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Governor

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DEPARTMENT OF ECONOMIC DEVELOPMENT

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MEMO

To: Local Government Officials and CDBG Certified Administrators

From: Lara Huskey, Community and Rural Development Director, DED

Date: November 5, 2012

RE: Local Community Development Block Grant (CDBG) Economic Development (ED) Revolving Loan Funds (RLFs) Policy and Guidance

The Department of Economic Development (DED) has issued the following guidance in regard to local Community Development Block Grant (CDBG) Economic Development (ED) Revolving Loan Funds (RLFs). Specifically, the following documents have been attached:

Finalized Local CDBG ED RLF Monitoring Checklist – Please note that this is the most current version. As DED begins the monitoring process, minor revisions may need to be made. DED will notify you of any significant changes and will send out new versions of the checklist as they become available.

CDBG ED RLF Reuse Plan Requirements – This document includes all of the basic requirements that must be in the local government's reuse plan. The reuse plan will be used to develop a contract between the local government and DED. Each local government operating a local CDBG ED RLF must have a current reuse plan on file that meets all of the requirements outlined in this document. Each local government must provide DED with a copy of the reuse plan and must receive approval of the reuse plan from DED.

CDBG ED RLF Environmental Review Policy Memo – The Environmental Review process includes a HUD objection period. DED has outlined in this policy memo how local governments are expected to adhere to these requirements.

Semi-Annual CDBG ED RLF Report – The semi-annual report now includes information on project beneficiaries. All local governments that were operating a local CDBG ED RLF as of June 30, 2012 will need to submit this report for the period ending December 31, 2012. If the local government has decided to discontinue the local CDBG ED RLF and the discontinuation of the local CDBG ED RLF occurred after June 30, 2012, this will be the final report that the local government has to submit. DED will send a written acknowledgement to those local governments who no longer have to submit the Semi-Annual CDBG ED RLF report after this reporting period.

Steps to Discontinue the Operation of a local CDBG ED RLF – This document is in draft form. DED would like to take comments and questions on the information included in an effort to ensure we have thoroughly addressed issues that may arise when a local government decides to discontinue the operation of the local CDBG ED RLF. Please provide comments to Christina Bartels via email at christina.bartels@nebraska.gov no later than **December 7, 2012**. DED will provide any additional information required and provide a final version no later than **December 21, 2012**.

Other Guidance and Information

Final Compliance Closeout Reporting

This is a new reporting requirement that Local Governments will need to submit upon meeting the job creation/retention requirements (National Objective) for each project/loan. DED will initiate the completion of this report by sending it to each local government as they indicate job creation/retention requirements have been met on individual projects/loans (as reported on the Semi-Annual CDBG RLF Report). This report will be similar to the Final Project Status report for a CDBG Economic Development project. Please reference the Final Project Status report found on the DED website to review the information that will be required on this report:

http://www.neded.org/files/crd/cdbg_forms/CDBG_Project_Status_Report.pdf. Information on this report pertaining to CDBG Economic Development projects will be included in the report.

Monitoring

Local governments have the option of continuing to operate their local CDBG ED RLF under the current guidelines and in accordance with all CDBG rules and regulations; or the local government may choose to discontinue the operation of the local CDBG ED RLF and return the funds to DED.

DED will monitor all local CDBG ED RLFs regardless of whether the local government decided to continue operation of the fund or to discontinue operation of the fund. DED will begin to schedule the monitoring visits in the spring of 2013 and will review loans originated from 7/1/2011 through 6/30/2012 and from 7/1/2012 through 6/30/2013. DED will also be reviewing loans that met job creation/retention requirements from 7/1/2012 through 6/30/2013 (please see Section Q of the CDBG ED RLF Monitoring Checklist). Monitoring visits for these program years will be completed no later than 6/30/2014.

Contracts

Each local government that chooses to continue to operate the local CDBG ED RLF will be required to contract with DED to operate the local CDBG ED RLF. The contract will include a time of performance, reporting requirements, contract monitoring and closeout requirements, integration of the adopted reuse plan, etc. DED plans to enter into contracts with local government s operating a local CDBG ED RLF by July 1, 2013.

Requesting Funds Returned to DED

Local governments who previously decided to return their local CDBG ED RLF to DED have the option of requesting the return of those funds and resume operation of the local CDBG ED RLF. Additional information will be sent to those local governments with steps to request the return of funds and to resume operation of the local CDBG ED RLF. Local governments that have determined to reverse the previous decision to discontinue operation of the CDBG ED RLF must request the return of funds from DED prior to **January 1, 2013**.

2013 Proposed Annual Action Plan

The 2013 Proposed Annual Action Plan is now available on the DED website:

<http://www.neded.org/community/grants/documentslibrary-a-forms/annual-action-plan>. The public comment period on the 2013 Proposed Annual Action Plan is November 8, 2012 through December 10, 2012.

The 2013 Proposed Annual Action Plan includes details on the CDBG Economic Development funding category; CDBG program income/local CDBG ED RLFs; regional CDBG ED RLFs; and the Non-Profit Development Organization (NDO) process. DED encourages local governments to provide comments and feedback on the proposed plan.