

# STATE OF NEBRASKA PROPOSED 2010 ANNUAL ACTION PLAN

Housing and Community  
Development Programs

NEBRASKA  
possibilities...endless<sup>SM</sup>

DEPARTMENT OF ECONOMIC DEVELOPMENT  
DIVISION OF COMMUNITY AND RURAL DEVELOPMENT

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Nebraska  
Housing and Community  
Development Programs  
PROPOSED 2010 ANNUAL ACTION PLAN

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STATE OF NEBRASKA

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<b>2010 ACTION PLAN ACRONYM LIST</b>	
<b>Acronym</b>	<b>Full Name</b>
<b>AHAC</b>	<b>A</b> ffordable <b>H</b> ousing <b>A</b> gency <b>C</b> ollaborative
<b>AHP</b>	<b>A</b> ffordable <b>H</b> ousing <b>P</b> rogram
<b>AIDS</b>	<b>A</b> cquired <b>I</b> mmune <b>D</b> eficiency <b>S</b> yndrome
<b>ANCHoR</b>	<b>A</b> utomated <b>N</b> ational <b>C</b> lient-specific <b>H</b> omeless services <b>R</b> ecording
<b>APR</b>	<b>A</b> nnual <b>P</b> erformance <b>R</b> eport
<b>CDBG</b>	<b>C</b> ommunity <b>D</b> evelopment <b>B</b> lock <b>G</b> rant
<b>CFR</b>	<b>C</b> ode of <b>F</b> ederal <b>R</b> egulations
<b>CHAS</b>	<b>C</b> omprehensive <b>H</b> ousing <b>A</b> ffordability <b>S</b> trategy
<b>CHDO</b>	<b>C</b> ommunity <b>H</b> ousing <b>D</b> evelopment <b>O</b> rganization
<b>CNF</b>	<b>C</b> ommunity <b>N</b> eed <b>F</b> actors
<b>CoC</b>	<b>C</b> ontinuum of <b>C</b> are
<b>COSDA</b>	<b>C</b> ouncil of <b>S</b> tate <b>C</b> ommunity <b>D</b> evelopment <b>A</b> gencies
<b>CR</b>	<b>C</b> omprehensive <b>R</b> evitalization
<b>CRD</b>	<b>C</b> ommunity and <b>R</b> ural <b>D</b> evelopment
<b>CWSRF</b>	<b>C</b> lean <b>W</b> ater <b>S</b> tate <b>R</b> evolving <b>F</b> und
<b>DED or NDED</b>	<b>N</b> ebraska <b>D</b> epartment of <b>E</b> conomic <b>D</b> evelopment
<b>DEQ</b>	<b>N</b> ebraska <b>D</b> epartment of <b>E</b> nvironmental <b>Q</b> uality
<b>DHHS or NDHHS</b>	<b>N</b> ebraska <b>D</b> epartment of <b>H</b> ealth and <b>H</b> uman <b>S</b> ervices
<b>DNR</b>	<b>N</b> ebraska <b>D</b> epartment of <b>N</b> atural <b>R</b> esources
<b>DTR</b>	<b>D</b> owntown <b>R</b> evitalization
<b>DV</b>	<b>D</b> omestic <b>V</b> iolence
<b>DWSRF</b>	<b>D</b> rinking <b>W</b> ater <b>S</b> tate <b>R</b> evolving <b>F</b> und
<b>ED</b>	<b>E</b> conomic <b>D</b> evelopment
<b>EPA</b>	<b>E</b> nvironmental <b>P</b> olicy <b>A</b> ct
<b>ESG</b>	<b>E</b> mergency <b>S</b> helter <b>G</b> rant
<b>ESGP</b>	<b>E</b> mergency <b>S</b> helter <b>G</b> rant <b>P</b> rogram
<b>FEMA</b>	<b>F</b> ederal <b>E</b> mergency <b>M</b> anagement <b>A</b> gency
<b>FIC</b>	<b>F</b> amily <b>I</b> nvestment <b>C</b> enters
<b>FNMA</b>	<b>F</b> ederal <b>N</b> ational <b>M</b> ortgage <b>A</b> ssociation (Fannie Mae)
<b>GNMA</b>	<b>G</b> overnment <b>N</b> ational <b>M</b> ortgage <b>A</b> ssociation (Ginnie Mae)
<b>HCDA</b>	<b>H</b> ousing and <b>C</b> ommunity <b>D</b> evelopment <b>A</b> ct
<b>HCDCC</b>	<b>H</b> olistic <b>C</b> ommunity <b>D</b> evelopment <b>C</b> onsulting <b>C</b> ommittee
<b>HIV</b>	<b>H</b> uman <b>I</b> mmunodeficiency <b>V</b> irus
<b>HMIS</b>	<b>H</b> omeless <b>M</b> anagement <b>I</b> nformation <b>S</b> ystem
<b>HOPE</b>	<b>H</b> ome <b>O</b> wnership for <b>P</b> eople <b>E</b> verywhere
<b>HOPWA</b>	<b>H</b> ousing <b>O</b> pportunities for <b>P</b> ersons with <b>A</b> IDS
<b>HSATF</b>	<b>H</b> omeless <b>S</b> helter <b>A</b> ssistance <b>T</b> rust <b>F</b> und
<b>HUD</b>	<b>U.</b> <b>S.</b> <b>D</b> epartment of <b>H</b> ousing and <b>U</b> rban <b>D</b> evelopment
<b>LMA</b>	<b>L</b> ow to <b>M</b> oderate <b>I</b> ncome <b>A</b> rea <b>B</b> enefit
<b>LMC</b>	<b>L</b> ow to <b>M</b> oderate <b>I</b> ncome <b>L</b> imited <b>C</b> lientele
<b>LMH</b>	<b>L</b> ow to <b>M</b> oderate <b>I</b> ncome <b>H</b> ousing
<b>LMI</b>	<b>P</b> ersons with <b>L</b> ow to <b>M</b> oderate <b>I</b> ncome
<b>LMJ</b>	<b>L</b> ow to <b>M</b> oderate <b>I</b> ncome <b>J</b> obs
<b>MOU</b>	<b>M</b> emorandum of <b>U</b> nderstanding
<b>NAHP</b>	<b>N</b> ebraska <b>A</b> ffordable <b>H</b> ousing <b>P</b> rogram
<b>NAHRO</b>	<b>N</b> ational <b>A</b> ssociation of <b>H</b> ousing and <b>R</b> edevelopment <b>O</b> fficials
<b>NAHTF</b>	<b>N</b> ebraska <b>A</b> ffordable <b>H</b> ousing <b>T</b> rust <b>F</b> und
<b>NCHH</b>	<b>N</b> ebraska <b>C</b> ommission on <b>H</b> ousing and <b>H</b> omelessness

<b>NCIP</b>	<b>Nebraska Community Improvement Program</b>
<b>NDO</b>	<b>Nonprofit Development Organization</b>
<b>NHAP</b>	<b>Nebraska Homeless Assistance Program</b>
<b>NHDA</b>	<b>Nebraska Housing Developers Association</b>
<b>NIFA</b>	<b>Nebraska Investment Finance Authority</b>
<b>NMIS</b>	<b>Nebraska Management Information System</b>
<b>NMISP</b>	<b>Nebraska Management Information System Partners</b>
<b>NOFA</b>	<b>Notice of Funding Availability</b>
<b>NRD</b>	<b>Nebraska Natural Resources District</b>
<b>PHDEP</b>	<b>Public Housing Drug Elimination Program</b>
<b>PW</b>	<b>Public Works</b>
<b>RDC</b>	<b>Rural Development Commission</b>
<b>RFA</b>	<b>Request For Applications</b>
<b>RLF</b>	<b>Revolving Loan Fund</b>
<b>SBA</b>	<b>Slum or Blighted Area</b>
<b>SRO</b>	<b>Single Room Occupancy Housing Program</b>
<b>TA</b>	<b>Technical Assistance</b>
<b>TIF</b>	<b>Tax Increment Financing</b>
<b>TOP</b>	<b>Public Housing Tenant Opportunities Program</b>
<b>USDA - RD</b>	<b>U.S. Department of Agriculture - Rural Development</b>
<b>WW</b>	<b>Water Wastewater</b>
<b>WWAC</b>	<b>Water Wastewater Advisory Committee</b>
<b>YSP</b>	<b>Youth Sport Program</b>

# **Section One: Executive Summary and Citizen Participation Plan**

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**2010 ANNUAL ACTION PLAN**  
**EXECUTIVE SUMMARY AND CITIZEN PARTICIPATION**

The 2010 Annual Action Plan (AAP) is the first 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 2010 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 2010 summarizes categories and priorities for the distribution of approximately \$12 million in CDBG funds, \$5 million in HOME program funds, \$600,000 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); \$1.6 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 2010.

“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 DED, are outlined in the 2010 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 HHS to ensure that all statutory and regulatory requirements are being met for activities with HUD funds are included in the 2010 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 2010 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 2010 AAP are:

1. **Housing Priority:** Respond to regional 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 and or transitional housing and services for people who are homeless or at imminent risk of becoming homeless by distributing Emergency Shelter 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 2010 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 2010 Annual Action Plan, the state submitted the 2009 Annual Action Plan (the fifth and final of five plans under the 2005-2009 Consolidated Plan), which was accepted by HUD and resulted in awarding DED federal funds on July 1, 2009.

**Evaluation of Past Performance**

The State of Nebraska has been successful in its efforts to address the priority needs identified in the *2005-2009 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 Plans are available through the state's Annual Performance Report (APR) that is submitted to HUD each year. The 2008 APR was submitted to HUD in September of 2009 and is the most recent report submitted by the state. 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**

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## ***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 meetings 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 2010 Annual Action Plan, the state's 2010-2014 *Consolidated Plan*, and any other relevant 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 2010 Annual Action Plan are the CDBG Advisory Committee, 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 the Department's programs.

## ***COMMENT PERIOD***

The public comment period for the Proposed 2010 Annual Action Plan runs from November 16, 2009 through January 4, 2010. A news release announcing the comment period and public hearings was sent to media statewide and notices were sent to approximately 2,000 including: Advisory Groups, Nebraska Housing Developers Association members, the Rural Development Commission, City and Village Mayors, Chairpersons, Clerks, County Clerks, Community Action Agencies, Development Districts, Chambers of Commerce, Nebraska Economic Developers Association, the Continuum of Care, State Senators, Congressional Delegates, State Agency Directors, and CDBG Administrators. The Proposed 2010 Annual Action Plan will be available at the public hearings and will be 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 also sent to 17 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), Baright Public Library (Ralston).

***PUBLIC HEARINGS***

Public notices were placed in the Scottsbluff Star-Herald, North Platte Telegraph, Norfolk Daily News, Lincoln Journal Star, Grand Island Independent, Kearney Daily Hub, Alliance Times-Herald, Ainsworth Star Journal, Chadron Record, and the Nebraska City News-Press.

Two public videoconferences will be conducted reaching nine locations listed below.

**November 16, 2009**

**PUBLIC COMMENT PERIOD BEGAN  
Proposed 2010 Annual Action Plan Available**

**November 17, 2009**

Public Hearing 2:00 pm – 4:00 pm (CT) Videoconference	Lincoln Norfolk Ainsworth Kearney
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**November 23, 2009**

Public Hearing 10:00 am – 12:00 pm (CT) Videoconference	Lincoln Wayne McCook Chadron Alliance
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**January 4, 2010**

**PUBLIC COMMENT PERIOD ENDS**

**May 15, 2010**

**FINAL 2010 ANNUAL ACTION PLAN AVAILABLE**

A summary of public comments will be included in the final 2010 Annual Action Plan.

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

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# INTRODUCTION

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## PURPOSE . . .

The 2010 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, homelessness, 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 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 2010 Annual Action Plan and give a response from the Department of Economic Development.

## ALLOCATION OF 2010 FUNDS

The Annual Action Plan for 2010 summarizes categories and priorities for the distribution of approximately \$12 million in Community Development Block Grant (CDBG) funds, \$5 million in HOME program funds, \$600,000 in Emergency Shelter 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); \$1.6 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 2010.

### Estimated 2010 Allocation

<i>Table 1</i>	<b>CDBG<sup>6</sup></b>	<b>NAHTF<sup>7</sup></b>	<b>HOME</b>	<b>ESG</b>	<b>HSATF<sup>8</sup></b>	<b>HOPWA</b>	<b>Total Funds</b>
<b>Distribution<sup>1</sup></b>	\$12,051,920	\$4,000,000	\$5,024,644 (90%)	\$596,267 (95%)	\$1,552,000 (97%)	\$308,295 <sup>9</sup> (97%)	<b>\$23,533,126</b>
<b>State Admin &amp; Operations</b>	\$350,555 <sup>2</sup> (2% + \$100,000)	\$300,000	\$558,293 <sup>3</sup> (10%)	\$31,382 (5%)	\$48,000 (3%)	\$9,534 (3%)	<b>\$1,297,764</b>
<b>Technical Assistance</b>	\$125,277 <sup>4</sup> (1%)						<b>\$125,277</b>
<b>Total 2010 Allocation<sup>5</sup></b>	<b>\$12,527,752</b>	<b>\$4,300,000</b>	<b>\$5,582,937</b>	<b>\$627,649</b>	<b>\$1,600,000</b>	<b>\$317,829</b>	<b>\$24,956,167</b>

<sup>1</sup> Funds available for distribution to eligible program applicants and local governments.

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

<sup>3</sup> State recipients and sub-recipients may also receive administrative funds.

<sup>4</sup> 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.

<sup>5</sup> Includes all distribution, state administration, and technical assistance available from 2010 CDBG, NAHTF, HOME, HOPWA, ESG, and HSATF programs (does not include reallocated funds).

<sup>6</sup> \$250,555 will be provided by DED as match to the CDBG administration allocation. This amount fulfills the matching requirements of the CDBG Program.

<sup>7</sup> A minimum of \$1,256,161 of the NAHTF allocation will be committed as HOME Match to meet the 25% HOME Match requirement for the \$5,024,644 non-administration.

<sup>8</sup> The HSATF allocation of \$1,600,000 surpasses the ESG Program dollar-for-dollar matching requirement (and represents aid and administration).

<sup>9</sup> Includes an estimated \$18,900 in administrative expenses to Nebraska AIDS Project (HOPWA Project Sponsor).

## THE NEBRASKA HOUSING AND COMMUNITY DEVELOPMENT CONSOLIDATED PLAN

The 2010 Action Plan is the first 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 and community development 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 Shelter Grant (ESG) program. HSATF is state funding that is based on a twenty-five cent set-aside on each \$1,000.00 of the value of real estate sold in Nebraska and collected via the documentary tax stamp on real estate sales. The ESG is a federal program that awards funds to entitlement cities and the rest of the state. Entitlement cities are responsible for distribution and administration of ESG. DHHS is responsible for distribution and administration of the ESG program for the rest of the state. 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* replaces the Comprehensive Housing Affordability Strategy (CHAS) with 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 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, homeless, and community development 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, and homeless 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>, or you may contact the Department to obtain a copy.

# NATIONAL AND STATE CDBG OBJECTIVES

# National CDBG Objectives and State of Nebraska's CDBG Goal

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**“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 2010 CDBG Funds***

The 2010 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 2010 CDBG Funds***

The categories set forth in the Categorical Distribution of 2010 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 2010 CDBG program.

# Distribution of Other Funds

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## **A. Remaining Funds**

Funds remaining uncommitted and unobligated from prior years' allocations on the acceptance date for the 2010 CDBG Program, from any funding category, first will be distributed to the CDBG Housing category. If the remaining uncommitted and unobligated funds exceed the total amount of eligible and viable applications in the housing category, these funds may be distributed among any funding category identified in the 2010 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 2010 shall be used in conformance with the 2010 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 Housing category. The amount redistributed will not exceed the total funds required to fund all eligible and viable projects in the housing application cycle. The second priority for the redistribution of recaptured CDBG funds is to the Downtown Revitalization category of the Community Development Priority. Otherwise, funds recaptured from prior CDBG projects will be redistributed in conformance with the 2010 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 2010 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 2010 guidelines as follows: (1) if there are sufficient funds within 181 days from the date of 2010 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 2010 CDBG application acceptance date may be redistributed in conformance with the guidelines of any 2010 CDBG category. Funds recaptured from Housing category grantees may be redistributed for housing activities in the Comprehensive Revitalization Funding Category.

## **D. Program Income (Estimation for State in 2010 - \$1,000,000)**

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.

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 June 30, 2008 will be considered active. Local governments that have not used their Economic Development program income to fund at least one project since June 30, 2008 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 July 1, 2010 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. 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 3-23 through 3-25 of the Action Plan.

3. 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.
4. 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.
5. 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.
6. 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.
7. 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).

8. 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.

# MONITORING STANDARDS AND PROCEDURES

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## 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

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### **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 Shelter 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

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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 Outcomes 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.

<b>OBJECTIVES &amp; OUTCOMES = OUTCOME STATEMENT</b>			
	<b>Outcome 1: Availability/Accessibility</b>	<b>Outcome 2: Affordability</b>	<b>Outcome 3: Sustainability</b>
<b>Objective 1: Creating Suitable Living Environments</b>	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)
<b>Objective 2: Providing Decent Affordable Housing</b>	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)
<b>Objective 3: Creating Economic Opportunities</b>	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)
<b>OUTCOME STATEMENTS</b>			

Specific Outcome Indicators are identified in the Annual Action Plan for each activity. 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**

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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 2010 Program year, and in Section 2-18 to 2-19 of the 2010 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 2010 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 2010 to further this goal are a result of the priority for funding and objectives set by the state in 2010 in the *Consolidated Plan*.

2010 program objectives and measurements (planned between July 1, 2010 and June 30, 2011) are listed 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			
				2012			
				2013			
			Number of units meeting Section 504 Standards.	2010	4		
				2011			
				2012			
				2013			
			Number of units qualified as Energy Star.	2010	0		
				2011			
				2012			
				2013			
		CDBG HOME NAHTF	Number affordable rental units rehabilitated.	2010	25		
				2011			
				2012			
				2013			
			Number of rehabilitated affordable rental units meeting Section 504 standards.	2010	0		
				2011			
				2012			
				2013			
2014							

DH-2.1	PROMOTE ADDITIONAL AFFORDABLE RENTAL HOUSING AND PRESERVATION OF AFFORDABLE RENTAL HOUSING IN SELECTED MARKETS. (continued)	CDBG HOME NAHTF	Number of rehabilitated affordable rental units qualified as Energy Star.	2010	0		
				2011			
				2012			
				2013			
				2014			
			Number of rehabilitated affordable rental units created through conversion of non-residential buildings.	2010	10		
				2011			
				2012			
				2013			
				2014			
			Number of rehabilitated affordable rental units brought from substandard to standard condition (DED Rehabilitation Standards).	2010	10		
				2011			
				2012			
				2013			
				2014			
		Number of rehabilitated affordable rental units brought into compliance with lead safe housing rule (24 CFR part 35).	2010	0			
			2011				
			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			
				2012			
				2013			
				2014			
		CDBG	Number of units that are newly constructed, acquired, and/or acquired with rehabilitation that require five years of affordability	2010	150		
				2011			
				2012			
				2013			
				2014			

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

DH-2.3	PROMOTE ADDITIONAL HOUSEHOLDS INTO HOMEOWNERSHIP BY EXPANDING AFFORDABLE HOMEOWNERSHIP OPPORTUNITIES. (continued)	CDBG HOME NAHTF	also received housing counseling.				
			Number of first-time homebuyers that receive down-payment and closing cost assistance.	2010	50		
				2011			
				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			
				2012			
				2013			
				2014			
			Number of communities that undertook activities to affirmatively further fair housing.	2010	30		
				2011			
				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 2010 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, Douglas, Knox, Madison, Nance, Pierce, Platte, Stanton, Thurston and Wayne counties.
- **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 NDED 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. NDED 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 2010 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 2010 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 and Investment Zone Set-asides 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.
- (e) Employer-Assisted Housing programs, which includes partnering with an employer or employers to implement a homebuyer assistance program specific for that workforce. The employer must provide a financial contribution of at least \$50,000 for the program to be considered "Employer-Assisted Housing".

*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 2010 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 either (1) CDBG funds are not sufficient to fund the owner-occupied rehabilitation projects selected or (2) the applicant is a local government currently participating in the Community Revitalization program of the NDED. The applicant, the activities, and the project, even if funded with NAHTF or Home Funds, must 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 2010 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 2010 NDED Affordable Housing Program Application Guidelines.

## **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. 2010 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:**

<h3><b>(a) Meets Department priorities</b></h3>
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#### **Community Needs Factors For CDBG projects**

- (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 2009 are:
  
- (2) 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 2010 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>2006 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% - 61.1%	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 2006, the state population increase was 13.0 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 2006, 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 2006, the state unemployment rate was 3.3 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 2005, net taxable sales in the state increased 97.5 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, owner-occupied rehabilitation programs and rental property assistance applications**

<b>(a) Meets Department Priorities</b>			
1. Employer Assisted Housing Program with a significant financial contribution of an employer or group of employers, minimum \$50,000 per project contribution.	<input type="checkbox"/> Yes 25 pt	<input type="checkbox"/> No 0 pts	
2. 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	
3. Resource Stewardship projects - Any housing project that will ensure good stewardship of resources by incorporating the use of energy saving innovations and energy conservation. Each project would require that all mechanical systems installed will be Energy Star rated; all new floor coverings installed will contain recycled content or be renewable resource products; any appliances/fixtures that are installed will be water conserving and builder/contractor will follow a written waste reduction, recycle and reuse plan.	<input type="checkbox"/> Yes 25 pt	<input type="checkbox"/> No 0 pts	
4. 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	
5. Homebuyer assistance programs not including rehabilitation on existing homes	<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	
<b>TOTAL POINTS POSSIBLE:</b>			<b>50</b>

<b>(b) Reasonableness: the project will meet a demonstrated need of the community and the market</b>			
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 15 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 highly leveraged.	<input type="checkbox"/> Highly leveraged with proof of firm commitments. 5 pts	<input type="checkbox"/> Highly 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 5 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	
<b>TOTAL POINTS POSSIBLE:</b>			<b>50</b>

<b>(c) Community and Economic Development Planning Efforts: the project is part an overall community or regional economic development/community development effort.</b>			
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 10 pts	<input type="checkbox"/> No 0 pts	
4. There is evidence of aggressive 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 aggressive strategies in the community or region to rehabilitate substandard properties.	<input type="checkbox"/> Yes 5 pts	<input type="checkbox"/> No 0 pts	
<b>TOTAL POINTS POSSIBLE:</b>			<b>50</b>

**Probability of Producing Desired Results:**

<b>(a) Level of Readiness to Proceed</b>			
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	
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 correctly completed Environmental Review statutory checklist.		<input type="checkbox"/> Yes 5 pts	<input type="checkbox"/> No 0 pts
<b>TOTAL POINTS POSSIBLE:</b>			<b>50</b>

<b>(b) Demonstrated Capacity</b>			
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 submitted to DED		<input type="checkbox"/> Yes 10 pts	<input type="checkbox"/> No 0 pts
4. The applicant has been successful in similar projects in the past.		<input type="checkbox"/> Yes 10 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 2007 and prior and has expended at least 80% of all housing grant funds received in 2008.		<input type="checkbox"/> Yes 10 pts	<input type="checkbox"/> No 0 pts
<b>TOTAL POINTS POSSIBLE:</b>			<b>50</b>

<b>(c) Cost-effectiveness and appropriateness: appropriate, size, scope, rent schedule and income levels being served;</b>			
1. Homebuyer/tenant Education is required.	<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	
<b>TOTAL POINTS POSSIBLE:</b>			<b>50</b>

<b>Characteristic</b>	<b>Criteria</b>	<b>Points</b>
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
<b>Demonstrates Desired Results</b>	<b>Possible Points</b>	<b>150</b>
Probability	Level of Readiness	0-50
Probability	Demonstrated Capacity	0-50
Probability	Cost-effectiveness and Appropriateness	0-50
<b>Probability</b>	<b>Possible Points</b>	<b>150</b>
	<b>Total Possible Points</b>	<b>300</b>

**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 2010 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. Grantees that have used their Housing program income to fund at least one project since June 30, 2008 will be considered active. Grantees that have not used their Housing program income to fund at least one project since June 30, 2008 will be considered inactive. The full amount shall 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 (2009 or later) grant.

Grantees receiving a Housing grant in 2010 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 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. NDED Annual LIHTC set-aside Application Cycle Review Criteria**

##### **The 2010 HOME set-aside for Low-income Housing Tax Credit projects**

The application deadlines and review process will be consistent with the 2011 Nebraska Investment Finance Authority (NIFA) Low-income Housing Tax Credit (LIHTC) Qualified Allocation Plan to be finalized in September 2010. 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 2010.

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.

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 2010. 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.

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## 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.

<b>Characteristic</b>	<b>Criteria</b>	<b>Points</b>
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
<b>Demonstrates Desired Results</b>	<b>Possible Total Points</b>	<b>150</b>
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
<b>Probability</b>	<b>Possible Total Points</b>	<b>150</b>
	<b>Total Possible Points</b>	<b>300</b>

**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.  <b>Applicants within the City of Omaha must apply to the City for eligible NAHTF projects.</b>	Optional Pre-applications must be received by <b>February 26, 2010</b>
Northeast (NAHTF regions 5 and 7, including Omaha)		<b>Pre- applications submitted on or before February 26, 2010 will receive technical assistance and recommendations from the NDED regional housing specialist</b>
Southeast (NAHTF regions 6 and 8, including Lincoln)		
Western (NAHTF regions 1 and 3)		Full Applications must be received by <b>May 7, 2010</b>

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

Date	Location	Action	Responsible Parties
12/18/2009	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.			
1/14/2010	Lincoln	Application Workshop	NDED, Applicant and Application preparers
1/12/2010	North Platte	Application Workshop w/video conference sites	
2/26/2010	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
4/9/2010	Statewide	OPTIONAL – Reviews items must be submitted to regional reps for their review	Applicant
5/7/2010	Lincoln NDED office	Full Applications must be received	Applicant
6/7-6/25/2010	TBD	Interviews	NDED, Applicant and application preparer
8/2-8/20/2010	TBD	Contract Negotiations	NDED, Applicant and application preparer
10/29/2010	Lincoln NDED Office	Complete, accurate and satisfactory contract negotiation information received from applicants	Applicant and application preparer
11/19/2010		Award Letters distributed	NDED
<b>CDBG OOR Round 2</b>			
12/18/2009	www.neded.org	Application Guidelines are posted	NDED
7/30/2010	Lincoln NDED Office	Full applications must be received	Applicant
9/30/2010		Award letters distributed	NDED
10/1-10/31/2010	TBD	Contract Negotiations	NDED, Applicant and application preparer

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

**F. 2010 Nebraska Affordable Housing Program Allocation of Funds Process**

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

Funding source	HOME	NAHTF	CDBG Remaining & Redistributed	TOTAL
Amount (less NDED admin)	\$5,132,937	\$4,000,000	TBD	\$9,132,937

*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 in conjunction with HOME CHDO operating, and (3) a competitive application for funds on a regional basis. No NAHTF are proposed to be set-aside for specific projects or programs.*

Step 2: Leverage private and public resources with NDED NAHP funds

\$1,437,441 of HOME funds (15% of the total Nebraska Affordable Housing Program allocation) is reserved for projects with 2011 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 2010. 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.

\$200,000 of HOME is reserved for the Making Homes Accessible Program administered by the Nebraska Housing Developers Association in partnership with the Assistive Technology Partnership.

Step 3: 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.

\$250,000 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, 2009 and the funds must be committed to specific projects no later than June 30, 2010.

\$800,000 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 Target Plan 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:

\$120,000 HOME                      Lincoln County CDC

Zone Set-asides for homeownership programs:

\$150,000 HOME CHDO	Lincoln County CDC
\$150,000 HOME CHDO	High Plains CDC
\$100,000 HOME	McCook EDC
\$100,000 HOME	Southwest NE CBC
\$100,000 HOME	Western NE Housing Opportunities

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:

\$150,000 HOME	MID NE Community Action
\$250,000 HOME	CORE

Zone Set-asides for homebuyer programs:

\$225,000 HOME CHDO	MID NE Community Action
\$300,000 HOME	CNED, Inc

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-aside for homebuyer programs:

\$350,000 HOME CHDO	NEHI
\$550,000 HOME CHDO	Neighborworks NE Nebraska

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:

\$400,000 HOME	BVCA
\$400,000 HOME	SENCA

Zone Set-aside for homebuyer programs:

\$350,000 HOME	SENCA
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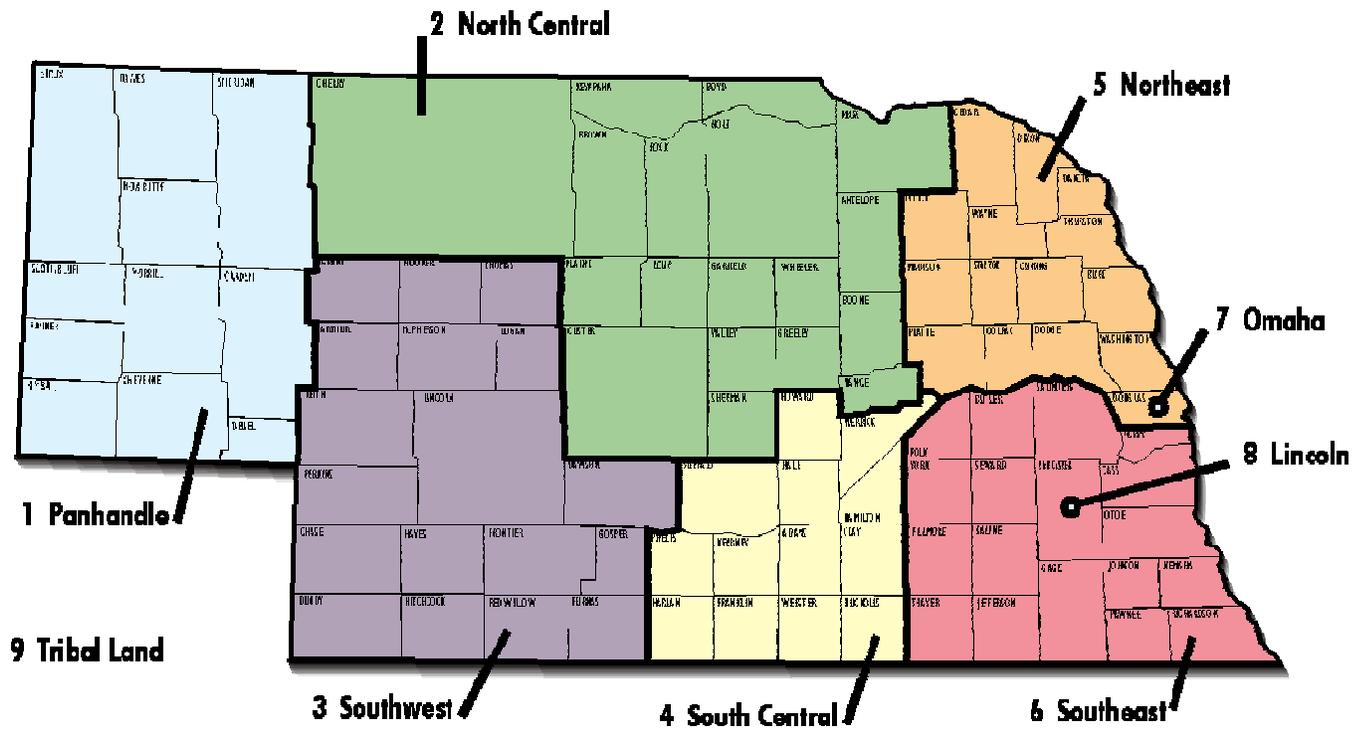
Step 8: The remaining funds in each Investment Zone are available in the NDED Annual Housing Application Cycle for homebuyer programs, owner-occupied rehabilitation programs, and new construction, acquisition or rehabilitation rental projects with pre-applications due February 26, 2010.

<b>Investment Zone</b>	<b>Description</b>	<b>Amount available in the competitive zone application cycle for the 2010 Program Year with all Set-asides removed.</b>
Western Nebraska	Panhandle (NAHTF region 1) and Southwest (NAHTF region 3)	\$566,185
Central Nebraska	North Central (NAHTF region 2) and South Central (NAHTF region 4)	\$495,937
Northeast Nebraska	Northeast (NAHTF region 5)	\$590,946
Southeast Nebraska	Southeast (NAHTF region 6) and Lincoln (NAHTF region 8)	\$847,428

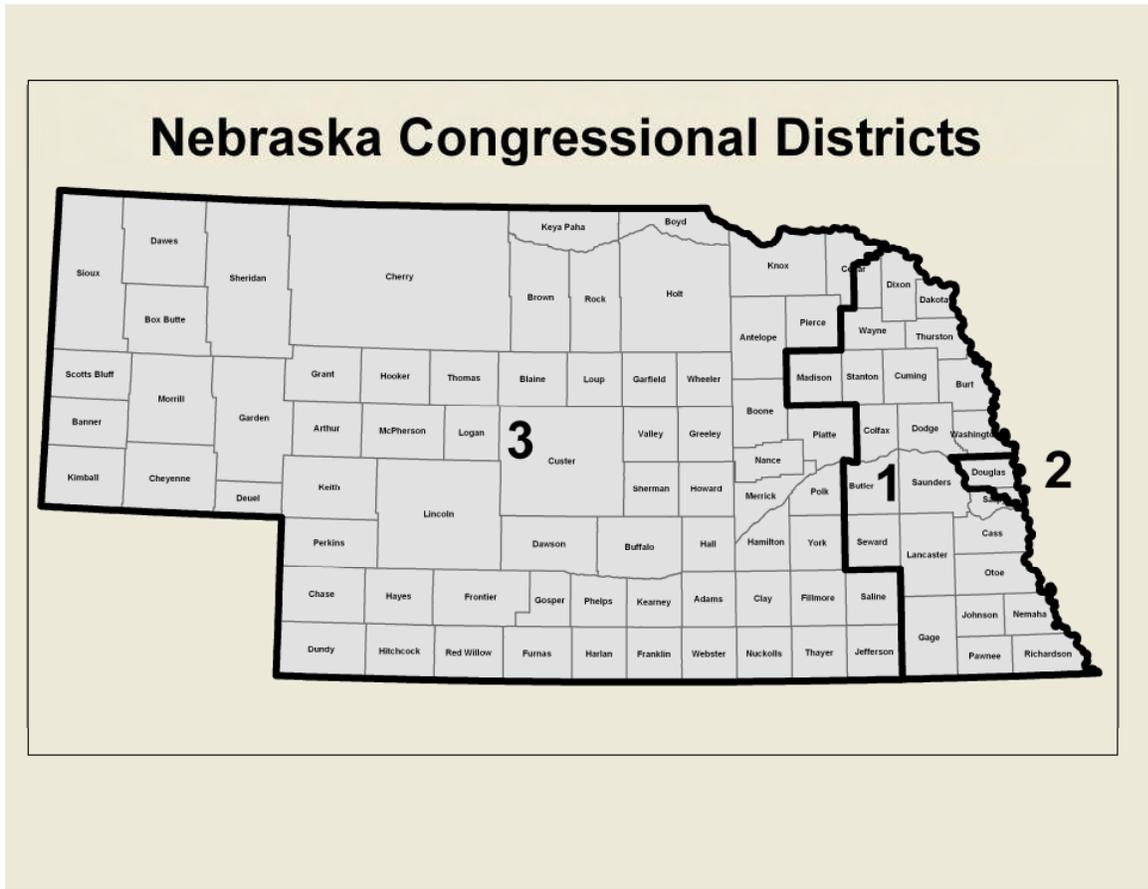
Application guidelines are provided to apply for the above allocations.

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

**Exhibit 1**  
**2010 Nebraska Affordable Housing Trust Fund Regions**



*Exhibit 2*



## **Section Four: Community Development Priority**

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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 2010 Annual Action Plan. Lastly, 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.

### **The CDBG Advisory Committee and the Economic Development Commission**

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 CDBG Advisory Committee and 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).

The CDBG Advisory Committee, created in 1986, regularly consults with DED regarding the state's CDBG Program. The committee helps determine community development objectives, state priorities, and fund distribution guidelines. Committee members are appointed by the Nebraska Economic Development Commission upon recommendation of DED.

**Actions for the 2010 Program Year**

Objectives and measurable actions planned between July 1, 2010 and June 30, 2011, 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						
<b>PUBLIC WORKS, WATER AND WASTEWATER, AND INFRASTRUCTURE ACTIVITIES</b>							
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			
				2012			
				2013			
			Number of LMI persons with improved access to a facility or infrastructure benefit.	2010	1,000		
				2011			
				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			
				2012			
				2013			
2014							
SL-3	Sustainability of Suitable Living Environment						
<b>COMPREHENSIVE REVITALIZATION AND DOWNTOWN REVITALIZATION ACTIVITIES</b>							
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			
				2012			
				2013			
			Amount of public and private funds leveraged from comprehensive	2010	\$1,000,000		
				2011			
				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			
				2012			
				2013			
				2014			
			Amount of public and private funds leveraged through planning projects.	2010	\$100,000		
				2011			
				2012			
				2013			
				2014			
			Number of technical assistance and training sessions conducted for building capacity of local government officials.	2010	4		
				2011			
				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 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.” All project activities submitted for funding with Comprehensive Revitalization funds must meet the national objective of benefit to low and moderate income.

Eligible activities are those identified as State Priorities in the Housing and Public Works 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); and neighborhood parks (a new facility/improvement or a quantifiable increase of an existing facility/improvement). When in support of any of the above activities, acquisition, clearance, and code enforcement activities may be undertaken.

### **C. 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, 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 seven of eight eligible communities and approximate funding allocations are shown below (based on available allocation for 2010 Downtown Revitalization and Community Development Category distribution of \$5,480,932, divided by a non-entitlement LMI population of 411,329 equals \$13.3249/capita, multiplied by the respective number of LMI persons).

<u>City</u>	<u>LMI pop.</u>	<u>Formula</u>	<u>Allocation</u>
Bellevue	16,442	\$ 219,088	\$218,088
Columbus	8,107	\$ 108,025	\$175,000
Fremont	9,502	\$ 126,613	\$175,000
Grand Island	17,349	\$ 231,174	\$231,174
Kearney	10,203	\$ 135,954	\$175,000
Norfolk	9,648	\$ 128,559	\$175,000
<u>North Platte</u>	<u>10,087</u>	<u>\$ 134,408</u>	<u>\$175,000</u>
	81,338	\$1,324,262	\$1,360,374

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 7% of the city's allocation. The housing management activity cannot exceed 7% of the city's allocation. These amounts are in addition to 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.

Grantees with open Comprehensive Revitalization awards cannot apply in any CDBG Housing, Water Wastewater or Public Works category. Grantees with open Comprehensive Revitalization awards may apply in Economic Development, Planning, and Tourism Development categories.

**D. 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 must submit a Comprehensive Revitalization application to DED by April 15, 2009 to complete a Comprehensive Needs Assessment and a Revitalization Strategy, which may be an update or revision to the strategy submitted for 2005-2008 period. The Comprehensive Needs Assessment must identify all areas of low and moderate-income concentrations and inventory 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 should be considered whether eligible for state/federal CDBG or not eligible. The Revitalization Strategy must identify 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 must involve citizen participation, particularly LMI residents, in all development and implementation phases. The maximum Assessment/Strategy grant amount available is \$12,000 and requires a minimum 25% cash match (\$12,000 CDBG with \$4,000 Local for a \$16,000 Assessment/Strategy). General administration activities shall not exceed 7% of the CDBG funds awarded or \$1,000, whichever is greater. Funding awards are anticipated by May 20, 2009. The Assessment and Strategy documents must be completed and submitted for DED review on or before November 20, 2009.

For a suitable Assessment/Strategy, DED will recommend that a Comprehensive Revitalization application for Action Plan-Year One funding be submitted to DED on or before January 29, 2010. It is anticipated that awards will be announced on or before February 26, 2010 and funds must be expended by August 29, 2010.

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 – Aug 29, 2010
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.)
- 2010 applicant has drawn down 90% of any 2008 CDBG funds and 100% of any 2007 or prior year CDBG funds (this requirement excludes Comprehensive Revitalization, Economic Development 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 or which are blighted and substandard. The target area boundaries must allow for maximum treatment of substandard conditions.

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 or where there is an urgent development need. 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, acquisition and 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. 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 \$2,887,712 for public works and \$1,593,220 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.

#### **D. 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 March 31, 2010 through April 14, 2010. 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 3, 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 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; and
- 2010 applicant has drawn down 90% of any 2008 CDBG funds and 100% of any 2007 or prior year CDBG funds (this requirement excludes Economic Development and Tourism Development CDBG funds);
- 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 2010 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>2008 County Unemployment Rate as Percent of State Average</u>	<u>Net Taxable Sales Change, 1990 - 2006 (State Increased 103.2%)</u>
>=13.0%	0	0	0
(3.5)% - 12.9%	5	5	5
(20.0)% - (3.6)%	10	10	10
(36.5)% - (20.1)%	15	15	15
<=(36.6)%	20	20	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 2007, 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 2007, 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 2008, the state unemployment rate was 3.3 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 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 2010 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. 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 \$443,643 reserved for planning projects out of the projected 2010 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.

#### **D. 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, 2010 through April 14, 2010 and the second cycle is October 19, 2010 through October 29, 2010. The third cycle is an open cycle and applications will be accepted beginning January 11, 2011 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 1<sup>st</sup> 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).
- 2010 applicant has drawn down 90% of any 2008 CDBG grant and 100% of any 2007 or prior year CDBG grant (this requirement excludes Economic 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.

### **Application Process**

Applicants meeting threshold requirements are reviewed by DED on a competitive basis according to the Selection Criteria Matrix for the 2010 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 populations 20,000 and under. 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. 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.

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

#### **D. 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 six (6) 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 5 through March 19, 2010. Phase II Applications will be accepted January 19 through January 31, 2011. 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 the Department.

#### **Threshold Requirements for Applicant Eligibility**

DED will select communities through a competitive pre-application (letter of intent) 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 a Nebraska local municipal unit of government with less than 20,000 in population;
- Applicant has been designated as an Economic Development Certified Community (for a complete list of designated EDC communities, visit: <http://www.neded.org/content/view/384/670/>);
- 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.);
- Applicant has drawn down 90% of any 2007 CDBG grant and 100% of any 2006 or prior year CDBG grant (this requirement excludes Economic Development, Planning and Tourism Development CDBG funds)

**E. 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 19, 2010. 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-

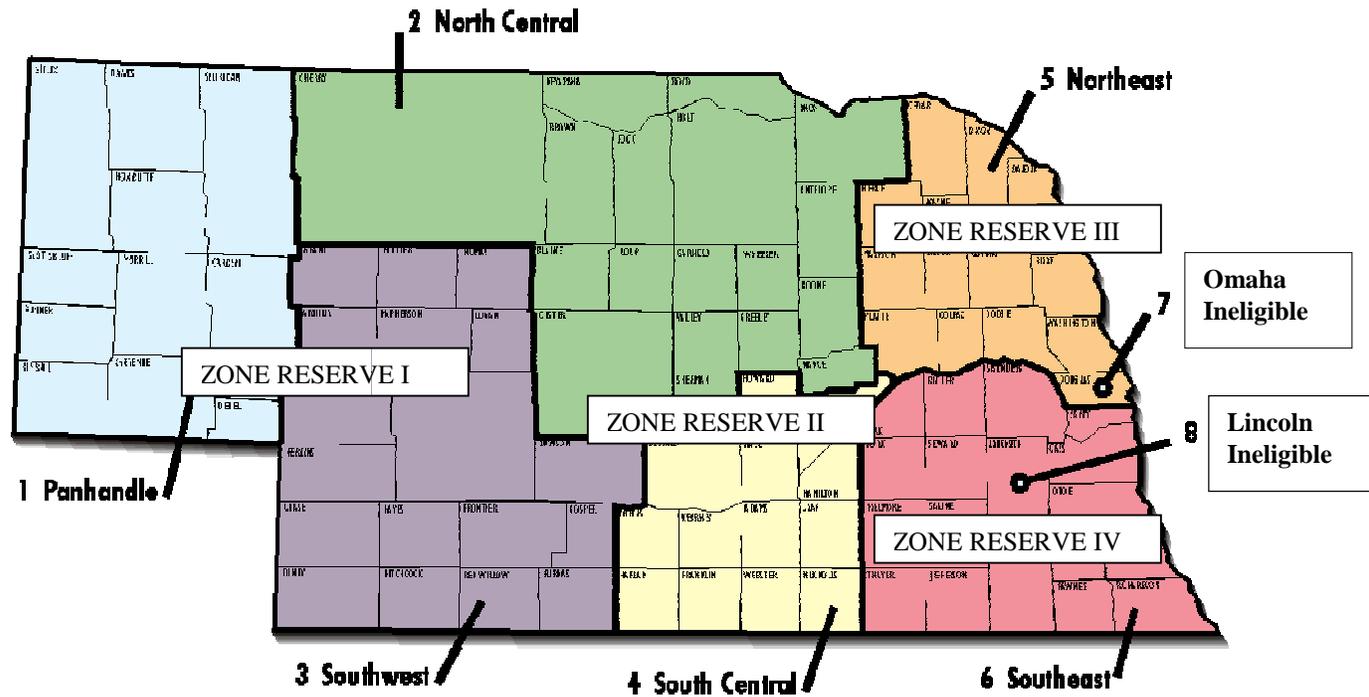
100 average – *moderately serious problems exist in the downtown district, less than 25% of the properties in the project area exist in the state of physical and/or economic blight, infrastructure problems exist (deteriorating streets, hazardous sidewalks, accessibility, drainage, etc), façade improvement 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**

**F. Summary of Milestones/Timeline**

Milestone Summary	Dates
Pre-Application submitted to DED	19-Mar-2010
DED Conducts Site Visits	April/May 2010
Communities Selected/Awarded Phase I Downtown Revitalization Strategic Planning	2-Jun-2010
Selected Communities Conduct Phase I - DTR Plan (6 months)	June '10 -Jan. '11
Submit downtown revitalization plan and Phase II Application for the proposed project activities to DED	29-Jan-2011
Contract Negotiations conducted between DED and Applicant Communities	Feb/Mar 2011
CDBG Awarded for Phase II: Downtown Revitalization Project Activities (Implementation of downtown revitalization plan; 2 yr contract)	Apr-'11

**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.
- ZONE RESERVE IV.....6 Southeast.



## **Section Five: Economic Development Priority**

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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 purpose 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.

### **The Economic Development Commission and CDBG Advisory Committee**

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, as well as the CDBG Program Advisory Committee. 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 (as non-voting member).

The CDBG Program Advisory Committee, created in 1986, regularly consults with DED regarding the state's CDBG Program. The committee helps determine community development objectives, state priorities, and fund distribution guidelines. The Nebraska Economic Development Commission upon recommendation of DED appoints committee members.

**Actions for the 2010 Program Year**

Objectives and measurable actions planned between July 1, 2010 and June 30, 2011, are listed below:

5 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						
<b>JOB CREATION AND RETENTION ACTIVITIES</b>							
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			
				2012			
				2013			
				2014			
			Number of jobs created or retained that were designated for LMI persons.	2010	82		
				2011			
				2012			
				2013			
			Amount of public or private funds leveraged.	2010	8,500,000		
				2011			
				2012			
				2013			
2014							
<b>PUBLIC FACILITIES AND IMPROVEMENT ACTIVITIES</b>							
EO-1.2	INVEST IN PUBLIC FACILITIES AND IMPROVEMENT ACTIVITIES THAT MAKE ECONOMIC OPPORTUNITIES AVAILABLE TO LOW AND MODERATE INCOME PERSONS.	CDBG	Number of jobs created or retained.	2010	29		
				2011			
				2012			
				2013			
				2014			
			Number of jobs created or retained that were designated for LMI persons.	2010	15		
				2011			
				2012			
				2013			
				2014			

<b>TOURISM DEVELOPMENT ACTIVITIES</b>							
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			
				2012			
				2013			
			Number of jobs created or retained.	2010	4		
				2011			
				2012			
				2013			
2014							
OTHER	Other Objectives						
<b>PLANNING ACTIVITIES</b>							
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			
				2012			
				2013			
				2014			

## **Economic Development Funding Category**

### **Purpose**

The purpose 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 (or to qualifying non-profit development organizations) for such projects; and planning for such projects when undertaken by a nonprofit development organization
- 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**

\$500,000 will be used as a guideline for an award for any one project under the CDBG ED category. \$750,000 will be used as a guideline for an award for any one speculative industrial park project under the CDBG ED category.

### **Amount of Direct Financial Advantage 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. All, or a portion, of the first \$250,000 of such loans may be forgiven, depending on the decision of the applicant community and (in the instance of deciding to forgive) if the Department concurs with such decision to forgive.
    - The decision to forgive—or not—and if so, how much of this first \$250,000 to forgive—initially rests with the applicant community—but Department concurrence is required when the community's decision involves forgiving the loan (all, or a portion). The Department's concurrence is required to ensure compliance with HUD CDBG underwriting guidelines which prohibit the benefiting business, or its principals, from being unduly enriched or from receiving an unreasonably high rate of return on their investment, as a result of such CDBG loan forgiveness.
    - Of course, 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.
  - If the amount of the CDBG loan for the project is more than \$250,000 such "excess" amount (over the first \$250,000 is not forgivable at all, and must be repaid by the business, and when such repayments are generated they must be timely returned by the community to the Department (as CDBG program income).
- 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.
- Entrepreneur development projects. This eligible activity and form of assistance is to provide assistance to entrepreneurial endeavors and small business enterprises, through applicant communities directly providing (or using sub-contracting intermediary service provider organizations to provide) the following:
    - business plan development assistance
    - entrepreneurial management training
    - accounting and finance training and assistance
    - sales and marketing training and assistance
    - business incubators
    - loans

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

To initiate the process of applying for CDBG funding for a project of this type, the 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 entrepreneurial assistance
- the types of entrepreneurial assistance which will be offered
- a description of the geographically targeted service area for the project
- a description of organizations already existing in the targeted service area which provide entrepreneurial 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 and moderate income (LMI) entrepreneurs, and the project's anticipated impact on such LMI entrepreneurs
- a description of the basic work plan for the project for the one-to-two year period to be covered by the project award
- a basic budget for the project, showing project costs and showing the source(s) of matching non-CDBG funds

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. The normal application/review/criteria assessment/approval process described earlier in these Guidelines is then applied to these types of projects.

- 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. As a guideline, \$750,000 is the maximum level of assistance for a speculative industrial park project. The aggregate maximum the Department would award for all projects of this type for any one program year is \$5,000,000.

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)?

## **Economic Development Category - Tourism Development**

### **A. Tourism Development– State Objective:**

The purpose 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 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;
- 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; 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 \$200,000 and the minimum is \$50,000 per community/unincorporated county. There is \$200,000 targeted for use in the Tourism category (not a reservation of funds).

All CDBG TD category projects require a minimum 1:1 match of CDBG funds with funds from other (non-CDBG) sources. CDBG funds can be no more than 50% of the total project cost. 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, 2010. 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	SUSTAINABILITY	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**

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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 Shelter 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 SHELTER TRUST FUNDS AND HOMELESS SHELTER ASSISTANCE TRUST FUNDS.**

**The State of Nebraska's Objectives developed to meet the Homeless Services Priority include:**

**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 2010 Program Year**

Establishing and accomplishing objectives requires collaboration with housing and service agencies across the state to deliver needed emergency shelter, transitional housing, and services to people who may be homeless or near homeless in the 93 counties of Nebraska. 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. All are served by one of the seven Continuum of Care planning regions. 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 and \$600,000 in Emergency Shelter Grant funds for distribution during the 2010 Program Year.

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 PREVENTION ACTIVITIES							
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			
				2012			
				2013			
				2014			
DH-2	Affordability of Decent Housing						
HOMELESS SERVICES							
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			
				2012			
				2013			
				2014			
			Number of individuals not residing in an emergency or transitional shelter that received essential services.	2010	20,000		
				2011			
				2012			
				2013			
				2014			

**The Nebraska Homeless Assistance Program (NHAP)**

The Department of Housing and Urban Development’s Emergency Shelter Grant Program (ESG) funds are matched with Nebraska’s Homeless Shelter Assistance Trust Fund (HSATF) dollars. The combined funding comprises the Nebraska Homeless Assistance Program (NHAP). For the 2010-2011 grant cycle, the Homeless Shelter Assistance Trust Funds will provide approximately 72 percent of the NHAP funding; the ESG funds provide the remaining 28 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 supports the State Continuum of Care Committee and the Ad Hoc Committee on Ending Chronic Homelessness of the Nebraska Commission on Housing and Homelessness. The State Continuum of Care Committee includes representatives from each regional Continuum. The Ad Hoc Committee is responsible for the planning and implementation of “Nebraska’s Action Plan for Increasing Access to Mainstream Services for People Experiencing Chronic Homelessness,” which is the State’s 10-Year Plan to address homelessness. The plan was revised in 2007 and was adopted by the NE Commission on Housing and Homelessness. The revision included an implementation update of the 10-Year Plan for the period of January 2008-June 2009. It is anticipated that the Ad Hoc Committee will commence work on a similarly focused implementation update for the 2010-2011 grant cycle.

### **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 (NCHH) Continuum of Care Committee. The Commission is composed of governor-appointed NCHH members and at-large members who represent homeless and near homeless populations across the state. The 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 and “Nebraska’s Action Plan for Increasing Access to Mainstream Services for People Experiencing Chronic Homelessness.” Committee meetings are held via statewide videoconference and are coordinated by NHAP personnel.

### **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 annually, if required.

In order to reduce NHAP grant writing 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 regional Continuum. Second-year renewal funding is based on 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 ServicePoint/NHAP reports.

**Distribution of NHAP Funds**

Applications in the 2010-2011 competitive grant cycle will be reviewed by review teams composed of members from the Nebraska Commission on Housing and Homelessness, Continuum of Care Committee, representatives from the Department of Health and Human Services and other collaborating departments. The NHAP Specialist, charged with monitoring NHAP grantees, facilitates the review process. Applications for the 2010-2011 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.

<b><u>Section V. Effectiveness Measures</u></b>	Successes and challenges and unmet need.	15
<b><u>Section VI. Certifications</u></b>	Agreement through Certification of participation in local and regional Continuums of Care, the NMIS process of data collection, and Drug Free Workplace. 1. CoC – 10 pts 2. HMIS – 9 pts 3. Drug Free – 1 pt	20

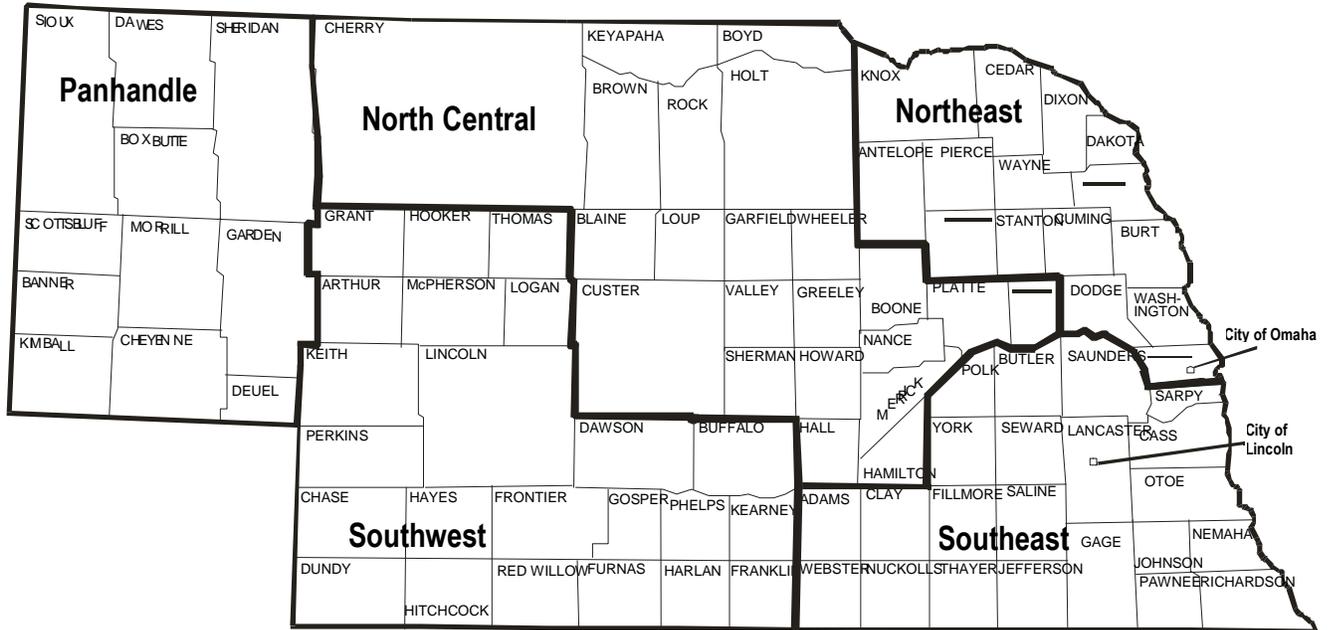
The application timeline for the 2010-2011 competitive grant cycle is as noted. The RFA and application documents will be made available on the NHAP website.

<b>Application Process Timeline and Description</b>		
<b>Date</b>	<b>Action</b>	<b>Responsible Parties</b>
December 18, 2009	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, 2010	Applications submitted to DHHS-CFS	Applicant
March 3, 2010	Any additional information needed from applicants is submitted.	Applicant
March-April 2010	Review process.	DHHS-CFS NHAP
April-May 2010	Negotiation and allocation process.	DHHS-CFS NHAP
June 2010	Awards announced.	DHHS-CFS NHAP

**Nebraska Management Information System (NMIS)**

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 load 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 2010-2011 will continue to be data integrity monitoring since that is critical to the provision of unduplicated data.

# 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 2009-2010 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**

Requested data for type of project, services, population(s) served, characteristics of populations served, and racial/ethnic characteristics (ServicePoint/NHAP report attached). The proposal will provide a narrative listing: program challenges and successes and how the agency overcomes identified barriers.

1. The proposal contains an attached NHAP/ServicePoint report detailing NHAP relevant data. (25 points) \_\_\_\_\_
2. The proposal contains a narrative listing program outcomes and impact: program successes and challenges; how the agency builds upon successes and how it addresses challenges; and how the agency works to overcome identified barriers. (20 points) \_\_\_\_\_  
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:**

<b>Section 1. Program/Agency Update (5)</b>	_____
<b>Section II. Budget Information (45)</b>	_____
<b>Section III. Performance Measurements (45)</b>	_____
<b>Section IV. Certifications (5)</b>	_____
<b>Total Score (100 possible points)</b>	_____

**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		<p><b><u>Section I. Program/Agency Update</u></b>  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.</p>
45		<p><b><u>Section II. Budget Information</u></b>  Budget and audit reflect 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.</p>
45		<p><b><u>Section III. Performance Measurements</u></b>  Requested data for type of project, services, population(s) served, characteristics of populations served, and racial/ethnic characteristics (ServicePoint/NHAP report attached). The proposal will provide a narrative listing: program challenges and successes and how the agency overcomes identified barriers.</p>
5		<p><b><u>Section IV. Certifications</u></b>  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.</p>



## **Section Seven: Housing Opportunities for Persons With AIDS Services Priority**

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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 Section. This section consists of the following programs (see diagram on Section 7 – 6):

- 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 on Section 7 – 7.

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 Titles committee members to coordinate services for persons living with HIV/AIDS.

The NDHHS' current competitive HOPWA award will expire 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 2009 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 2009 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.

**Actions for the 2010 Program Year**

Through the HOPWA Program, activities to be funded include an array of supportive services including case management services with a medical and self-sufficiency component, 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:

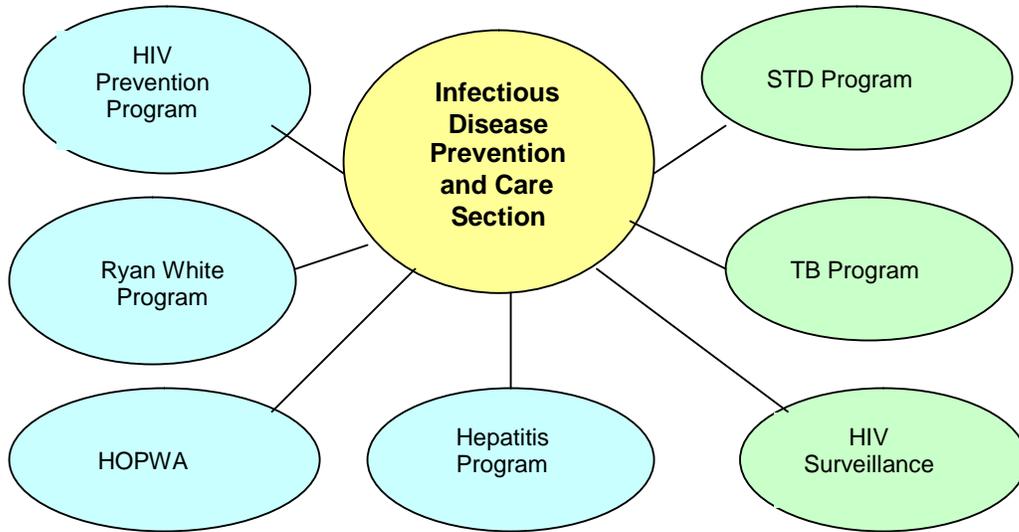
- Tenant-Based Rental Assistance, \$105,000 allocated to assist 12 households annually
- Short-Term Rent and Mortgage Assistance, \$50,000 to assist 30 households annually
- Supportive Services, \$94,000 allocated to assist 50 households annually
- Permanent Housing Placement, \$10,000 allocated to assist 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 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						
<b>HOMELESS SERVICES AND PREVENTION ACTIVITIES FOR PERSONS WITH HIV/AIDS</b>							
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			
				2012			
				2013			
				2014			
			Amount of funds spent on tenant-based rental assistance.	2010	\$105,000		
				2011			
				2012			
				2013			
				2014			
			Number of households receiving short-term rent and mortgage assistance.	2010	30		
				2011			
				2012			
				2013			
				2014			
			Amount of funds spent on short-term rent and mortgage assistance.	2010	\$50,000		
				2011			
				2012			
				2013			
				2014			
Number of households	2010	50					
	2011						

			receiving supportive services.	2012			
				2013			
				2014			
			Amount of funds spent on housing supportive services.	2010	\$94,000		
				2011			
				2012			
				2013			
				2014			
			Number of households receiving permanent housing placement.	2010	13		
				2011			
				2012			
				2013			
				2014			
			Amount of funds spent on permanent housing placement.	2010	\$10,000		
				2011			
				2012			
				2013			
				2014			
			Number of households receiving housing information services.	2010	13		
				2011			
				2012			
				2013			
				2014			
			Amount of funds spent on housing information services.	2010	\$25,000		
				2011			
				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						
	2012						
	2013						
	2014						

**DIAGRAM OF NDHHS INFECTIOUS DISEASE PREVENTION AND CARE SECTION**



**NEBRASKA AIDS PROJECT**  
**OFFICE LOCATIONS**

Nebraska AIDS Project-Omaha  
139 So. 40th St.  
Omaha, NE 68131  
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**

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# 2010 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"> <li>• First Cycle               <ul style="list-style-type: none"> <li>▪ Pre-application (Optional)</li> <li>▪ Application Due</li> </ul> </li> <li>• Second Cycle (If needed)</li> </ul>	February 26, 2010 (Tentative) May 7, 2010 (Tentative) To Be Determined
Tax Credit Set-aside	November 2010 (Tentative)
Community Development	
Comprehensive Revitalization <ul style="list-style-type: none"> <li>• Needs Assessment Application</li> <li>• Phase I Application</li> <li>• Phase II Application</li> <li>• Phase III Application</li> </ul>	April 15, 2009 January 29, 2010 April 15, 2011 April 16, 2012
Public Works <ul style="list-style-type: none"> <li>• First Cycle</li> <li>• Second Cycle (If needed)</li> </ul>	April 14, 2010 To Be Determined
Water Wastewater	Open Cycle, begins May 3, 2010
Planning <ul style="list-style-type: none"> <li>• First Cycle</li> <li>• Second Cycle</li> <li>• Third Cycle</li> </ul>	April 14, 2010 October 29, 2010 Open Cycle, begins January 11, 2011
Downtown Revitalization <ul style="list-style-type: none"> <li>• First Cycle               <ul style="list-style-type: none"> <li>▪ Pre-application</li> <li>▪ Planning Phase Implemented</li> <li>▪ Phase II Application (Project)</li> </ul> </li> <li>• Second Cycle (If Needed)</li> </ul>	March 19, 2010 June 2010 – January 2011 January 29, 2011 To Be Determined
Economic Development	
Economic Development	Open Cycle
Tourism Development	Open Cycle begins May 10, 2010
Homeless Services & HOPWA Program	
ESG & HSATF	February 24, 2010
HOPWA	Open Cycle

### 2010 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 2009 Community Development & Housing Application Guideline Workshops, and other training events.

## 2010 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
<b>Section Three: Housing</b> Affordable Housing Program <ul style="list-style-type: none"> <li>• CHDO set-aside</li> </ul>		\$4,000,000	\$4,187,203 \$837,441			
<b>Section Four: Community Development</b> <ul style="list-style-type: none"> <li>• Comprehensive Revitalization</li> <li>• Public Works</li> <li>• Water Wastewater</li> <li>• Planning</li> <li>• Downtown Revitalization</li> </ul>	\$1,325,000 \$2,887,712 \$1,593,220 \$443,643 \$1,475,000					
<b>Section Five: Economic Development</b> <ul style="list-style-type: none"> <li>• Economic Development</li> <li>• Tourism Development</li> </ul>	\$4,127,345 \$200,000					
<b>Section Six: Homeless Services</b> <ul style="list-style-type: none"> <li>• Homeless Shelter &amp; Services</li> <li>• Housing Opportunities for persons with AIDS</li> </ul>				\$596,267	\$1,552,000	\$308,295
<b>TOTAL DISTRIBUTION</b>	<b>\$12,051,920</b>	<b>\$4,000,000</b>	<b>\$5,024,644</b>	<b>\$596,267</b>	<b>\$1,552,000</b>	<b>\$308,295</b>

NOTE: Beginning on Section 2-10 of the 2010 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 2010 Categorical Distribution as explained in Section Two.