "underwriting" guidelines/standards so that state programs administering federal CDBG funds will achieve the federal objectives of the CDBG program. The underwriting standards—the decision-making criteria—used in the Nebraska CDBG ED category are designed to address these federal guidelines.

The federal CDBG guidelines, as applied by the Department, may be summarized as follows:

1. Project costs must be reasonable, not excessive, and must be supported by cost analyses. Transactions must be carried out through arms-length transactions, not insider arrangements.
2. All proposed sources of financing necessary to carry out the project must be committed. This ensures that time and effort is not wasted on assessing proposals, or awarding funds to projects, that are not in a position to proceed to project completion within a reasonable time. To fulfill this requirement, the Department requires a written verification affirming

- the various funding parties' intentions to make funds available, and, depending on the nature of the funding party, a showing of their capacity to actually provide such funds.
3. To the extent practicable, CDBG funds are not to be substituted for other funds. This standard requires a financial underwriting analysis of the project. The level of analysis will vary with the nature and complexity of the project. Since projects in this category provide financing for for-profit businesses, appropriate levels of private source financing (e.g., bank loans) are expected to be present, and equity participation in the project must be sufficient given the financial capacity of those owning the enterprise.
 4. Financial feasibility of the project. The public benefit expected from the investment of CDBG funds is the creation and maintenance of LMI jobs. That benefit will not materialize if the project is not financially feasible.
 5. Avoidance of providing an unreasonable return on investment to the owner of the project. The availability of non-interest bearing loans and forgivable loans to for-profit businesses presents a potential for this to occur which must be addressed in analyzing, and in judging the merits of, each project.
 6. To the extent practicable, CDBG funds should be disbursed on a pro rata basis with other project funding sources. CDBG money should not be the first money into a project, but rather should flow into a project in proportion to other project funding sources.

Applicants must recognize that CDBG ED funds are limited and not all applications are equally meritorious when viewed from the Department's state-wide perspective.

Application Decision-making Criteria.

The Department's Project Review Committee considers the following criteria, and uses the following scoring spectrum, when evaluating whether an application meets the minimum threshold requirement. A project scoring less than 25 points does not meet the minimum threshold for further consideration by the Project Review Committee. Scoring 25 points is a necessary condition for further consideration, but is a minimum threshold only and is not solely determinative of a favorable recommendation by the Project Review Committee for awarding CDBG funds based on the application.

- **CDBG \$ Utilization** → **35 points possible for this component**
 - CDBG \$ invested per job created/retained → 20 points possible
 - 0 points = \$35,000 or more
 - 4 points = \$30,000 to <\$35,000
 - 8 points = \$25,000 to <\$30,000
 - 12 points = \$20,000 to <\$25,000
 - 16 points = \$15,000 to <\$20,000
 - 20 points = <\$15,000
 - CDBG \$ compared to total project \$ (as %) → 10 points possible
 - 0 points = 50%
 - 2 points = 33% to <50%
 - 6 points = 20% to <33%
 - 10 points = <20%

○ Aggregate wages (and benefits) paid to employees in created jobs within one year compared to CDBG \$ invested (as %)→ 5 points possible

- 0 points = 100% or less
- 2 points = >100% to <125%
- 5 points = 125% or more

○ **Community Impact and Investment**→ **30 points possible for this component**

○ Location of community as more economically distressed than others, based on three broad location sectors→ 20 points possible

- 5 points = larger community locations:
Beatrice, Columbus, Fremont, Grand Island, Hastings, Kearney, Norfolk, North Platte, Scottsbluff/Gering, South Sioux City, Douglas County, Lancaster County, and Sarpy County
- 10 points = not one of the larger community locations, but in the Interstate-80 corridor
- 20 points = rural (encompassing all locations not within the two location sectors above)

○ Due to the nature of Speculative Buildings and Speculative Industrial Parks, 10 points are being awarded to these projects as other factors cannot be determined at this time → 10 points possible

○ **Business Factors**→ **40 points possible for this component**

○ Owners' equity in project→ 12 points possible

- 0 points = 10% or less
- 4 points = >10% to 20%
- 8 points = >20% to 33%
- 12 points = >33%

○ Loan collateral, and loan guarantees→ 6 points possible

- 0 points = unsecured, or a junior lien position offering little realizable value
- 1-5 points = for the spectrum in between
- 6 points = reasonably secured as to collateral value and liquidity, with guarantees in existence

○ Established business, or start-up venture→ 6 points possible

- 0 points = start-up venture with all the usual risks of failure
- 3 points = established business, but with negative trends
- 6 points = established business with positive trends

○ Documentation of \$ commitments by all other project \$ sources→ 4 points possible

○ Duration of commitment to maintaining the created/retained jobs→ 2 points possible

- 0 points = committing to maintaining only for the minimum required by the Department's guidelines
- 2 points = committing to substantially more than the minimum

○ Targeted Industry→ 10 points possible

○ **Economic Development Certified Community**→ **5 points possible for this component**

- If the applicant community is qualified as an Economic Development Certified Community, 5 bonus points are given→ 5 points possible

○ **Total Project**→ **110 points possible for total of all components**

Eligible and Ineligible Businesses.

Not all businesses are eligible to be benefited businesses under the Department's CDBG ED program.

For a business to be eligible to be a benefited business under the Department's CDBG ED program, it must:

- meet the definitional criteria to be a "qualified business" as that term is defined in the Nebraska Advantage Act, as that Act exists at the time an eligibility determination is made under these guidelines;

and also,

- meet any additional eligibility criteria, and not be ineligible by reason of the exclusions, in these guidelines.

Nebraska Advantage Act Criteria.

As a basic narrative for these guidelines, the following listing summarizes the categories of businesses considered to be considered a "qualified business" under the Nebraska Advantage Act. The statutory text (and regulatory interpretations thereof by the Department of Revenue) will prevail in the event of an interpretive conflict with these guidelines. "Qualified businesses" are those engaged in any one (or combination) of the following:

- Research and development
- Manufacturing
- Data processing
- Telecommunications
- Insurance
- Financial Services
- Distribution
- Storage
- Transportation
- Headquarters (administrative)
- Targeted export services (75% of sales outside Nebraska or to the U.S. Government: software development; computer systems design; product testing services, guidance or surveillance systems; technology licensing)

Additional CDBG ED Guidelines Criteria and Ineligibility Exclusions

- The business must pay all employees at the project location in Nebraska at a rate of no less than \$9.00 per hour, as well as provide appropriate employee benefits, for the duration of the project job maintenance period (which period will be established as part of the MOU for the project).
- Non-profit businesses/organizations are ineligible.
- Businesses that derive any revenues from gaming are ineligible.
- Production agriculture enterprises are ineligible. These are excluded because they lack the necessary CDBG ED program guideline requirement that there must exist extra levels of substantial and separately identifiable value-added processing being performed by employees of the production agriculture enterprise—beyond those tasks and activities of production, harvesting, and marketing normally associated with traditional agricultural production commodities. Examples of such ineligible enterprises (when they lack the extra value-added component) include: grain farming, livestock raising, raising of poultry or the production of eggs, the production of milk, fruit or nut orchards, vegetable farming including hydroponics vegetable production, and aquacultural facilities.
- Trucking enterprises, which lack the requisite storage, warehousing, or distribution extra components which would distinguish them from the usual so-called "rolling stock" enterprises, are ineligible.

Eligible Activities and Forms of CDBG Assistance.

Activities eligible for assistance under the CDBG ED guidelines are primarily (but not exclusively) authorized in Sections 105(a)(14, 15, 17) of the HCDA. All activities must meet the eligibility requirements, and avoid the prohibitions, in the HCDA and in the CDBG regulations. The forms of assistance available in the CDBG ED category are:

- Loans to businesses. The provision of "direct" assistance to eligible, private, for-profit businesses to carry out an economic development project. The assistance is not (and cannot be by the provisions of the HCDA and the CDBG regulations) provided directly to the business from the Department, but rather is passed through the applicant governmental unit. The assistance will be in the form of a loan from the applicant governmental unit to the business. Such loans may be used by the business for almost any legitimate business purpose. Examples of permitted uses include: purchasing land; constructing a building; renovating an existing building; purchasing machinery and equipment; purchasing inventory; and meeting working capital needs. Unless a compelling case, involving extraordinary circumstances, can be made by the applicant and the benefited business—refinancing/financial restructurings/"bail-outs" of existing debt are not favored by the Department as an appropriate use of CDBG funds.
 - Loans to businesses may be either low-interest or non-interest bearing, depending on: interest rate market conditions; the particular facts and circumstances of the business and the CDBG application; and the decision regarding loan terms (interest rate being among such loan terms) made by the entity which will be ultimately receiving loan repayments made by the business (which may be the applicant governmental unit, or the Department, or both in some instances).
 - Loan amortizations are to require monthly payments.

- Other terms of the loan (such as appropriate loan maturity, payment deferrals, and collateral requirements) vary from project to project and will be subjects of negotiation among the parties.
 - Maximum allowed maturities are:
 - 15 years for real estate loans
 - 7 years for machinery/equipment loans
 - 5 years for working capital loans
 - Maximum time for deferral of the initial loan payment is one year from note inception. Such payment deferrals are not the norm.
 - Forgiveness of loans. The aggregate amount of forgiveness to a benefited business from the CDBG ED category may be an amount up to the total award, and will be determined by DED.
 - The repayments of the loan are CDBG program income, and the funds are subject to the program income requirements (explained elsewhere in these guidelines) and continue to be subject to CDBG requirements.
 - Loan forgiveness is conditional, and for a benefiting business to have its loan achieve the status of being unconditionally forgiven, the benefiting business must completely fulfill the requirements of the project (as they will be outlined in the MOU), particularly including meeting the national objective for the project.
- Public facilities (infrastructure) construction or improvement projects, undertaken for economic development purposes. CDBG funds in these instances are granted directly to the community. In such projects, a business benefiting from the infrastructure project (e.g., from street construction to the proposed site of the business) agrees to locate or expand in the applicant community premised on the infrastructure project, and agrees to create jobs principally benefiting LMI persons (and to maintain those jobs).
 - The public facilities project must be essential to the business, and have a direct nexus to the business activities conducted by the business.
 - Typical examples of such public facilities include street construction, street improvements, water supply system improvements, sewer system improvements, and flood and drainage system improvements.
 - Communities should note that any costs for "oversizing" the project to meet community needs beyond the essential needs of the benefited business must be exclusively paid by the community, and such costs borne for "oversizing" will not count toward the required minimum 1:1 community match of CDBG funds.
 - Because the CDBG award in these projects is a grant directly to the community, the matching funds in these projects must come from the community itself and be invested directly into the project costs. Other "matching" which may be done by the business in its location/expansion, e.g., building a new plant, does not serve to fulfill the match requirement in this public facilities component of the CDBG ED program.
 - Even though the CDBG funds in these projects do not flow through to directly benefit the business, the business is benefited—is advantaged—by the project, and the granting of the CDBG funds to the community in the first place is premised upon the business' agreement to locate/expand and to create and maintain jobs thereby. Consequently, the business is required to agree (in the MOU for the project):
 - to carry out the location/expansion of its business facility.
 - to create and maintain jobs having the required LMI benefit.

- to repay to the community the amount of the CDBG funds awarded to the community and invested in the public facilities project should the business fail to meet the requirements of the MOU.
 - to provide in the application and periodically into the future (for the duration of the job maintenance period) financial information to allow an evaluation of the condition of the business, the likelihood of achieving the job creation and job maintenance requirements; and the business' capacity to repay to the community the amount of the CDBG funds awarded should the business fail to meet the requirements of the MOU.
- Speculative buildings projects/speculative industrial park projects. This eligible activity and form of assistance provides loans or conditional grants to applicant communities for the development of so-called "spec buildings" or "spec industrial parks". These "spec" improvements must then be later occupied by a qualifying business which must agree to create sufficient jobs which principally benefit low and moderate income (LMI) persons, in order to fulfill the required CDBG national objective. If this CDBG national objective is not fulfilled, the loan or conditional grant made to the applicant community by the Department must be repaid by the applicant community to the Department. Speculative buildings projects/speculative industrial park projects. As a guideline, \$1,000,000 is the maximum level of assistance for a speculative industrial park project.
- These projects bear much more than normal risk to the applicant community (almost by definition since they are speculative as to the occupancy of the building or park by a qualifying business which can generate sufficient LMI qualifying jobs). As a consequence, a careful and sober assessment of the project and of its likely success will be made all along in the process of application. And because of this risk, the Department requires that there be consultation, involvement, and coordination with Department staff at all phases of the application, from the very beginning. This is not an endeavor where the applicant community is invited to simply develop and submit an application, on its own, and await an answer from the Department.

With regards to the “speculative park” project: Site selection and pre-development costs may be part of an initial phase in these projects, and funding may be provided for these activities. These activities do not need to meet a national objective on their own (provided they are undertaken in conjunction with other eligible CDBG activities), and these “speculative parks” must later be occupied by a qualifying business which must agree to create sufficient jobs which principally benefit low and moderate income (LMI) persons, in order to fulfill the required CDBG national objective (low and moderate jobs “LMJ”). If this CDBG national objective is not fulfilled, the loan or conditional grant made to the applicant community by the Department must be repaid to the Department by the applicant community.

The application requirements, underwriting guidelines, and decision-making criteria generally described in these Guidelines are all applied to these "spec" projects.

Project specifics and required application information are found in supplementary explanatory materials not part of these Guidelines.

- Short-term Interim Financing. This program provides short-term or interim financing for projects that create or retain employment opportunities, prevent or eliminate blight or accomplish other federal and state community development objectives. Financing may be used for construction or improvement of public works; purchase, construction rehabilitation or other improvement of land, buildings facilities, machinery and equipment, fixtures and appurtenances or other projects undertaken by a proprietary or nonprofit organization; assistance for otherwise eligible projects or programs.

Applications are accepted at any time and are processed, reviewed and considered on a first-come, first-served basis. DED makes funding decisions following receipt of a complete application and to the extent funds are available. Awards may not exceed \$15 million. Selection is based on the following threshold criteria: evidence of local capacity to administer the funds; acceptable performance in the administration of prior state or federal grants; feasibility the project will be completed with funds requested (the applicant must identify other funding sources and the terms of assistance); evidence the project will be completed within 30 months of the grant award date; an irrevocable letter of credit or equivalent security instrument from a lender; commitment of permanent financing for the project.

If an application satisfies all threshold criteria, it is evaluated on the following:

- Does CDBG participation leverage substantial local financial participation?
 - Is the cost of CDBG short-term funds per person benefited reasonable?
 - Is the need for CDBG assistance reasonable?
 - Does the public benefit substantially exceed the value of assistance (measured by the present value of assistance to the direct and indirect wages and aggregate payroll lost, dislocation and potential absorption of workers and loss of economic activity)?
- Micro-enterprise assistance project. This eligible activity and form of assistance is to provide assistance to micro-enterprises (5 or fewer employees), through a community (or multiple communities forming a joint application) directly providing (or using a sub-contracting intermediary service provider organization to provide) the following:
 - business plan development assistance
 - entrepreneurial management training
 - accounting and finance training and assistance
 - sales and marketing training and assistance
 - access to loans

or any combination of such listed items, to microenterprises and other micro-enterprises in Nebraska. This form of assistance does not provide loans or grants directly from the Department to the assisted businesses.

The Micro-enterprise assistance services performed for the purposes of the proposed CDBG project must be limited to the Labor Market Area of communities included in a multiple community joint applicant. The joint application must include a rationale for the multiple communities participating as part of a specific outreach or targeting effort of the

service provider (community or intermediary) such as entrepreneurs who are not native English speakers.

To initiate the process of applying for CDBG funding for a project of this type, the lead applicant community should initially submit a letter describing the proposed project in fairly broad strokes, but addressing the various factors and circumstances listed immediately below. Representatives from the Department will review this initial letter to determine basic eligibility and to initially assess the viability and likely impact of the proposal.

The factors and circumstances of the proposed entrepreneur development project to be addressed in the applicant's initially submitted letter are:

- the mechanism(s) the applicant will use to provide the micro-enterprise assistance
- the types of micro-enterprise assistance which will be offered
- a description of the geographically targeted service area(s) for the project
- a description of organizations already existing in the targeted service area which provide micro-enterprise assistance services; and how the project will not duplicate the services provided by such organizations
- a description of how the project will target and benefit low-to-moderate income (LMI) business owners, and the project's anticipated impact on such LMI business owners
- a description of the basic work plan for the project for the period to be covered by the project award
- a basic budget for the project and the service provider organizational budget, showing project costs and showing the source(s) of matching non-CDBG funds of at least 75% of the total operating budget of the service provider (whether it is the community directly or a contracting intermediary service provider) and at least 60% of the total budget for micro-enterprise services to low-to-moderate income business owners in the proposed service area.

If the project is eligible, appears to be viable based on this preliminary information, and considered to be of sufficient impact to warrant the investment of CDBG funds, the applicant community will then be contacted by a representative of the Department to further discuss the project and the process of proceeding with additional application information assembly as needed to complete review of the criteria. The Economic Development application and approval process described earlier in these Guidelines is applied to these types of projects. The Department will award up to one micro-enterprise development project for up to \$150,000 of CDBG Economic Development funds.

Application Decision-making Criteria for Micro-enterprise Assistance

The Department's Project Review Committee considers the following criteria, and uses the following scoring spectrum, when evaluating whether an application meets the minimum threshold requirement. A project scoring less than 25 points does not meet the minimum threshold for further consideration by the Project Review Committee. Scoring 25 points is a necessary condition for further consideration, but is a minimum threshold only and is not solely determinative of a favorable recommendation by the Project Review Committee for awarding CDBG funds based on the application.

CDBG \$ Utilization→ 35 points possible for this component

CDBG \$ invested per proposed job created/retained as a result of micro-enterprise service activities in the project→ 20 points possible

- 0 points = \$35,000 or more
- 4 points = \$30,000 to <\$35,000
- 8 points = \$25,000 to <\$30,000
- 12 points = \$20,000 to <\$25,000
- 16 points = \$15,000 to <\$20,000
- 20 points = <\$15,000

CDBG \$ compared to total project \$ (as %)→ 10 points possible

- 0 points = 50%
- 2 points = 33% to <50%
- 6 points = 20% to <33%
- 10 points = <20%.

Estimated wages (and benefits) paid to employees in created jobs compared to CDBG \$ invested (as %)→ 5 points possible

- 0 points = 100% or less
- 2 points = >100% to <125%
- 5 points = 125% or more

Community Impact and Investment→ 30 points possible for this component

Location of lead community as more economically distressed than others, based on three broad location sectors→ 20 points possible

- 5 points = larger community locations:

Beatrice, Columbus, Fremont, Grand Island, Hastings, Kearney,

Norfolk, North Platte, Scottsbluff/Gering, South Sioux City,

Douglas County, Lancaster County, and Sarpy County

- 10 points = not one of the larger community locations, but in the Interstate-80 corridor
- 20 points = rural (encompassing all locations not within the two location sectors above)

Other Factors → 40 points possible for this component

Ratio of proposed CDBG funding to the service provider (community or intermediary) annual budget from the most recently completed fiscal year→ 12 points possible

- 0 points = 25% or more
- 4 points = 20-24%
- 8 points = 15%-19%
- 12 points = <15%

Experience of the service provider (community or intermediary) providing the proposed assistance → 6 points possible

- 0 points = no experience
- 1-5 points = for the spectrum in between
- 6 points = more than 10 years of experience

Sound approach → 6 points possible

- 0 points = the service provider (community or intermediary) will provide basic services, however, there are not measurable proposed outcomes provided
- 3 points = the service provider (community or intermediary) has a clear plan that includes the provision of needed services for low-to-moderate income micro-enterprise business owners
- 6 points = the service provider (community or intermediary) has a clear plan that includes the provision of needed services for low-to-moderate income micro-enterprises and measurable proposed outcomes

Documentation of \$ commitments by all other project \$ sources→ 4 points possible

Program includes targeting and outreach to minority and women-owned micro-enterprises → 2 points possible

Program includes targeting and outreach to micro-enterprise entrepreneurs who are not native English speakers → 10 points possible

Economic Development Certified Community→ 5 points possible for this component

If the lead applicant community is qualified as an Economic Development Certified Community, 5 bonus points are given→ 5 points possible

Total Project→ 110 points possible for total of all components

Tourism Development Funding Category

A. Tourism Development– State Objective:

The state CDBG objective of the Tourism Development Category is to provide for investments in effective and affordable tourist attraction facilities to quality communities that are investing in long-term development. This provides a sound basis for assisting tourist attraction projects that have attracted significant financial support and are likely to have long-term positive impacts on their local and regional economies. Tourist attraction projects that serve the needs of both a regional economy and local community economy are a key element in satisfying the state objective.

B. How and What Projects may be assisted

Distribution of Tourism Development Funds:

DED will award grants under Tourism Development to eligible local governments to carry out tourism development projects, defined as tourist attractions (for profit or nonprofit, public or private) that are expected to draw 2,500 visits or more from origins of at least 100 miles away. Tourism attractions are sites and facilities that draw visitors from a distance because of their scenic, historic, cultural, scientific, educational, and/or recreational attributes. Tourist attraction projects also serve and provide facilities that service community activities along with regional activities. The projects focus on meeting and improving multi-faceted facilities for assisting in economic development at the local, regional, and statewide level. Tourist attractions meeting the national and state CDBG objectives, which are given priority include:

- Historic restoration, rehabilitation and preservation, such as, buildings or sites either listed in the National Register of Historic Places or eligible for listing, state or local inventory as a historic place, or designated as a state or local landmark or historic district;
- Scientific and educational interpretive sites and facilities, such as, on-site heritage living/work environments, cultural awareness centers and scientific educational centers;
- Heritage, historical, and cultural recreational sites and facilities, such as, buildings or sites either listed in the National Register of Historic Places or eligible for listing, state or local inventory as a historic place, or designated as a state or local landmark or historic district; and
- Supporting activities for the removal of materials and architectural barriers that restrict the mobility and accessibility to existing sites/facilities for elderly and severely disabled persons.

Ineligible activities (sites, attractions, and establishments) which serve more often as tourism support facilities, other than attractions, which include: eating and drinking establishments, commercial lodging accommodations, gasoline stations, commercial rest areas, and gift shops.

C. Grant Amount and Matching/Leverage

Maximum grant is \$300,000 and the minimum is \$50,000 per community/unincorporated county. There is \$700,000 estimated for distribution in the Tourism category.

All CDBG TD category projects require a minimum 25% (3 CDBG: 1 other) match of CDBG funds with funds from other (non-CDBG) sources. At a maximum, no more than one-half of the total project match may be in-kind source contributions. And at a minimum, at least one-half of the total project match must be non-CDBG cash contributions. General administration activities require no matching funds.

D. Threshold and Review Criteria for Submitting Letter of Intent and Applications

Tourism Development /Applicant Submission and Grantee Selection:

Eligible local governments may individually or jointly apply and receive more than one grant per year in the Tourism Development.

Applications for CDBG TD awarded are accepted and considered on an open cycle. Tourism Development applications will be accepted beginning May 10, 2011. Applications will be submitted as prescribed in the Tourism Development application guidelines.

Threshold requirements must be met prior to review. Applications will not be considered and returned if the following threshold requirements are not met:

- applicant is eligible;
- activities are eligible and comply with national CDBG objectives and state CDBG priorities;
- applicant has no significant, unresolved audit finding;
- applicant has no legal actions underway that may significantly impact its capacity;
- applicant is following a detailed citizen participation plan and anti-displacement plan; and
- applicant has adopted authorizing participation resolution.
- applicant must have addressed and cleared all compliance problems (i.e. Davis-Bacon, acquisition, fair housing, etc.), if any, from past awards and have responses accepted by DED;
- applicant is current with all reporting requirements (semiannual status reports, closeout reports, audit reports, notification of annual audit reports, etc.)

Tourism Development applicants meeting threshold requirements are reviewed by DED according to the Selection Criteria Matrix. When more than one application is under review, those ranking highest in competitive order shall be selected for funding subject to the amount of funds available for each priority. Otherwise, an applicant under individual review will be scored according to the selection criteria and must meet the minimum threshold for consideration for approval.

Applications recommended for approval through these processes will be presented to DED's director and to the office of the Governor for grant award. The DED director has the authority to ask for reconsideration of recommended project awards to assure compliance with the

submission and selection criteria. The Department will send a formal Notice of Approval letter to the applicant community receiving application approval.

Tourism Development - Selection Criteria Matrix

The matrix on this page delineates each selection criterion as a numerical score applied to the Tourism Development Initiative. The minimum total threshold score is 500 points (including no criterion with 0 points scored). Each selection criterion includes a separate minimum threshold score for qualifying the application. All selection criterion will be scored in five point increments with all scored criterion divisible by five. Each selection criterion shall be scored on a scale. See chart below.

(1)	(2)	(3)	(4)	(5)	
FINANCIAL	IMPACT	SUSTAIN- ABILITY	BENEFIT	READINESS	TOTAL
150	240	240	220	150	1000

Financial Support- the level of financial support (public and/or private) already committed to the project will be compared to other applicants with: 0-50 below average – lack of cash on hand or committed; average; 51-100 average – a solid commitment of cash that meets match requirements; and 101-150 above average – cash on deposit or otherwise secured that meets match requirements. (Maximum 150 points with a minimum threshold of 50 points)

Project Impact- the project’s potential for long-term positive impacts on local and regional economies will be compared to other applicants with: 0-80 below average –minimal impact on area support facilities and other attractions; 81-160 average – some impact provided on area support facilities and other attractions; and 161-240 above average – a strong impact on area support facilities and other attractions. (Maximum 240 points with a minimum threshold of 81 points)

Sustainability- the project’s potential for being a long-term operation will be compared to other applicants with: 0-80 below average –serious shortages in personnel budget, a plan to effectively operate, and ability to maintain facility for a long time; 81-160 average – some lack in personnel, budget, and/or plan to effectively manage, operate, and maintain the facility for a long time; and 161-240 above average – personnel, budget, and plan are in place to effectively manage, operate, and maintain the facility for a long period of time. (Maximum 240 points with a minimum threshold of 81 points)

Benefit - how the project will benefit the region’s and state’s existing tourism industry will be compared to other applicants with: 0-74 below average – no or minimal benefit identified in the application; 75-149 average – project provides some uniqueness to state’s inventory of attractions, and 150-220 above average – project is a distinct/unique attraction that is not repeated in region or state. (Maximum 220 points with a minimum threshold of 75 points)

Readiness - the project's readiness to proceed, complete construction, and open within two years of the project award date will be compared to other applicants with: 0-50 below average – no demonstrated timeline or unsure of when ready to open the project to the public; 51-100 average – some doubt as to ability to complete project in a timely manner; and 101-150 above average – plans, land, and financing for operations ensure readiness to open within two years or sooner. (Maximum 150 points with a minimum threshold of 51 points)

Section Six: Homeless Services Priority

Ensure appropriate emergency shelter and/or transitional housing and services for people who are homeless or at imminent risk of becoming homeless by distributing Emergency Solutions Grant Program Funds and Homeless Shelter Assistance Trust Funds.

Homeless Services
Priority Statement & Objectives

HOMELESS SERVICES PRIORITY: ENSURE APPROPRIATE EMERGENCY SHELTER AND/OR TRANSITIONAL HOUSING AND SERVICES FOR PEOPLE WHO ARE HOMELESS OR AT IMMINENT RISK OF BECOMING HOMELESS BY DISTRIBUTING EMERGENCY SOLUTIONS GRANT FUNDS AND HOMELESS SHELTER ASSISTANCE TRUST FUNDS.

The State of Nebraska’s Objectives developed to meet the Homeless Services Priority are as follows:

Objective One: Provide appropriate shelter and/or housing to people who are homeless and/or at imminent risk of becoming homeless.

Objective Two: Provide needed services to people who are homeless and/or at imminent risk of becoming homeless.

Actions for the 2011 Program Year

Establishing and accomplishing objectives requires collaboration with housing and service agencies statewide to deliver needed emergency shelter, transitional housing, and services to people who may be homeless or near homeless in the 93 counties of Nebraska (this does not include serving individuals or families otherwise living in housing that has characteristics associated with instability and an increased risk of homelessness). The statewide Continuum of Care system helps ensure that people who are homeless and near homeless are able to access needed emergency shelter, transitional housing, and supportive services in each of the counties. Refer to the regional Continuum of Care map on page 6-7 for delineation of the regions. As shown in Section 2-3, it is estimated that DHHS will receive \$1.5 million in Homeless Shelter Assistance Trust Funds (HSATF) and will receive \$918,295 in Emergency Solutions Grant (ESG) funds for distribution during the 2011 Program Year.

The Nebraska Department of Health and Human Services proposes to use the FY 2011-12 second funding allocation of the ESG within 12 months of the grant agreement with HUD for the following eligible activities: Street Outreach, Emergency Shelter, Homelessness Prevention, Rapid Re-Housing, HMIS and Administration. The Department anticipates serving both persons who meet the definition of homeless and at-risk of homelessness.

The State of Nebraska’s performance indicators for each Objective developed to meet the Homeless Services Priority are outlined in the following table:

Specific Objective	Outcome/Objective	Sources of Funds	Performance Indicators	Year	Expected Number	Actual Number	Percent Complete
	Specific Annual Objective						
SL-1	Accessibility of Suitable Living Environment						

HOMELESS SERVICES							
SL-1.1	PROVIDE APPROPRIATE SHELTER AND/OR HOUSING TO PEOPLE WHO ARE HOMELESS AND/OR AT IMMINENT RISK OF BECOMING HOMELESS.	ESG HSATF	Number of individuals provided emergency or transitional shelter.	2010	12,000		
				2011	12,000		
				2012	12,000		
				2013			
				2014			
DH-2		Affordability of Decent Housing					
HOMELESS PREVENTION ACTIVITIES							
DH-2.1	PROVIDE NEEDED SERVICES TO PEOPLE WHO ARE HOMELESS AND/OR AT IMMINENT RISK OF BECOMING HOMELESS.	ESG HSATF	Number of individuals provided homeless prevention services.	2010	20,000		
				2011	20,000		
				2012	20,000		
				2013			
				2014			
			Number of individuals not residing in an emergency or transitional shelter that received essential services.	2010	20,000		
				2011	20,000		
				2012**	53		
				2012	20,000		
				2013			
2014							
RAPID RE-HOUSING ACTIVITIES							
DH-2.2	PROVIDE PERMANENT HOUSING TO PEOPLE WHO ARE HOMELESS	ESG HSATF HPRP (*indicates HPRP funds only)	Number of individuals provided rapid re-housing services.	2010		*862	
				2011		*654	
				2012**	56		
				2013			
				2014			

*Indicates HPRP funds only

**Indicates 12 month time period starting the date of 2nd allocation award from HUD (based on the ARRA Homeless Prevention and Rapid Re-Rehousing Program the costs were \$2,654 a person through December 31, 2011).

The Nebraska Homeless Assistance Program (NHAP)

The Department of Housing and Urban Development's Emergency Solutions Grant Program funds are matched with Nebraska's Homeless Shelter Assistance Trust Fund dollars. The combined funding comprises the Nebraska Homeless Assistance Program (NHAP). For the 2011-2012 grant cycle, the Homeless Shelter Assistance Trust Funds will provide approximately 60 percent of the NHAP funding; the ESG funds will provide the remaining approximate 40 percent.

The State supports the Continuum of Care collaborative approach to addressing the needs of people who are homeless or at imminent risk of becoming homeless. The process promotes a coordinated, strategic planning approach for programs that assist families and individuals who are homeless and near homeless. This approach is viewed by NHAP as an effective community and regional-based process that provides a comprehensive and coordinated housing and service delivery system.

The NHAP provides direct staff support to the State Continuum of Care Committee and the Ad Hoc Committee on Ending Chronic Homelessness of the governor-appointed Nebraska Commission on Housing and Homelessness (NCHH). The State Continuum of Care Committee includes representatives from each regional Continuum. The Ad Hoc Committee plans and implements “Nebraska’s Action Plan for Increasing Access to Mainstream Services for People Experiencing Chronic Homelessness. Via NHAP-contracted professional facilitation, the Plan was revised during calendar year 2010 to include implementation objectives for the period beginning January 1, 2011 and ending June 30, 2012. The six overall objectives of the Plan to Address Chronic Homelessness are as follows: maintain a statewide infrastructure to lead in statewide planning; create additional and appropriate supportive housing choices; increase access to mainstream services; increase strategies addressing prevention and discharge planning; ensure culturally competent services, and data collection and evaluation.

The Department will require subrecipients to implement written ESG program standards which will be developed by the Continuum of Cares (the Balance of State for all but Lincoln and the Homeless Coalition for Lincoln). These standards will include, at the minimum, those identified in the ESG Interim Rule, Section 576.400:

- 1) Standard policies and procedures for evaluating individuals’ and families’ eligibility for assistance under Emergency Solutions Grant (ESG);
- 2) Standards for targeting and providing essential services related to Street Outreach;
- 3) Policies and procedures for admission, diversion, referral and discharge by emergency shelters assisted under ESG, including standards regarding length of stay, if any, and safeguards to meet the safety and shelter needs of special populations, e.g. victims of domestic violence, dating violence, sexual assault and stalking; and individuals and families who have the highest barriers to housing and are likely to be homeless the longest;
- 4) Policies and procedures for assessing, prioritizing, and reassessing individuals’ and families’ needs for essential services related to emergency shelter;
- 5) Policies and procedures for coordination among emergency shelter providers, essential services providers, homelessness prevention providers, and rapid re-housing providers; other homeless assistance providers; and mainstream service and housing providers [see 576(b) and (c) for a list of programs with which ESG-funded activities must be coordinated and integrated to the maximum extent practicable];
- 6) Policies and procedures for determining and prioritizing which eligible families and individuals will receive homelessness prevention assistance and which eligible families and individuals will receive rapid re-housing assistance;
- 7) Standards for determining what percentage or amount of rent and utilities costs each program participant must pay while receiving homelessness prevention or rapid re-housing assistance;

- 8) Standards for determining how long a particular program participant will be provided with rental assistance and whether or how the amount of that assistance will be adjusted over time; and
- 9) Standards for determining the type, amount, and duration of housing stabilization and/or relocation services to provide to a program participant, including the limits, if any, on the homelessness prevention or rapid re-housing assistance that each program participant may receive, such as the maximum amount of assistance, maximum number of months the program participant may receive assistance, or the maximum number of times the program participant may receive assistance.

Subrecipients will be asked to provide written certification they meet the written standard requirement through the subgrant award process and will be monitored for compliance through either a desk or site audit by the Department.

Nebraska Homeless Assistance Program Advisory Committee

State statute stipulates that the NHAP have an Advisory Committee. This Advisory Body is the Nebraska Commission on Housing and Homelessness State Continuum of Care Committee. The Commission itself is composed of governor-appointed members and at-large members who represent homeless and near homeless populations across the state and housing and community economic development representatives as well. The State Continuum of Care Committee provides input on policies, procedures, and priorities of the NHAP program. Regional Continuum of Care chairs or designees are members of this Advisory Committee. In this way, each Continuum participates in statewide planning on issues related to homelessness and near homelessness via the State Continuum of Care Committee. Committee meetings are held quarterly via statewide videoconference or conference call and are coordinated by NHAP personnel. During the final calendar quarter of 2010, the State Continuum of Care Committee revised its committee bylaws to more accurately reflect current committee structure and governance. It is anticipated that the newly revised bylaws will be maintained for at least one more calendar year.

Each regional Continuum of Care has membership representation from a variety of sources covering targeted homeless services, mainstream resources, NHAP and SHP funded agencies, federal and local government program representatives and businesses.

The Balance of State (BOS) Subcommittee falls under the State Continuum of Care Committee. The BOS Subcommittee has a monthly conference call, facilitated by a contractor paid through HSATF funds. Various work groups develop from the BOS Subcommittee based on the needs of the subcommittee. There is a HMIS workgroup and the New and Renewal Project workgroup. The HMIS workgroup is to address issues such as gathering data through a consistent process. The New and Renewal Project workgroup is to address such issues as performance standards and evaluation processes to assist in the allocation of SHP services across the BOS Continuums of Care. The product from the New and Renewal Project workgroup can also then be brought to the Housing and Homelessness State Continuum of Care Advisory Committee for input regarding the acceptance or alterations of such processes to assist NHAP in determining the allocation of

ESG assistance for eligible services. A recent Continuum of Care Checkup workgroup has also formed to discuss the results of the Checkup Report and to address an action plan based on the results. The BOS Subcommittee is also coordinating a centralized single point of entry system to be utilized statewide.

The Continuum of Care, through either the BOS Subcommittee or the State Continuum of Care Advisory Committee shall be consulted regarding the following: development of project performance standards; funding and procedures for the administration and operation of HMIS; the components and activities ESG funds should be allocated towards, taking in to account strategic planning based on needs and gaps in the homeless service delivery system.

In consultation with the BOS Subcommittee, a work group will establish the written ESG program standards to be followed by the Balance of State Continuum of Care. The Lincoln Continuum of Care will participate in the workgroup but may develop separate standards for their Continuum of Care.

Nebraska Homeless Assistance Program Funding

An allocation formula is used in distributing NHAP grant funds. The formula helps ensure an equitable distribution of funds throughout the entire state. Criteria include a base funding amount, population, persons living in poverty, and factors considered by the Department of Housing and Urban Development (HUD). The allocation formula, developed with input from the advisory committee, allocates a \$50,000 base to all regions and divides the remaining allocation equally between population, poverty, and pro rata figures for each region. The formula is reviewed and revised as appropriate.

In order to reduce NHAP grant management and administrative time, the NHAP adopted a two-year funding cycle in 2003. The 2010-2011 grant cycle is the first-year of a two-year grant cycle. The first year is a competitive grant cycle and the second year is a renewal grant cycle for existing recipients. Agencies that have not been funded previously may apply during the competitive cycle. All applicants must be active members of the relevant regional Continuum. Second-year renewal funding is based on the following factors: the availability of ESG and HSATF funding; the performance of grantee based on history and current goals; involvement of grantees in regional, sub-regional, and state Continuums of Care; use and accounting of prior year funds; and the status of HMIS/ServicePoint reports or corollary reports for domestic violence prevention subgrantees.

Distribution of NHAP Funds

Applications in the 2011-2012 renewal grant cycle will be reviewed by review teams composed of members from the Nebraska Commission on Housing and Homelessness, State Continuum of Care Committee, representatives from the Department of Health and Human Services, and other collaborating departments. The NHAP Coordinator, charged with monitoring NHAP subgrantees, facilitates the review process. Applications for the 2011-2012 renewal grant year

will be reviewed using the following criteria and point system; numerical weight is assigned to each section, with a maximum total of 100 points:

Section	Criteria	Points
<u>Section I. Organization, Programs, Services</u>	Describe any significant changes that have occurred in the organization (2 pts.) or the program (2 pts.). If a shelter or transitional housing program, provide information on units and beds (1 pt.). 5 pts. if “No Changes.”	5
<u>Section II. Budget Information</u>	The application needs to include the budget on the forms provided. Budget and audit show diversified budget funding sources. Budget narrative included. <ol style="list-style-type: none"> 1. Funding Sources – 20 pts. 2. Program Expense – 20 pts. 3. Budget Narrative – 5 pts. 	45
<u>Section III. Performance Measurements</u>	Submit data for type of project, services, population(s) served, characteristics of populations served, and racial/ethnic characteristics. Data is submitted via ServicePoint or NHAP report in accordance with MOU with Nebraska’s Domestic Violence Sexual Assault Coalition. Any increases or decreases in numbers served compared to previous year described. <ol style="list-style-type: none"> 1. 4.5 pts. per report section (10 sections) 	45
<u>Section IV. Certifications</u>	Agreement through Certification of participation in local and regional Continuums of Care, the process of data collection, and Drug Free Workplace. <ol style="list-style-type: none"> 1. HMIS - 2 pts. 2. CoC - 2 pts. 3. Drug Free – 1 pt. 	5

The application timeline for the 2011-2012 renewal grant cycle is as noted. The RFA and application documents will be made available on the NHAP website.

Application Process Timeline and Description		
Date	Action	Responsible Parties
December 20, 2010	Online posting of the RFA and application via the DHHS NHAP website. Notification of the posting will be emailed to the statewide Continuum of Care network, which includes current NHAP grantees and non-grantees.	DHHS-CFS NHAP
February 24, 2011	Applications submitted to DHHS-CFS	Applicant
March 3, 2011	Any additional information needed from applicants is submitted.	Applicant
March-April 2011	Review process.	DHHS-CFS NHAP
April-May 2011	Negotiation and allocation process.	DHHS-CFS NHAP
June 2011	Awards announced.	DHHS-CFS NHAP

Second Allocation

Funding Process: In order to provide the most benefit to Nebraska's homeless population, which is spread across a large geographic area, and to allow the services to be tailored to meet the diverse needs of those experiencing homelessness (e.g. urban, rural and frontier geographic areas; victims of domestic violence) the proposed process was that all current FY 2011-12 ESG subrecipients would be eligible to apply for an equal percentage of the second ESG funding allocation. The Nebraska Commission on Housing and Homeless discussed and expressed support for the substantial amendment and the funding process for the second allocation at their April 12, 2012 meeting and voted to submit public comment. The allocation process, including funding priorities, was also discussed with and approved by the BOS Subcommittee during meetings held on February 15, 2012 and March 14, 2012. FY 2011-12 subrecipients who wish to apply for these funds will submit a separate budget, indicating their proposed activities. Subrecipients will request the use of additional funding for services based on their local needs. Subrecipients were informed proposed Rapid Re-Housing and Homelessness Prevention activities would be the top priorities for the additional funding. Street Outreach and Emergency Shelter activities would also be eligible for funding, provided the costs continued to allow Nebraska to remain under the 60% threshold for these services. The Department also emphasized the following objectives: increased collaboration, increased outcomes related to facilitating clients' access to permanent housing, increased economic security, and changing funding priorities from emergency shelter to rapid re-housing and homelessness prevention. During the March 14, 2012 BOS Subcommittee meeting it was also decided NHAP would not serve individuals or families otherwise living in housing that has characteristics associated with instability and an increased risk of homelessness [the population described in paragraph (1)(iii)(G) of the definition for "at risk of homelessness."]

Obstacles to Addressing Underserved Needs: The primary obstacle is lack of sufficient funding. Other obstacles identified at Regional Continuum of Care meetings include:

- Lack of housing – especially in small towns/rural areas
- Lack of affordable housing – especially for large families
- Lack of accessible housing for individuals with disabilities
- Landlords resistant to meeting Section 8 standards
- Lack of local safety codes and/or enforcement, other than at time of initial construction
- Lack of transportation to look for/at housing, especially in frontier areas
- Lack of timely access to benefits

Description of Activities: Agencies will be reimbursed with the additional funds provided through the second allocation to provide only the eligible activities for each category, identified in the ESG Interim Rule (12/05/2011).

Rapid Re-Housing

- Rental Assistance – activities include payment of short and medium term rent for eligible recipients.
- Housing Relocation & Stabilization Services – activities include housing search and placement and housing stabilization services; security and utility deposits; last month's rent; utility payments; moving costs.

Homelessness Prevention

- Rental Assistance – activities include payment of short and medium term rent for eligible recipients.
- Housing Relocation & Stabilization Services – activities include housing search and placement and housing stabilization services; security and utility deposits; last month's rent; utility payments; moving costs.

HMIS – activities include purchase of software licenses; staff time to enter data.

Emergency Shelter

- Shelter Operations – activities include rent; maintenance; security; fuel; equipment; supplies; utilities; insurance; food; hotel/motel vouchers when no shelter is available.
- Essential Services – activities include assessment and case management; risk assessment and safety planning with victims of domestic violence; child care; substance abuse treatment; health and mental health services; transportation.
- Renovation – no funding for renovation was requested.
- URA – no funding for URA was requested.

Street Outreach

- Essential Services – activities include transportation to shelter; engagement; meals; emergency health and mental health services; connecting with mainstream services.

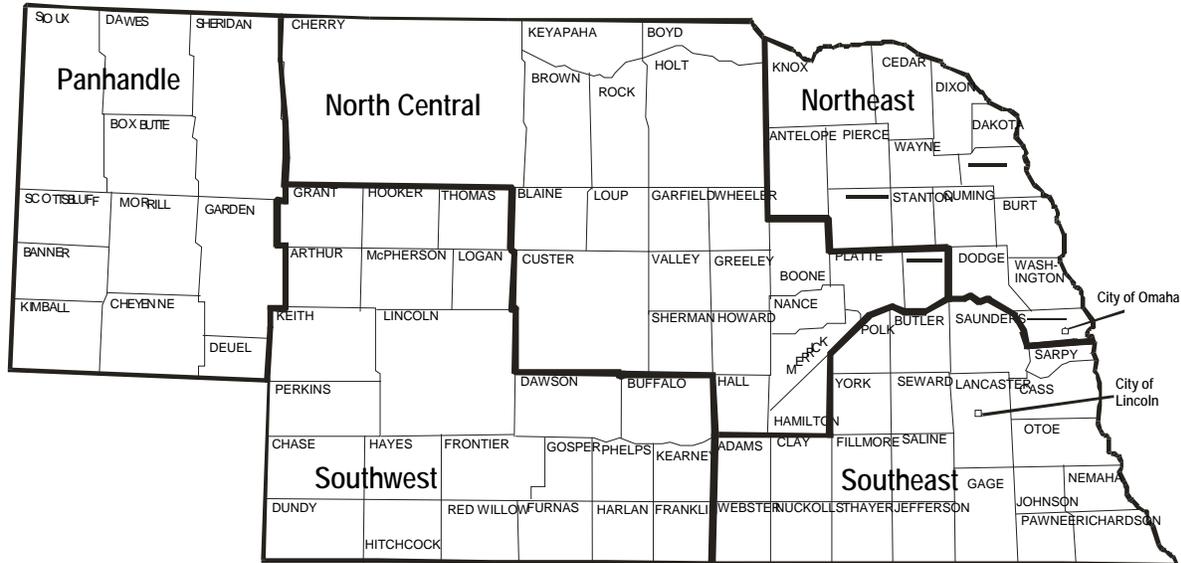
Performance Standards: Based on HEARTH goals, which include reducing the length of homelessness, reducing returns to homelessness and maintaining/increasing income, agencies will be evaluated based on the following criteria. Initially a baseline will be determined for each of the criteria. In consultation with the BOS Subcommittee, this baseline will be used to establish an overall threshold for each service. Thresholds will also be established for each agency as a percentage increase, as an alternative method for those with low scores, allowing them to demonstrate improvement. Agencies failing to meet the established or alternative thresholds by a determined period will be asked to develop a plan of correction, which will be reviewed and monitored by DHHS.

- Street Outreach – Establish baseline and work to increase the % of discharges to Emergency Shelter, Transitional Housing or Permanent Housing.
- Emergency Shelter – Establish baseline and work to increase the % of discharges to Transitional Housing or Permanent Housing.
- Transitional Housing – Establish baseline and work to increase the % of discharges to Permanent Housing.
- Homelessness Prevention & Rapid Re-Housing – Establish baseline and work to reduce the % of those who return to homelessness throughout a determined period.
- HMIS – Establish baseline and work to reduce the % of Universal Data Elements (UDEs) with Missing or Null Values in HMIS (left blank). UDEs include Name, DOB, Gender, SSN, Race, Ethnicity, Veteran Status, Disabling Condition, Residence Prior to Program Entry, Zip Code of Last Permanent Residence, Income at Entry/Exit, Benefits at Entry/Exit, Disabilities at Entry/Exit and Discharge Destination.

Nebraska Management Information System (NMIS)

The NHAP provides annual sole-source HSATF funding to the Nebraska Management Information System (NMIS) to ensure HMIS/ServicePoint data collection in all statewide Continuum regions. HMIS System Administrators for each Continuum will continue to work toward continuous improvement of participation from agency end users, data sharing, and compatibility or consistency between systems. In general, the numbers of persons served declines when an agency transitions to HMIS/ServicePoint (as opposed to manual methods of data collection and data entry). Numbers, however, increase as more HMIS/ServicePoint end users enter client service data into the system. Over time, the NHAP should be able to make meaningful comparisons as HMIS implementation continues longitudinally across the Nebraska Continuum of Care network. The HMIS focus for 2011-2012 will continue to be data integrity monitoring since that is critical to the provision of unduplicated data. NHAP domestic violence prevention subgrantee data is gathered via an MOU with the Nebraska Domestic Violence Sexual Assault Coalition (NDVSAC).

Continuum of Care Regions



Nebraska Homeless Assistance Program (NHAP) Continuum of Care Regions

- Region 1: Panhandle** (Sioux, Dawes, Sheridan, Box Butte, Scotts Bluff, Morrill, Garden, Banner, Kimball, Cheyenne, Deuel counties)
- Region 2: North Central** (Cherry, Keya Paha, Boyd, Brown, Rock, Holt, Blaine, Loup, Garfield, Wheeler, Boone, Platte, Colfax, Custer, Valley, Greeley, Sherman, Howard, Nance, Hall, Merrick, Hamilton counties)
- Region 3: Southwest** (Grant, Hooker, Thomas, Arthur, McPherson, Logan, Keith, Lincoln, Perkins, Dawson, Buffalo, Chase, Hayes, Frontier, Gosper, Phelps, Kearney, Dundy, Hitchcock, Redwillow, Furnas, Harlan, Franklin counties)
- Region 4: Southeast** (Polk, Butler, Saunders, Sarpy, York, Seward, Lancaster [Lincoln excluded], Cass, Otoe, Fillmore, Saline, Adams, Clay, Webster, Nuckolls, Thayer, Jefferson, Gage, Johnson, Nemaha, Pawnee, Richardson counties)
- Region 5: Northeast** (Knox, Cedar, Dixon, Dakota, Antelope, Pierce, Wayne, Thurston, Madison, Stanton, Cuming, Burt, Dodge, Washington, Douglas counties [Omaha excluded])
- Region 6: Lincoln**
- Region 7: Omaha**

PROPOSAL REVIEW SUMMARY SHEET

RFP: Nebraska Homeless Assistance Program 2011-2012 Renewal Application

Date: _____

Applicant: _____

Reviewer: _____

Please review the proposal and score according to the category listed. Each element has total points possible listed for each individual item and a sub-total score at the end of that section. There is a section on the final page for tallying all possible points.

Thank you for taking the time to review these proposals.

5 points

Section I. Program/Agency Update

Details whether or not any significant changes have occurred in the organization. The proposal needs to include the type and amount of family units, family beds, and individual beds.

1. Details whether any significant changes occurred in the organization (2 pts.) _____
2. Details whether any significant changes occurred in the program that was funded (2 pts.) _____
3. Details beds by type (family units, family beds, and individual beds) and by quantity for 2008 and 2009 (1 pt.) _____

Sub-score: _____

45 points

Section II. Budget Information

Budget reflects use of sound fiscal policy. The proposal needs to include the outlined budget completed on the forms provided. Includes a budget narrative as well. Budget shows diversified budget funding sources.

1. The proposed budget details funding for the current year and the projected fiscal year. Budget reflects use of sound fiscal policy. (20 points) _____
2. The proposed budget details all program expense. (20 points) _____
3. The proposed budget follows the format required of the RFP using the format and budget categories required, including a budget narrative that clearly identifies proposed spending. (5 points) _____

Sub-score: _____

45 points

Section III. Performance Measurements

Submit data for type of project, services, population(s) served, characteristics of populations served, and racial/ethnic characteristics. Data is submitted via ServicePoint or NHAP report in accordance with MOU with Nebraska’s Domestic Violence Sexual Assault Coalition. Any increases or decreases in numbers served compared to previous year described.

4.5 pts. per report section (10 sections) Sub-score: _____

5 points

Section IV. Certifications

Evidence throughout the application of coordination of services or providers implementing a Continuum of Care approach. Evidence that ongoing services are essential to the Regional/Local Continuum of Care and expanded services will fill a gap identified in the Regional/Local Continuum of Care. Continuum of Care, HMIS (ServicePoint) and Drug Free Workplace certifications included.

1. Continuum of Care information is outlined in the proposal. (2 points) _____

2. HMIS information is outlined in the proposal. (2 points) _____

3. Drug Free Workplace certification is signed and attached. (1 point). _____

Sub-score: _____

Overall Scores:

Section I. Program/Agency Update (5) _____

Section II. Budget Information (45) _____

Section III. Performance Measurements (45) _____

Section IV. Certifications (5) _____

Total Score (100 possible points) _____

Reviewer Recommendations:

_____ **Accept proposal with no changes**

_____ **Accept proposal with changes (list changes)** _____

_____ **Do not accept proposal**

Suggested changes or overall comments: _____

REGION _____ - _____
 Number Name of Region

App	Section I. Program/Agency Update 5 pts.	Section II. Budget Information 45 pts.	Section III. Performance Measurements (Data—NHAP/HMIS/ServicePoint attached) 45 pts.	Section IV Certifications 5 pts.	TOTAL 100 pts.	Rank within region applications
1						
2						
3						
4						
5						
6						
7						
8						
9						
10						
11						
12						

Possible Points	Points Received	Criteria:
5		<u>Section I. Program/Agency Update</u> Details whether or not any significant changes have occurred in the organization. The proposal needs to include the type and amount of family units, family beds, and individual beds.
45		<u>Section II. Budget Information</u> Budget and audit reflect use of sound fiscal policy. The proposal needs to include the outlined budget completed on the forms provided. <u>Includes a budget narrative as well.</u> Budget shows diversified budget funding sources.
45		<u>Section III. Performance Measurements</u> Data submitted for type of project, services, population(s) served, characteristics of populations served, and racial/ethnic characteristics. Data is submitted via ServicePoint or NHAP report in accordance with MOU with Nebraska's Domestic Violence Sexual Assault Coalition. Any increases or decreases in numbers served compared to previous year described.
5		<u>Section IV. Certifications</u> Evidence throughout the application of coordination of services or providers implementing a continuum of care approach. Evidence that ongoing services are essential to the Regional/Local Continuum of Care and expanded services will fill a gap identified in the Regional/Local Continuum of Care. Continuum of Care, HMIS (ServicePoint) and Drug Free Workplace certifications included.

Section Seven: Housing Opportunities for Persons With AIDS Services Priority

ENSURE APPROPRIATE EMERGENCY AND/OR PERMANENT HOUSING AND SERVICES FOR PEOPLE WHO ARE HOMELESS OR AT IMMINENT RISK OF BECOMING HOMELESS BY DISTRIBUTING FUNDING TO PROJECT SPONSOR TO MEET THE NEEDS OF PERSONS LIVING WITH HIV/AIDS.

HOPWA Services
Priority Statement & Objective

HOPWA SERVICES PRIORITY: ENSURE APPROPRIATE EMERGENCY AND/OR PERMANENT HOUSING AND SERVICES FOR PEOPLE WHO ARE HOMELESS OR AT IMMINENT RISK OF BECOMING HOMELESS BY DISTRIBUTING FUNDING TO PROJECT SPONSOR TO MEET THE NEEDS OF PERSONS LIVING WITH HIV/AIDS.

The State of Nebraska's Objective developed to meet the HOPWA Services Priority is:

Objective One: Provide housing assistance and related supportive services to low income persons with HIV/AIDS and their families and enable low income person with HIV/AIDS to achieve stability in housing, reduce risks of homelessness and increase access to healthcare.

Housing Opportunities for Persons With AIDS (HOPWA) Program

The Housing Opportunities for Persons With AIDS (HOPWA) Program was authorized by the AIDS Housing Opportunity Act, and revised under the Housing and Community Development Act of 1992, to provide States and localities with the resources and incentives to devise and implement long-term comprehensive strategies for meeting the housing needs of low-income persons with acquired immunodeficiency syndrome (AIDS) and related diseases, and their families. Activities of primary importance are providing housing and services that assist this population to obtain and maintain affordable housing where they can maintain complex medication regimens and address HIV/AIDS related problems. Funds are appropriated annually by Congress to the U.S. Department of Housing and Urban Development (HUD) for administration of this program. HOPWA funds are then awarded by formula to eligible States and Eligible Metropolitan Statistical Areas (EMSAs) that meet the minimum number of cumulative AIDS cases. States and metropolitan areas coordinate use of HOPWA funds with their respective Consolidated Plan, a collaborative process whereby the state or metropolitan area establishes a unified vision for community development actions.

The State of Nebraska began receiving Housing Opportunities for Persons With AIDS (HOPWA) formula funds in 2008 from the U.S. Department of Housing and Urban Development. The HOPWA Program is administered by the Nebraska Department of Health and Human Services (NDHHS) and located within the Infectious Disease Prevention and Care Unit. This section consists of the following programs (see diagram on Section 7 – 5):

- HOPWA
- HIV Prevention
- HIV Surveillance
- Sexually Transmitted Diseases (STD)
- Tuberculosis (TB)
- Hepatitis
- Ryan White Part B

The NDHHS grants these HOPWA funds to the Nebraska AIDS Project (NAP) who serves as project sponsor with offices located in Omaha, Lincoln, Kearney, Norfolk and Scottsbluff. NAP is the only AIDS Service Organization in Nebraska to provide case management services statewide to persons living with the HIV/AIDS disease. Therefore, grant funds are awarded directly through a sole source contract deviation process. Contact information for NAP's offices can be found in Section 7 – 6.

The NDHHS contracts with Assistive Technology Partnership (ATP), a division within the Nebraska Department of Education. ATP is responsible for providing/maintaining the states' housing resource database, identifying resources for NAP's case management staff, and conducting Housing Quality Standard (HQS) inspections in the Lincoln and Omaha area. HQS inspections for the balance of the state are coordinated with the local public housing authorities.

The goal for the HOPWA Program is to provide decent, safe and affordable housing and supportive services to people who are homeless and/or at imminent risk of becoming homeless. Eligibility for HOPWA funded services requires at least one person in the household be infected with the HIV virus and a household income at or below 80% of the area median income. Households with incomes above 80% of the area median income are eligible to receive HOPWA funded housing counseling and referral services.

A strategy of the HOPWA Program is to support and facilitate the Nebraska AIDS Project's (project sponsor) participation and involvement in the seven (7) regional Continuum of Care committees. NDHHS participates on the Statewide Continuum of Care committee as well as on the 10 Year Plan to End Chronic Homelessness Ad Hoc committee. These collaborations help to ensure the special needs of persons living with HIV/AIDS in Nebraska are represented at both the regional and the state level planning processes. The HOPWA Program also participates in the Nebraska HIV Care and Prevention Consortium (NHCPC) which consists of HIV/AIDS medical/service providers, consumers, etc. A representative of the Nebraska Red Ribbon Community (a geographical, diverse group of persons living with HIV/AIDS that work together to enhance and enrich the lives of fellow HIV positive persons through leadership and partnership with the state and other local organizations) participates on the NHCPC. Staff works closely with the Ryan White All Parts committee members to coordinate services for persons living with HIV/AIDS.

The NDHHS' 2007 competitive HOPWA award expired on June 30, 2010. Plans to submit an application for a new HOPWA competitive grant once the Notice of Funding Availability (NOFA) was released by HUD in 2010 was in place. However, the Office of HIV/AIDS Housing in Washington, DC has indicated that a competitive HOPWA NOFA will not be released in 2010 due to a shortage of HOPWA program funds to support new projects. Loss of competitive funds will significantly impact the Nebraska HOPWA Program and families will be severely impacted unless other resources can be obtained to maintain the current integrity of the Nebraska HOPWA Program.

Collaborations with the NE Commission on Housing and Homelessness have been unsuccessful due to their position to not utilize HUD HOME funds to support tenant-based rental assistance in Nebraska. Also, collaborations with the Housing Prevention and Rapid Re-Housing (HPRP)

grantees across the state have been extremely limited and clients have been unsuccessful in accessing this funding despite numerous meetings with HPRP grantees. Efforts to improve client access will continue.

Actions for the 2011 Program Year

With the HOPWA 3-year competitive grant ending June 30, 2010, the Program Manager for the NDHHS has met with several programs/agencies in search of additional funding to decrease the impact of housing assistance and supportive services to persons/families living with HIV/AIDS. To date, \$188,000 in additional funding has been provided by NDHHS, Division of Public Health, to help sustain the HOPWA Program for hopefully an additional year. Efforts to access additional funding in 2011 and beyond will continue due to a significant number of new clients being diagnosed and current clients experiencing the negative impact of the economy.

Through the HOPWA Program, activities to be funded include an array of supportive services including standard and intensive case management services with a medical and self-sufficiency component, outreach to HIV+ homeless persons/families and homeless service providers, emergency rental/mortgage assistance, tenant-based rental assistance, permanent housing placement (first/last month's rent, security deposit and rental application fee), housing information services and resource identification.

HOPWA funds are used to support the goal of reducing homelessness and increasing housing stability for special needs populations via the following activities:

- Tenant-Based Rental Assistance, \$105,000 allocated to assist 12 households annually
- Short-Term Rent and Mortgage Assistance, \$50,000 to assist 30 households annually
- Supportive Services, \$94,000 allocated to assist 50 households annually
- Permanent Housing Placement, \$10,000 allocated to assist 13 households annually
- Housing Information Services, \$25,000 allocated to assist 13 households annually
- Resource Identification, \$5,000 allocated annually to assist HOPWA staff in identifying and collaborating with outside housing and supportive service resources

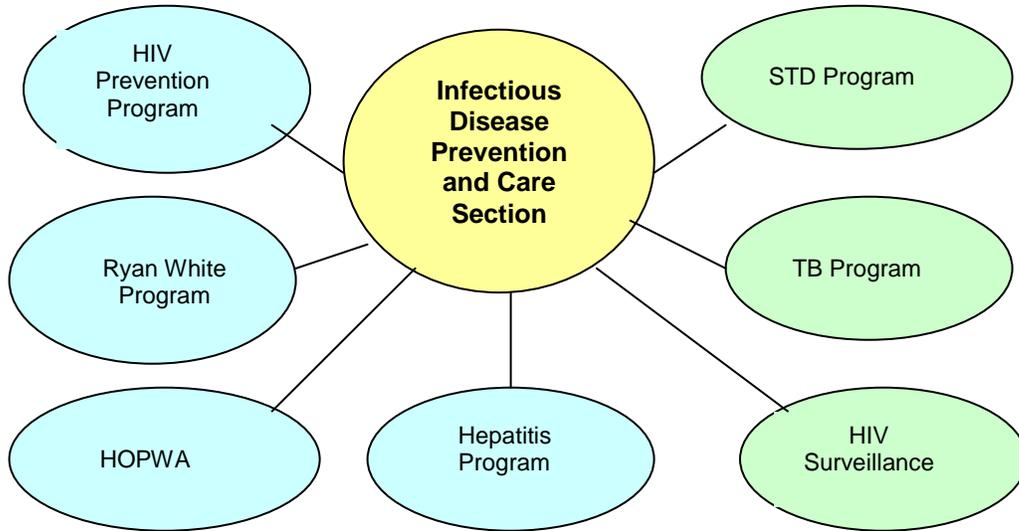
The HOPWA Program has prioritized outreach to the chronically homeless and homeless persons/families living with HIV/AIDS to help address their housing and supportive/medical needs.

The State of Nebraska’s performance indicators for the Objective developed to meet the HOPWA Services Priority are outlined in the following table:

Specific Objective	Outcome/Objective	Sources of Funds	Performance Indicators	Year	Expected Number	Actual Number	Percent Complete
	Specific Annual Objective						
DH-1	Availability/Accessibility of Decent Housing						
HOMELESS SERVICES AND PREVENTION ACTIVITIES FOR PERSONS WITH HIV/AIDS							
DH-1.1	PROVIDE HOUSING ASSISTANCE AND RELATED SUPPORTIVE SERVICES TO LOW INCOME PERSONS WITH HIV/AIDS AND THEIR FAMILIES AND ENABLE LOW INCOME PERSONS WITH HIV/AIDS TO ACHIEVE STABILITY IN HOUSING, REDUCE RISKS OF HOMELESSNESS AND INCREASE ACCESS TO HEALTHCARE.	HOPWA	Number of households receiving tenant-based rental assistance.	2010	12		
				2011	12		
				2012			
				2013			
			Amount of funds spent on tenant-based rental assistance.	2010	\$105,000		
				2011	\$105,000		
				2012			
				2013			
			Number of households receiving short-term rent and mortgage assistance.	2010	30		
				2011	30		
				2012			
				2013			
			Amount of funds spent on short-term rent and mortgage assistance.	2010	\$50,000		
				2011	\$50,000		
				2012			
				2013			
			Number of households receiving supportive services.	2010	50		
				2011	50		
				2012			
				2013			
			Amount of funds spent on housing supportive services.	2010	\$94,000		
				2011	\$94,000		
				2012			
				2013			
			Number of households receiving permanent housing placement.	2010	13		
				2011	13		
				2012			
				2013			
Amount of funds spent on permanent housing placement.	2010	\$10,000					
	2011	\$10,000					
	2012						
	2013						
			2014				

			Number of households receiving housing information services.	2010	13		
				2011	13		
				2012			
				2013			
				2014			
			Amount of funds spent on housing information services.	2010	\$25,000		
				2011	\$25,000		
				2012			
				2013			
				2014			
			Amount of funds allocated annually to assist HOPWA staff in identifying and collaborating with outside housing and supportive service resources.	2010	\$5,000		
				2011	\$5,000		
				2012			
				2013			
				2014			

DIAGRAM OF NDHHS INFECTIOUS DISEASE PREVENTION AND CARE UNIT



NEBRASKA AIDS PROJECT
OFFICE LOCATIONS

Nebraska AIDS Project-Omaha
250 s 77TH Street, Suite A
Omaha, NE 68114
402-552-9260

Nebraska AIDS Project-Kearney
11 W. Railroad St.
Kearney, NE 68847
308-338-0527

Nebraska AIDS Project-Lincoln
1921 S. 17th Street
Lincoln, NE 68502
402-476-7000

Nebraska AIDS Project-Norfolk
123 No. 4th Street, Suite 8
Norfolk, NE 68701
402-649-3584

Nebraska AIDS Project-Scottsbluff
4500 Avenue I
Scottsbluff, NE 69361
308-635-3807

Section Eight: **Application Acceptance Dates and Categorical Distribution**

2011 Application Acceptance Dates

Nebraska Department of Economic Development

Housing, Community and Economic Development Programs

Nebraska Health and Human Services System

Homeless Services Program & HOPWA Program

Funding Priority/Category	Application Closing
Housing	
Nebraska Affordable Housing Program <ul style="list-style-type: none"> • First Cycle <ul style="list-style-type: none"> ▪ Pre-application (Optional) ▪ Application Due • Second Cycle (If needed) 	February 25, 2011 May 6, 2011 To Be Determined
Tax Credit Set-aside	December 2011
Community Development	
Comprehensive Revitalization <ul style="list-style-type: none"> • Phase II Application • Phase III Application 	April 15, 2011 April 16, 2012
Public Works <ul style="list-style-type: none"> • First Cycle • Second Cycle (If needed) 	July 1, 2011 To Be Determined
Water Wastewater	Open Cycle, begins May 2, 2011
Planning <ul style="list-style-type: none"> • First Cycle • Second Cycle • Third Cycle 	April 14, 2011 October 29, 2011 Open Cycle, begins January 11, 2012
Downtown Revitalization <ul style="list-style-type: none"> • First Cycle <ul style="list-style-type: none"> ▪ Pre-application ▪ Planning Phase Implemented ▪ Phase II Application (Project) • Second Cycle (If Needed) 	March 31, 2011 June 2011 – January 2012 January 31, 2012 To Be Determined
Economic Development	
Economic Development	Open Cycle
Tourism Development	Open Cycle begins May 10, 2011
Homeless Services & HOPWA Program	
ESG & HSATF	February 24, 2011
HOPWA	Open Cycle

2011 Community Development and Housing Application Guideline Workshops & Other Workshop Information

Please visit the Department's website at <http://www.neded.org> for the most current information regarding the 2011 Community Development & Housing Application Guideline Workshops, and other training events.

2011 Categorical Distribution

Funding resources from CDBG, HOME, ESG, HOPWA, HSATF, and the NAHTF provide opportunities for creating decent, affordable housing and a suitable living environment, and expanding economic opportunity through economic self-sufficiency and quality jobs to Nebraska.

<i>Table 5</i> Priority/Category	CDBG	NAHTF	HOME	ESG	HSATF	HOPWA
Section Three: Housing Affordable Housing Program <ul style="list-style-type: none"> • CHDO set-aside 	\$2,000,000	\$4,000,000	\$3,553,062 \$857,754			
Section Four: Community Development <ul style="list-style-type: none"> • Comprehensive Revitalization • Public Works • Water Wastewater • Planning • Downtown Revitalization 	\$1,049,729 \$962,252 \$1,049,729 \$349,910 \$1,137,206					
Section Five: Economic Development <ul style="list-style-type: none"> • Economic Development • Tourism Development 	\$3,499,097 \$699,819					
Section Six: Homeless Services <ul style="list-style-type: none"> • Homeless Shelter & Services 				\$918,295	\$1,455,000	
Section Seven: HOPWA Services <ul style="list-style-type: none"> • Housing Opportunities for persons with AIDS 						\$338,184
TOTAL DISTRIBUTION	\$10,747,742	\$4,000,000	\$4,410,816	\$918,295	\$1,455,000	\$338,184

NOTE: Beginning on Section 2-10 of the 2011 Annual Action Plan, the distribution of "Other Funds" which include Remaining Funds, Reallocated Funds, Redistributed Funds and Program Income is explained. These funds will be utilized in the Priorities/Categories identified in the 2011 Categorical Distribution as explained in Section 2.

Section Nine: Certifications

State Certifications

In accordance with the applicable statutes and the regulations governing the consolidated plan regulations, the State certifies that:

Affirmatively Further Fair Housing - The State will affirmatively further fair housing, which means it will conduct an analysis of impediments to fair housing choice within the state, take appropriate actions to overcome the effects of any impediments identified through that analysis, and maintain records reflecting that analysis and actions in this regard.

Anti-displacement and Relocation Plan - It will comply with the acquisition and relocation requirements of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended, and implementing regulations at 49 CFR 24; and it has in effect and is following a residential anti-displacement and relocation assistance plan required under Section 104(d) of the Housing and Community Development Act of 1974, as amended, in connection with any activity assisted with funding under the CDBG or HOME programs.

Drug-Free Workplace - It will or will continue to provide a drug-free workplace by:

1. Publishing a statement notifying employees that the unlawful manufacture, distribution, dispensing, possession, or use of a controlled substance is prohibited in the grantee's workplace and specifying the actions that will be taken against employees for violation of such prohibition;
2. Establishing an ongoing drug-free awareness program to inform employees about –
 - a) The dangers of drug abuse in the workplace;
 - b) The grantee's policy of maintaining a drug-free workplace;
 - c) Any available drug counseling, rehabilitation, and employee assistance programs; and
 - d) The penalties that may be imposed upon employees for drug abuse violations occurring in the workplace;
3. Making it a requirement that each employee to be engaged in the performance of the grant be given a copy of the statement required by Paragraph 1;
4. Notifying the employee in the statement required by Paragraph 1 that, as a condition of employment under the grant, the employee will:
 - a) Abide by the terms of the statement; and
 - b) Notify the employer in writing of his or her conviction for a violation of a criminal drug statute occurring in the workplace no later than five calendar days after such conviction;
5. Notifying the agency in writing, within ten calendar days after receiving notice under Subparagraph 4(b) from an employee or otherwise receiving actual notice of such conviction. Employers of convicted employees must provide notice, including position title, to every grant officer or other designee on whose grant activity the convicted employee was working, unless the Federal agency has designated a central point for the receipt of such notices. Notice shall include the identification number(s) of each affected grant;
6. Taking one of the following actions, within 30 calendar days of receiving notice under Subparagraph 4(b), with respect to any employee whom is convicted -

- a) Taking appropriate personnel action against such an employee, up to and including termination, consistent with the requirements of the Rehabilitation Act of 1973, as amended;
 - b) Requiring such employee to participate satisfactorily in a drug abuse assistance or rehabilitation program approved for such purposes by a Federal, State, or local health, law enforcement, or other appropriate agency;
7. Making a good faith effort to continue to maintain a drug-free workplace through implementation of Paragraphs 1, 2,3,4,5, and 6.

Anti-Lobbying - To the best of the State's knowledge and belief:

1. No Federal appropriated funds have been paid or will be paid, by or on behalf of it, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or any employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement;
2. If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this Federal contract, grant, loan, or cooperative agreement, it will complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions; and
3. It will require that the language of Paragraphs 1 and 2 of this certification be included in the award documents for all sub awards at all tiers (including subcontracts, sub grants, and contracts under grants, loans, and cooperative agreements) and that all subrecipients shall certify and disclose accordingly.

Authority of State - The submission of the consolidated plan is authorized under State law and the State possesses the legal authority to carry out the programs under the consolidated plan for which it is seeking funding, in accordance with applicable HUD regulations.

Consistency with Plan - The housing activities to be undertaken with CDBG, HOME, ESG, and HOPWA funds are consistent with the strategic plan.

Section 3 - It will comply with Section 3 of the Housing and Urban Development Act of 1968, and implementing regulations at 24 CFR Part 135.


Signature/Authorized Official

4-28-11
Date

Director, Nebraska Department of Economic Development
Title

Specific CDBG Certifications

The State certifies that:

Citizen Participation - It is in full compliance and following a detailed citizen participation plan that satisfies the requirements of 24 CFR §91.115 and each unit of general local government that receives assistance from the State is or will be following a detailed citizen participation plan that satisfies the requirements of 24 CFR §570.486.

Consultation with Local Governments - It has or will comply with the following:

1. It has consulted with affected units of local government in the nonentitlement area of the State in determining the method of distribution of funding;
2. It engages in or will engage in planning for community development activities;
3. It provides or will provide technical assistance to units of local government in connection with community development programs; and
4. It will not refuse to distribute funds to any unit of general local government on the basis of the particular eligible activity selected by the unit of general local government to meet its community development needs, except that a State is not prevented from establishing priorities in distributing funding on the basis of the activities selected.

Local Needs Identification - It will require each unit of general local government to be funded to identify its community development and housing needs, including the needs of low-income and moderate-income families, and the activities to be undertaken to meet these needs.

Community Development Plan - Its consolidated housing and community development plan identifies community development and housing needs and specifies both short-term and long-term community development objectives that have been developed in accordance with the primary objectives of Title I of the Housing and Community Development Act of 1974, as amended. (See 24 CFR 570.2 and 24 CFR part 570)

Use of Funds -- It has complied with the following criteria:

1. **Maximum Feasible Priority.** With respect to activities expected to be assisted with CDBG funds, it certifies that it has developed its Action Plan so as to give maximum feasible priority to activities that benefit low and moderate-income families or aid in the prevention or elimination of slums or blight. The Action Plan may also include activities which the grantee certifies are designed to meet other community development needs having a particular urgency because existing conditions pose a serious and immediate threat to the health or welfare of the community, and other financial resources are not available;
2. **Overall Benefit.** The aggregate use of CDBG funds including Section 108 guaranteed loans during program years 2007, 2008 and 2009 shall principally benefit persons of low and moderate income in a manner that ensures that at least 70 % of the amount is expended for activities that benefit such persons during the designated period;
3. **Special Assessments.** The state will require units of general local government that receive CDBG funds to certify the following:

It will not attempt to recover any capital costs of public improvements assisted with CDBG funds including Section 108 loan guaranteed 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.

However, if CDBG funds are used to pay the proportion of a fee or assessment that relates to the capital costs of public improvements (assisted in part with CDBG funds) financed from other revenue sources, an assessment or charge may be made against the property with respect to the public improvements financed by a source other than CDBG funds.

It will not attempt to recover any capital costs of public improvements assisted with CDBG funds, including Section 108, unless CDBG funds are used to pay the proportion of fee or assessment attributable to the capital costs of public improvements financed from other revenue sources. In this case, an assessment or charge may be made against the property with respect to the public improvements financed by a source other than CDBG funds. Also, in the case of properties owned and occupied by moderate-income (not low-income) families, an assessment or charge may be made against the property for public improvements financed by a source other than CDBG funds if the jurisdiction certifies that it lacks CDBG funds to cover the assessment.

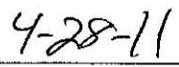
Excessive Force -- It will require units of general local government that receive CDBG funds to certify that they have adopted and are enforcing:

1. A policy prohibiting the use of excessive force by law enforcement agencies within its jurisdiction against any individuals engaged in non-violent civil rights demonstrations; and
2. A policy of enforcing applicable State and local laws against physically barring entrance to or exit from a facility or location which is the subject of such non-violent civil rights demonstrations within its jurisdiction.

Compliance with Anti-discrimination Laws - The grant will be conducted and administered in conformity with the Title VI of the Civil Rights Act of 1964 (42 USC 2000d), the Fair Housing Act (42 USC 3601-3619), and implementing regulations.

Compliance with Laws - It will comply with applicable laws.


Signature/Authorized Official


Date

Director, Nebraska Department of Economic Development
Title

Specific HOME Certifications

The State certifies that:

Tenant-Based Rental Assistance -- If it intends to provide tenant-based rental assistance:

The use of HOME funds for tenant-based rental assistance is an essential element of the State's consolidated plan.

Eligible Activities and Costs - It is using and will use HOME funds for eligible activities and costs, as described in 24 CFR §92.205 through §92.209 and that it is not using and will not use HOME funds for prohibited activities, as described in §92.214.

Appropriate Financial Assistance - Before committing any funds to a project, the State or its recipients will evaluate the project in accordance with the guidelines that it adopts for this purpose and will not invest any more HOME funds in combination with other Federal assistance than is necessary to provide affordable housing.


Signature/Authorized Official

4-28-11
Date

Director, Nebraska Department of Economic Development
Title

ESG Certifications

The State seeking funds under the Emergency Shelter Program (ESG) certifies that it will ensure that its recipients of ESG funds comply with the following requirements:

Major rehabilitation/conversion -- In the case of major rehabilitation or conversion, it will maintain any building for which assistance is used under the ESG program as a shelter for homeless individuals and families for at least 10 years. If the rehabilitation is not major, the recipient will maintain any building for which assistance is used under the ESG program as a shelter for homeless individuals and families for at least 3 years.

Essential Services and Operating Costs -- Where the assistance involves essential services or maintenance, operation, insurance, utilities and furnishings, it will provide services or shelter to homeless individuals and families for the period during which the ESG assistance is provided, without regard to a particular site or structure as long as the same general population is served.

Renovation -- Any renovation carried out with ESG assistance shall be sufficient to ensure that the building involved is safe and sanitary.

Supportive Services -- It will assist homeless individuals in obtaining appropriate supportive services, including permanent housing, medical and mental health treatment, counseling, supervision, and other services essential for achieving independent living, and other Federal State, local, and private assistance for such individuals.

Matching Funds -- It will obtain matching amounts required under 24 CFR 576.51 and 42 USC 11375, including a description of the sources and amounts of such supplemental funds, as provided by the State, units of general local government or nonprofit organizations.

Confidentiality -- It will develop and implement procedures to ensure the confidentiality of records pertaining to any individual provided family violence prevention or treatment services under any project assisted under the ESG program, including protection against the release of the address or location of any family violence shelter project except with the written authorization of the person responsible for the operation of that shelter.

Homeless Persons Involvement -- To the maximum extent practicable, it will involve, through employment, volunteer services, or otherwise, homeless individuals and families in constructing, renovating, maintaining, and operating facilities assisted under this program, in providing services assisted through this program, and in providing services for occupants of such facilities.

Consolidated Plan -- It is following a current HUD-approved Consolidated Plan or CHAS.

Discharge Policy -- It has established a policy for the discharge of persons from publicly funded institutions or systems of care (such as health care facilities, foster care or other youth facilities, or correction programs and institutions) in order to prevent such discharge from immediately resulting in homelessness for such persons.

HMIS -- It will comply with HUD's standards for participation in a local Homeless Management Information System and the collection and reporting of client-level information.


Signature/Authorized Official

27 April 2011
Date

Policy Section Administrator, Division of Children and Family Services
Title

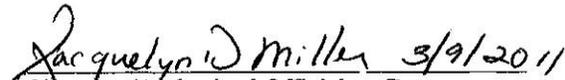
HOPWA Certifications

The State HOPWA grantee certifies that:

Activities -- Activities funded under the program will meet urgent needs that are not being met by available public and private sources.

Building -- Any building or structure assisted under the program shall be operated for the purpose specified in the plan:

1. For at least 10 years in the case of any building or structure purchased, leased, rehabilitated, renovated, or converted with HOPWA assistance,
2. For at least 3 years in the case of assistance involving non-substantial rehabilitation or repair of a building or structure.


Signature/Authorized Official Date

TITLE:

Jacquelyn D. Miller, DDS
Chief Administrator, Community Health
Division of Public Health
NE Department of Health and Human Services

APPENDIX TO CERTIFICATIONS

INSTRUCTIONS CONCERNING LOBBYING AND DRUG-FREE WORKPLACE REQUIREMENTS:

A. Lobbying Certification

This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by Section 1352, Title 31, U.S. Code. Any person who fails to file the required certification shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure.

B. Drug-Free Workplace Certification

1. By signing and/or submitting this application or grant agreement, the grantee is providing the certification.
2. The certification is a material representation of fact upon which reliance is placed when the agency awards the grant. If it is later determined that the grantee knowingly rendered a false certification, or otherwise violates the requirements of the Drug-Free Workplace Act, HUD, in addition to any other remedies available to the Federal Government, may take action authorized under the Drug-Free Workplace Act.
3. For grantees other than individuals, Alternate I applies. (This is the information to which jurisdictions certify).
4. For grantees that are individuals, Alternate II applies. (Not applicable jurisdictions).
5. Workplaces under grants, for grantees other than individuals, need not be identified on the certification. If known, they may be identified in the grant application. If the grantee does not identify the workplace(s) at the time of application, or upon award, if there is no application, the grantee must keep the identity of the workplace(s) on file in its office and make the information available for Federal inspection. Failure to identify all known workplaces constitutes a violation of the grantee's drug-free workplace requirements.
6. Workplace identifications must include the actual address of buildings (or parts of buildings) or other sites where work under the grant takes place. Categorical descriptions may be used (e.g., all vehicles of a mass transit authority or State highway department while in operation, State employees in each local unemployment office, performers in concert halls or radio stations).
7. If the workplace identified to the agency changes during the performance of the grant, the grantee shall inform the agency of the change(s), if it previously identified the workplaces in question (see Paragraph five).
8. The sites for the performance of work done in connection with the specific grant are as follows:

Place of Performance:

Department of Economic Development
301 Centennial Mall South
P.O. Box 94666
Lincoln, NE 68509-4666

Department of Economic Development
West Regional Field Office
4500 Avenue I, Suite 147
Scottsbluff, NE 69363-1500

Department of Economic Development
1101 Halligan Drive, Building #10
North Platte, NE 69101

Department of Economic Development
North Central Regional Field Office
PO Box 272
Spencer, NE 68777

Department of Economic Development
South Central Regional Field Office
PO Box 704
Holdrege, NE 68813

Department of Economic Development
Central Housing Specialist Office
4735 Avenue E
Kearney, NE 66847

Department of Economic Development
Western Housing Specialist Office
640 Road 209
Big Springs, NE 69122

Department of Economic Development
13006 W Center Road
Omaha, NE 68144

Department of Economic Development
207 E 29th Street
Kearney, NE 68847

Department of Health and Human Services
301 Centennial Mall South
PO Box 95026
Lincoln, NE 68509-5026

Check with the Department of Economic Development, PO Box 94666, Lincoln, NE 68509-4666 Personnel Office to see if there are workplaces on file that are not identified here; The certification with regard to the drug-free workplace required by 24 CFR Part 24, Subpart F.

9. Definitions of terms in the Non-procurement Suspension and Debarment common rule and Drug-Free Workplace common rule apply to this certification. Grantees' attention is called, in particular, to the following definitions from these rules:

"Controlled substance" means a controlled substance in Scheduled I through V of the Controlled Substances Act (21 U.S.C. 812) and as further defined by regulation (21 CFR 1308.11 through 1308.15);

"Conviction" means a finding of guilt (including a plea of nolo contendere) or imposition of sentence, or both, by any judicial body charged with the responsibility to determine violations of the Federal or State criminal drug statutes;

"Criminal drug statute" means a Federal or non-Federal criminal statute involving the manufacture, distribution, dispensing, use, or possession of any controlled substance;

"Employee" means the employee of a grantee directly engaged in the performance of work under a grant, including: (i) all "direct charge" employees; (ii) all "indirect charge" employees unless their impact or involvement is insignificant to the performance of the grant; and (iii) temporary personnel and consultants who are directly engaged in the performance of work under the grant and who are on the grantee's payroll. This definition does not include workers not on the payroll of the grantee (e.g., volunteers, even if used to meet a matching requirement; consultants or independent contractors not on the grantee's payroll; or employees of subrecipients or subcontractors in covered workplaces).

GUIDELINES FOR RESALE OR RECAPTURE OF HOME-FUNDED PROJECT

DED structures these guidelines based on individual program design and market conditions.

Use of Resale Provisions for HOME-Funded Projects

Resale provisions ensure that the housing is made available for subsequent sale to a HOME Program eligible buyer and that such buyer will use the property as their principal residence. Resale provisions will be utilized for projects involving development subsidies. A development subsidy is the difference between the cost of developing or producing the housing unit and the market value of the housing unit. A development subsidy does not go directly to the homebuyer; it makes the development of an affordable housing unit more feasible.

Resale provisions will be enforced through imposition of liens (such as mortgages or deeds of trust), deed restrictions, covenants running with the land, or other similar mechanisms. Projects will be monitored for the duration of the affordability period to ensure that the housing is affordable to purchasers subsequent to the original homeowner, that subsequent purchasers are eligible, and that the original HOME-assisted owner receives a fair return on investment. Affordability to a reasonable range of low-income buyers shall be ensured by restricting the sale price to a price that is not greater than what would be affordable to a family at 75% of area median income that will pay no more than 30% of their income for principal and interest payments, assuming a 30 year fixed rate mortgage at the current FHA interest rate. The sales price shall be equal to or greater than 85% of the property valuation as determined by the County Assessor to ensure a fair return on investment. In the event that the maximum sales price to ensure affordability to low-income buyers is less than the minimum sales price to ensure a fair return investment, the home sales price to ensure affordability to low-income buyers shall be adjusted upward to include HOME assistance available for downpayment and closing costs. In this case, the subsequent buyer will receive priority consideration for downpayment and closing cost assistance provided by DED HOME funds available in the service area through existing contracts with DED HOME-funded homebuyer assistance providers. These restrictions may terminate upon the occurrence of events such as foreclosure or transfer in lieu of foreclosure, but shall be revived according to their original terms if, during the original affordability period, the owner of record before the termination event, or any newly formed entity that includes the former owner, or those with whom the former owner has or had family or business ties, obtains an ownership interest in the housing.

Use of Recapture Provisions for HOME-Funded Projects

Recapture provisions ensure recouping of HOME Program Funds if housing does not continue to be the principal residence of the family for the duration of the period of affordability. Recapture provisions will be utilized for projects involving direct subsidies, or a combination of direct and development subsidies. A direct subsidy consists of any financial assistance that reduces the purchase price of the HOME-assisted unit from fair market value to an affordable price, or otherwise subsidizes the purchase (e.g. downpayment or closing cost assistance, subordinate financing). Recaptured HOME funds will be used to carry out HOME-eligible activities. DED reserves the right to choose the method of recapture based on the facts and circumstances of each individual project. The following methods of recapture will be used:

1. Recapture the entire amount of the HOME investment, or the net proceeds from sale if such net proceeds are less than the entire amount of the HOME investment. Net Proceeds means the sales price of the housing minus loan repayments (other than repayment of HOME funds) and minus normal closing costs).
2. Recapture the entire amount of the HOME investment, except that the HOME investment amount may be reduced pro-rata based on the time the homeowner has owned and occupied the unit measured against the required affordability period.
3. If the Net Proceeds are not sufficient to recapture the full [or a reduced amount as provided for in the above paragraph (item #2)] HOME investment plus enable the homeowner to recover the amount of the homeowner's downpayment and any capital improvement investment, there may be a sharing of the net proceeds.

The net proceeds may be divided proportionally as set forth in the following mathematical formulas:

$$\frac{\text{HOME Investment}}{\text{HOME investment} + \text{homeowner investment}} \times \text{Net proceeds} = \text{HOME amount to be recaptured}$$

$$\frac{\text{Homeowner Investment}}{\text{HOME investment} + \text{homeowner investment}} \times \text{Net proceeds} = \text{amount to homeowner}$$

ESG Certifications

Each State that seeks funding under the Emergency Solutions Grants Program must provide the following certifications:

Matching Funds – The State will obtain any matching amounts required under 24 CFR 576.201 in a manner so that its subrecipients that are least capable of providing matching amounts receive the benefit of the exception under 24 CFR 576.201(a)(2).

Discharge Policy – The State will establish and implement, to the maximum extent practicable and where appropriate, policies and protocols for the discharge of persons from publicly funded institutions or systems of care (such as health care facilities, mental health facilities, foster care or other youth facilities, or correction programs and institutions) in order to prevent this discharge from immediately resulting in homelessness for these persons.

Confidentiality – The State will develop and implement procedures to ensure the confidentiality of records pertaining to any individual provided family violence prevention or treatment services under any project assisted under the ESG program, including protection against the release of the address or location of any family violence shelter project, except with the written authorization of the person responsible for the operation of that shelter.

The State will ensure that its subrecipients comply with the following criteria:

Major rehabilitation/conversion – If an emergency shelter's rehabilitation costs exceed 75 percent of the value of the building before rehabilitation, the building will be maintained as a shelter for homeless individuals and families for a minimum of 10 years after the date the building is first occupied by a homeless individual or family after the completed rehabilitation. If the cost to convert a building into an emergency shelter exceeds 75 percent of the value of the building after conversion, the building will be maintained as a shelter for homeless individuals and families for a minimum of 10 years after the date the building is first occupied by a homeless individual or family after the completed conversion. In all other cases where ESG funds are used for renovation, the building will be maintained as a shelter for homeless individuals and families for a minimum of 3 years after the date the building is first occupied by a homeless individual or family after the completed renovation.

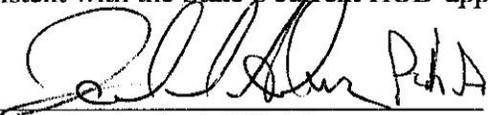
Essential Services and Operating Costs – If ESG funds are used for shelter operations or essential services related to street outreach or emergency shelter, the subrecipient will provide services or shelter to homeless individuals and families for the period during which the ESG assistance is provided, without regard to a particular site or structure, so long the applicant serves the same type of persons (e.g., families with children, unaccompanied youth, veterans, disabled individuals, or victims of domestic violence) or persons in the same geographic area.

Renovation – Any renovation carried out with ESG assistance shall be sufficient to ensure that the building involved is safe and sanitary.

Supportive Services – The subrecipient will assist homeless individuals in obtaining permanent housing, appropriate supportive services (including medical and mental health treatment, counseling, supervision, and other services essential for achieving independent living), and other Federal State, local, and private assistance available for such individuals.

Homeless Persons Involvement – To the maximum extent practicable, the subrecipient will involve, through employment, volunteer services, or otherwise, homeless individuals and families in constructing, renovating, maintaining, and operating facilities, in providing services assisted under the ESG program, and in providing services for occupants of facilities assisted ESG.

Consolidated Plan – All activities the subrecipient undertakes with assistance under ESG are consistent with the State's current HUD-approved consolidated plan.

 2/28/12
Signature/Authorized Official Date
INTERIM Director, Division of Children & Family Services
Title
Signature/Authorized Official Date 2/28/12

Title