

MEMORANDUM**CDBG Policy Guidance**

This Policy remains effective until it is amended, superseded, or rescinded.

Nebraska Department of Economic Development, 301 Centennial Mall South, Lincoln, NE 68509, opportunity.nebraska.gov

MEMO: 19-03

Date: August 15, 2019

SUBJECT: Program Income and Revolving Loan Fund Updates, including Technical Assistance and Guidance for Re-purposing, Definition of an Idle Account, and Repayment Instructions

As of the issuance of this policy memorandum, the Nebraska Department of Economic Development (DED) is directing local governments (cities, villages, and counties) to return all CDBG Program Income (PI) or Revolving Loan Funds (RLF) funds meeting the definition of an idle account by June 30, 2020, and annually thereafter.

It is the intention of the DED that communities in possession of idle accounts have time to put these funds to use in their communities to address immediate needs. This policy memo provides guidance to local governments with CDBG PI or RLF of opportunities to use these funds to address immediate needs in their communities. Following guidance from HUD, the option to “re-purpose” such funds is included in the recent revisions to the CDBG Administration Manual, Chapter 8 – Program Income.

Incorporated within this policy memorandum are technical assistance materials to assist local governments with timely expenditure balances on account, including Re-purposing CDBG Program Income Reuse Plan and Revolving Loan Funds and, based on activity type, planning tools for reuse plans and/or program guidelines.

This memorandum shall be effective August 15, 2019, and any prior statements, positions, or policies by the Department that conflict with this memorandum are hereby superseded by the policies contained herein.

DISCUSSION**I. What impact does this information have on existing PI/RLF accounts?**

Per existing guidance, local governments are required to develop and follow Reuse Plans that describe how they manage CDBG PI/RLFs. Such plans include a provision to amend Reuse Plans/RLFs to be responsive to community needs and conditions; this includes, but is not limited to, making amendments due to Emergency and/or Disaster Declarations. Following the severe weather events in March 2019, DED assessed existing programs and through this process, amended sections of the 2018 Annual Action Plan to address increased flexibility for using CDBG Program Income at the state and local level to respond to Disaster Declarations. Interested parties can find information about the March 2019 disaster as reported by the Nebraska Emergency Management Agency (NEMA) at <https://nema.nebraska.gov/> and the Federal Emergency Management Agency (FEMA) website at https://gis.fema.gov/maps/dec_4420.pdf.

As a result, DED developed this technical assistance because several Nebraska communities and counties received disaster declaration through FEMA. **The option to re-purpose PI and RLF is available to all and is**

not limited to those having received a declaration. DED encourages communities to review their needs, reuse plans, and programs on a systematic basis to ensure adaptability as opportunities emerge. To achieve successful outcomes using PI and RLF, local governments need to assess their situations, determine needs, develop a proposed amendment, and provide the proposal to DED for review, consultation, and approval. **Idle accounts may indicate an underuse of available resources.**

II. What is the definition of an Idle Account?

PI/RLF cannot be held in perpetuity. A local government has possession of an idle account when PI/RLF monies are held on account for 12 months or more without accomplishments/beneficiaries. This could include two basic circumstances. First, local government did not identify an eligible project during the year. Second, funds were obligated/awarded to a project but not disbursed within 12 months of the date of commitment and/or award (i.e., “failed project”). To meet the definition of an active RLF or PI, there must be active projects with a letter of commitment/award that is dated and signed by an authorized official (e.g., chief elected official). Local governments are not excluded from these terms by charging general administration costs against the RLF or PI account balance, transferring funds to re-purpose, accepting account receivables (e.g., interest, loan repayment, etc.), etc.

III. Where can I find guidance on re-purposing?

In addition to the new guidance incorporated within this memorandum, review CDBG Manual Chapter 8 – Program Income. Address your specific questions to your DED Program Representative.

IV. Where can I find instructions on repayment?

For instructions on how to return program income to DED, review the relevant section of CDBG Manual Chapter 8 – Program Income. Address your specific questions to your DED Program Representative.

CONCLUSION

DED issues this memorandum and associated technical assistance materials to encourage local expenditure of funds on hand and address idle account balances. DED is instituting policy requiring local governments to return idle account funds to the state as of June 30, 2020. DED directs such returned account funds into the State RLF, which funds various activities through competitive applications benefiting local governments throughout the state.

Re-purposing CDBG Program Income Reuse Plan and Revolving Loan Funds

For reference, legacy economic development RLF's used the term "reuse plan" or "re-use plan" to describe materials, whereas RLF's implementing housing activities used the term "program guidelines and reuse plan".

Included within this section are the following components:

- I. Overview of Program Income Reuse Plan and RLF Program Guidelines
- II. Process and Required Actions for Requests to Re-purpose
- III. Common FAQs and Best Practices
- IV. Planning Tools by Activity Type

Overview of Program Income Reuse Plan and RLF Program Guidelines

Program income for the CDBG program is regulated by the provisions of 24 CFR §570.489(e). Consult this regulation for definitions and other guidance concerning program income. DED is responsible for ensuring that program income use at the state and local level is compliant with applicable federal laws and regulations. **All program income is and remains subject to all requirements of the Housing and Community Development Act and CDBG regulations.**

The use of PI for an activity that is different from the original activity that generated that income constitutes the need for DED approval, effectively adding that activity to the local government's application to the state for the original activity. Consequently, the municipality must provide its citizens with reasonable advance notice and opportunity to comment on the proposed addition of the proposed activity.

Example conditions within a community that may result in the local government requesting approval from DED to re-purpose their program income:

- A. The municipality has identified the repair of its deteriorated infrastructure as its primary community development need, and it does not have the administrative capacity to administer this activity in addition to the activity that generated the program income.
- B. The municipality has program income and/or a CDBG RLF in excess of the amount that is required to meet its housing rehabilitation needs, and it would like to use some of its excess program income to meet one of its other community development needs.
- C. The municipality, which is 54% LMI according to census data, has program income and a recent disaster declaration has shifted their priorities from economic development activities in the form of direct assistance to businesses to repairing damaged infrastructure, including bridges, streets, and flood control.

If local governments decide to amend their PI Reuse Plan/RLF, they must follow their **citizen participation process** that includes participation by citizens; access to meetings, information, and records; public hearings/meetings; the needs of non-English speaking citizens; and adoption of the Reuse Plan/RLF.

Communities that receive and use program income must have a Reuse Plan and/or RLF program guidelines that collectively identify the points listed below. If operating a program involving grants or loans to businesses or homeowners, additional requirements apply. For housing and commercial rehabilitation, reference CDBG Administration Manual Chapter 4 – Developing Program Guidelines. For direct loans to businesses, reference Chapter 8 – Program Income.

- A. **National Objective Compliance.** Local governments must document that each project meets the National Objective of benefit to low- and moderate-income (LMI) persons within the subcategories of 1) Area Benefit (LMA); 2) Limited Clientele (LMC); 3) Housing (LMH); and 4) Job Creation/Retention (LMJ).

NOTE: Due to CDBG federal beneficiary restrictions, **not allowed** are projects aiding in the prevention of slums or blight and urgent need.

- B. Geographic service area, the area served shall generally be within the corporate limits or zoning jurisdiction of the community.
- C. Local Objective(s), i.e., indication as to why the local government is earmarking their program income and/or RLF for the described purpose/use.
- D. Eligibility Considerations
 - a. Eligible businesses (ED activities) or homeowners (housing activities).
NOTE: if funding public infrastructure and/or facilities, this would **not** apply.
 - b. Eligible activities.
 - i. For a listing of eligible, priority activities identified by Nebraska, reference the [CDBG Administration Manual, Chapter 3: National Objectives and Fundability](#).
 - ii. A complete list of eligible CDBG activities is available within [HUD Guide to National Objectives and Eligible Activities for State CDBG Programs, Chapter 2: Categories of Eligible Activities](#).
- E. Guidelines for Assistance
 - a. Minimum and maximum dollar amounts
 - b. Matching funds requirements, if applicable and as determined by the local government
NOTE: if the local unit of government is funding public infrastructure and/or facilities, this section may be limited to items “a” through “b”. If operating a program (e.g., offering loans to businesses or homeowners), the program guidelines and/or reuse plan must include these additional items:
 - c. Types of assistance
 - d. Amounts of assistance
 - e. Terms of assistance
- F. Process and Procedures
 - a. Administration procedures
 - b. Reporting procedures, i.e., identify who is responsible for reporting required semi-annual reporting to DED.
 - c. CDBG compliance process (e.g., procurement, environmental review, DBRA, civil rights, etc.).
NOTE: if the local government is operating a program, the program guidelines and/or reuse plan must include detailed information about the application and approval process, as well as loan closing and project monitoring. See CDBG Manual Chapters 4 and/or 8 for additional information.
- G. Amendment procedures (must include provision for DED approval).
- H. Verification of the plan’s approval by the local government **and** DED (see below).

Upon approval by the local government of their PI Reuse Plan and/or RLF program guidelines, submit these materials to DED. Upon review, DED provides written approval to the local government.

Process and Required Actions for Requests to Re-purpose

Provided below is a list of Required Actions for Requests to Use Program Income for Different Activities, this includes submission of materials to DED for approval. A local government must take the following actions if it plans to request DED’s approval to use PI for an activity that is different from the one that generated it:

1. **Assess local needs.** Through formal or informal planning processes, local community leaders take inventory of existing conditions, assess needs, identify opportunities and goals, and develop a formal or informal plan of action.

2. **Provide DED with notice of intent.** Based upon a local assessment of community needs, the local government must notify their DED Program Representative of their intent to re-purpose their program income and/or RLF. DED Program Representative can provide technical assistance specific to community needs, including development of program guidelines for housing and economic development activities.
3. **Take local action.** The local government must adopt, if applicable, the program guidelines and reuse plan before it submits to DED the written request to re-purpose existing program income and RLF. Program guidelines are required where the local government is operating a grant or loan program with their program income. Reuse plans are required in all instances.
4. **Submit written request.** Address the written request to your DED Program Representative.

The written request must include all of the following items:

- a. A letter from the chief elected official identifying:
 1. Reason for the change of the reuse plan and
 2. Certification of approval by the local governing body (meeting minutes).
- b. A copy of the proposed amended reuse plan and, if applicable, proposed program guidelines.
- c. A copy of the public notice and the affidavit of publication for it.

Local governments must also understand that all of the activities funded from program income must meet all of the requirements of the State CDBG Program. These requirements include, but are not limited to, national objective; environmental review; procurement; labor standards; civil rights, including affirmatively furthering fair housing; acquisition; relocation; and change-of-use requirements.

Common FAQs and Best Practices

1. *How often should we review our reuse plan and propose changes?*

On a semi-annual basis. Upon such reviews by the local government, DED recommends reuse plans are inclusive for activities. Make exclusions only where those activities and/or procedures cannot meet local, state, and federal rules and regulations, whichever is the more restrictive.

2. *How do we know if our existing reuse plan/program guidelines are approved by DED?*

When DED approves such plans, there is clear written record. If you are unsure, contact your DED Program Representative. See CDBG Manual Chapters 4 and/or 8 for additional information.

3. *What are the public notice requirements?*

Such notice must follow the local citizen participation plan. Reference 24 CFR 570.486(a).

4. *Will we have to return program income and/or RLF balances to the state?*

Idle account funds must be returned to the state in a timely manner. The “cut-off date” for returning idle account funds is June 30, 2020. If idle account funds are held in local accounts following that date and not returned in

timely manner (i.e., 60 days), the local government will be considered “not in good standing” and additional sanctions may apply. Sanctions may include deobligation/termination of existing open grants and/or ineligibility to apply for DED resources, including but not limited to CDBG, HOME, HTF, and state programs such as CCCFF and NAHTF. For additional information about terms of “good standing”, please see Chapter 2 – Administrative Overview.

5. *How do we return program income and/or RLF balances to the state?*

See Chapter 8 for detailed instructions.

6. *Do we need to know the original CDBG project grant numbers for reporting or other purposes?*

No. If known, please include a listing. If unknown or unsure, please include a brief description as such.

7. *Can we re-purpose for any activity?*

Yes, but doing so would be a complicated affair. Any activity undertaken must be a CDBG-eligible activity and meet the National Objective of Benefiting Low- and Moderate-Income (LMI) Persons. Not all eligible activities can meet the LMI National Objective. Furthermore, some but not all activities require following program guidelines. While it may seem a reasonable approach to maximize flexibility of using PI/RLF monies, it may be more trouble than it is worth to attempt incorporating all possible activities (and their associated federal regulations) in a single reuse plan. Similar to program guidelines, a reuse plan is an agreed upon “rulebook” for using funds. At the local level, carefully consider the capacity for successful implementation. As you assess your community needs, work closely with your DED CDBG Program Representative as there may be options available.

8. *Can we use the Slum and Blight National Objective? What about Urgent Need?*

No. HUD and CDBG regulations require the majority of funds – including those held by local governments still subject to federal requirements – meet the National Objective of Benefiting Low- and Moderate-Income (LMI) Persons. For DED to maintain compliance with HUD, DED cannot allow use of local PI/RLF for the Slum and Blight or Urgent Need National Objectives. There are other options available such as the Nonprofit Development Organization (NDO) process, see Chapter 8 for more information about using NDO process. For activities meeting Urgent Need, local governments may apply under the CDBG Emergent Threat category. Your DED CDBG Program Representative can address specific questions.

FOR MORE INFORMATION, review CDBG Administration Manual Chapter 4 – Developing Program Guidelines and Chapter 8 – Program Income. Address your specific questions to your DED CDBG Program Representative.

Planning Tools by Activity Type

The following are three planning tools for local governments pursuing use or re-purposing of program income based on activity type. Each tool provides a basic framework, details are found within the relevant sections of the CDBG Manual. Address your specific questions to your DED CDBG Program Representative.

Reuse Plan for Community Development Activities

The following outline is a planning tool for local governments pursuing use or re-purposing of program income for **community development activities**. This is effectively a one-time use of funds as there is no revolving loan component.

Part I: Type of Plan (Geographic area where funds can be used)

Projects must be located within community's limits or zoning jurisdiction ("service area").

Part II: Goals and Objectives of the Plan

- A. National Objective Compliance: Local governments must document that each project meets the National Objective of benefit to low- and moderate-income (LMI) persons within the subcategories of:
 - 1. Area Benefit (LMA). Beneficiaries must be LMI residents within the defined service area that is at least 51% LMI according to census or income survey data.
 - 2. Limited Clientele (LMC). Beneficiaries must be those classified as LMC, see CDBG Manual for definition.
- B. Local Objectives (examples). Based on the local needs assessment (formal or informal), identify priorities.
 - 1. Example LMA objectives:
 - a) To cost-share CDBG-eligible priorities identified within the local capital improvement plan, including public infrastructure and facilities.
 - b) To conduct feasibility, special studies, or other such planning studies. See the CDBG Planning Application Guidelines for eligible examples.
 - 2. Example LMC objectives:
 - a) Removal of architectural barriers in public facilities, including outdoor public spaces, sidewalks, and municipal buildings.
 - b) Improvements or new construction of senior centers.
 - c) Improvements or new construction of daycare centers.
 - d) Improvements or new construction of homeless facilities.

Part III: Elements of the Plan

- A. Eligible Activities (examples): public infrastructure (e.g., streets, roads, water wells, storage and distribution systems, storm sewers, sanitary sewer and treatment systems), public facilities, daycare centers, etc.
- B. Guidelines for Assistance:
 - a) Minimum and maximum dollar amounts
 - b) Matching funds requirements, if applicable and as determined by the local government

NOTE: if the local unit of government is funding public infrastructure and/or facilities, this section may be limited to items “a” through “b”. If providing assistance to a non-profit (e.g., offering grants to daycare centers or medical clinics), the reuse plan must include these additional items:

- c) Types of assistance
- d) Terms of assistance (must comply with change in use requirements)
- e) Amounts of assistance

Part IV: Administration of the Plan (Describe operating procedures)

Implementation of plan requires a certified administrator. See Chapter 8 for more information, including maximum allowable costs associated with general administration and, where applicable, supporting project costs.

- A. Administration procedures, i.e., identify internal controls for payment to vendors.
- B. Recordkeeping and reporting procedures, i.e., identify who is responsible for reporting required semi-annual reporting to DED.
- C. CDBG compliance process (e.g., procurement, environmental review, DBRA, civil rights, etc.).
 1. How are contractors selected, agreements signed between the selected contractor(s) and local government, and payments approved and disbursed to those contractor(s)?
 2. Who is responsible for monitoring requirements?
 3. Who is responsible for CDBG compliance process (e.g., procurement, environmental review, civil rights, etc.)?
- D. Amendment procedures (must include provision for DED approval).
- E. Verification of the plan’s approval by the local government and DED (see part V).

Part V: Reporting to DED

Where a new or existing RLF account is being tapped for community development activities, DED must approve of the plan prior to implementation. Use of CDBG program income requires progress reporting on the proposed and actual beneficiaries. Be sure to identify the principal local contact for matters related to program income; typically, this person is responsible for submitting:

- Semi-annual Program Income reports,
- Annual public benefits report,
- Notification of Annual Audit, etc.

Reuse Plan for Economic Development Activities

The following outline is a planning tool for local governments pursuing use or re-purposing of program income for **economic development activities**. See the CDBG Economic Development Application Guidelines for definitions of terms.

Part I: Type of Plan (Geographic area where funds can be used)

Projects must be located within community’s limits or zoning jurisdiction (“service area”).

Part II: Goals and Objectives of the Plan

- A. National Objective Compliance: Local governments must document that each project meets the National Objective of benefit to low- and moderate-income (LMI) persons within the subcategories of:
1. Job Creation/Retention (LMJ). At least 51% of the jobs created or retained must be held by or available to LMI persons.
 2. Area Benefit (LMA). Beneficiary must be a for-profit business that provides essential goods and services to LMI residents within the defined service area that is at least 51% LMI according to census or income survey data.
 3. Limited Clientele (LMC). Beneficiaries must be those classified as LMC, see CDBG Manual for definition.
- B. Local Objectives (examples)
1. Example LMJ objectives:
 - a) To provide financing for start-up and existing businesses that cannot obtain conventional financing or to attract new business to the community.
 - b) To create and retain jobs principally for low-moderate income persons.
 - c) To diversify the local economy by assisting businesses which are not presently in the community.
 - d) To promote entrepreneurship and new business development.
 - e) To stop "leakage" of dollars from leaving the community.
 - f) To provide necessary public infrastructure to businesses.
 - g) To assist businesses with job training cost for new employees or to upgrade skills of existing employees.
 2. Example LMA objectives:
 - a) To provide financing for start-up and existing businesses that provide essential goods and services, including succession of ownership and/or management.
 - b) To promote entrepreneurship and new business development to for-profit businesses that provide essential goods and services.
 - c) To provide financing for improvements addressing ADA-accessibility where the proposed property for improvements is owned by an eligible business. Under LMA, an eligible business is one that provides essential goods or services.

Part III: Elements of the Plan

Several options are described below; give careful consideration when determining capacity to operate. For example, some eligible activities and types of assistance are challenging in terms of compliance with CDBG regulations. Local government are responsible for compliance.

- A. Eligible Businesses (examples): Industrial, manufacturing, food processing, agricultural processing, commercial, service, telecommunication, transportation, retail, tourism, etc. Non-profit businesses are not eligible.
- B. Eligible Activities (examples): Acquisition of real estate, land and buildings, fixed assets, machinery and equipment, renovations, remodeling, site preparation, working capital, public infrastructure that benefits an

eligible business (e.g., streets, roads, water wells, storage and distribution systems, storm sewers, sanitary sewer and treatment systems), and job training costs, etc.

- C. Types of Assistance (examples): Grants; direct loans; deferred loans; performance-based, forgivable loans; loan guarantees; etc.
- D. Guidelines for Assistance (examples):
1. Minimum or maximum dollar amounts
 2. What percentage of total project cost will community finance?
 3. What percentage of equity injections is required from owners or business?
 4. Interest rate of loans
 5. Loan terms (must not exceed useful life of assets financed); the following are recommended term limits by type:
 - a) Working capital 1-3 years,
 - b) Machinery and equipment 3-7 years,
 - c) Land and buildings up to 15 years.

Part IV: Administration of the Plan (Describe operating procedures)

RLF accounts require a certified administrator. See Chapter 8 for more information, including maximum allowable costs associated with general administration and, where applicable, supporting project costs.

- A. Application Process
1. Where can businesses get an application?
 2. Who is on the application review committee?
 3. Who makes the final determination on an application (e.g., review committee, village or county board, city council, etc.)?
- B. Project Implementation, Loan Closing, and Project Monitoring
1. Who prepares the legal documents and security instruments (e.g., loan agreements, promissory notes, guarantees, contracts, deed of trust, mortgage, financing statement, U.C.C. form, etc.)?
 2. How are funds disbursed to the business?
 3. Who is responsible for loan servicing and monitoring job creation/retention requirements?
 4. Who is responsible for CDBG compliance such as the environmental review for each project and Labor Standards-Davis Bacon compliance if applicable?
- C. Describe amendment procedures (must include provision for DED approval of any changes to the plan/program guidelines).
- D. Verification of the plan's approval by the local government and DED.

Part V: Reporting to DED

Use of CDBG program income requires progress reporting on the proposed and actual beneficiaries. Be sure to identify the principal local contact for matters related to program income; typically, this person is responsible for submitting:

- Semi-annual Program Income reports,
- Annual public benefits report,
- Notification of Annual Audit, etc.

Reuse Plan for Housing Activities

The following outline is a planning tool for local governments pursuing use or re-purposing of program income for *housing activities*. See the CDBG Owner Occupied Rehabilitation Application Guidelines for definitions of terms.

Part I: Type of Plan (Geographic area where funds can be used)

Projects must be located within community's limits or zoning jurisdiction ("service area").

Part II: Goals and Objectives of the Plan

- A. National Objective Compliance: Local governments must document that each project meets the National Objective of benefit to low- and moderate-income (LMI) persons within the subcategory of Housing (LMH). Beneficiaries must be those classified as LMI, see CDBG Manual for definition.
- B. Local Objectives, example LMH objectives:
 - 1. Provide decent housing
 - 2. Provide a suitable living environment
 - 3. Expand economic opportunity
 - 4. Improve availability/accessibility
 - 5. Improve affordability
 - 6. Improve sustainability

Part III: Elements of the Plan

Several options are described below; give careful consideration when determining capacity to operate. For example, some eligible activities and types of assistance are challenging in terms of compliance with CDBG regulations. Local government are responsible for compliance.

- A. Eligible Applicants: Homeowners and Homebuyers at 80% AMI or less.
- B. Eligible Activities:
 - 1. Owner Occupied Rehabilitation.
 - 2. Homeownership Assistance, which may include one or more of the following:
 - a) Down Payment Assistance (maximum 50% of required);
 - b) Closing Costs;
 - c) Mortgage Insurance; etc.
- C. Types of Assistance (examples): Grants, direct loans, deferred loans, or forgivable loans.
- D. Guidelines for Assistance (examples):
 - 1. Minimum or maximum dollar amounts;
 - 2. Affordability Period (minimum of five (5) years) and methods of ensuring compliance thereof;
 - 3. Interest rate of loans;
 - 4. Loan terms;
 - 5. Standards for assistance; etc.

Part IV: Administration of the Plan (Describe operating procedures)

RLF accounts require a certified administrator. See Chapter 8 for more information, including maximum allowable costs associated with general administration and, where applicable, supporting project costs.

A. Application Process/Selection Criteria

1. Where can a homeowner get an application?
2. Who makes the final determination on an application (e.g., review committee, village or county board, city council, etc.)?
3. Is there a priority ranking system? (If applicable, such ranking system cannot contain discriminatory criteria.)
4. What is the notification process for approval, notice to proceed, acceptance of work, etc.?

B. Project Implementation and Monitoring

1. Who prepares the legal documents and security instruments (e.g., loan agreements, promissory notes, guarantees, contracts, deed of trust, mortgage, financing statement, etc.)?
2. How are contractors selected, agreements signed between the selected contractor(s) and homeowner(s), and payments approved and disbursed to those contractor(s)?
3. Who is responsible for loan servicing and monitoring requirements under the program?
4. Who is responsible for CDBG compliance process (e.g., procurement, environmental review, civil rights, etc.)?
5. Who is responsible for recordkeeping?

C. Describe amendment procedures (must include provision for DED approval of any changes to the plan/program guidelines).

D. Verification of the plan's approval by the local government and DED.

Part V: Reporting to DED

Use of CDBG program income requires progress reporting on the proposed and actual beneficiaries. Be sure to identify the principal local contact for matters related to program income; typically, this person is responsible for submitting:

- Semi-annual Program Income reports,
- Annual public benefits report,
- Notification of Annual Audit, etc.



August 15, 2019

Dear Nebraska Communities:

It is the desire of the [Nebraska Regional Officials Council](#) (NROC), an association of the Nebraska Economic Development Districts, to ensure our communities take the next right step, particularly when it comes to handling grant funds. As you know, policies and regulations change at the Federal level, causing change at the State level, and ultimately influencing protocol at the community level. One of these changes is the reason we are writing to you – to let you know we are here to help you determine your next right step and assist you with those steps.

Communities with local funds created by Community Development Block Grant (CDBG) Program Income, income generated from CDBG-funded activities, have a window of opportunity to re-purpose these funds from the original use to another eligible use. We are very appreciative of and support the Nebraska Department of Economic Development (DED) and the new policy allowing for repurposing of the CDBG Program Income. CDBG lies at the core of the government's commitment to collaborating with local governments to strengthen our communities and improve the quality of life for low- and moderate-income persons. We believe this new policy will allow increased flexibility so local officials can direct program income to impactful community projects.

We urge you to see this policy change as an opportunity to inject dollars into projects that address community needs, especially if your community is suffering from damages associated with the recent flooding.

CDBG works. CDBG is a critical resource for communities to invest in low- and moderate income neighborhoods; producing and preserving homeowner and rental housing, providing fundamental infrastructure and public improvements, and spurring economic development and public-private partnerships at the local level.

Maximize your resources. Funds cannot sit idle! NROC will work with local governments to partner with DED to direct CDBG Program Income to meet local needs.

We can help. With this policy memo, DED is providing technical assistance materials and planning tools for development of local reuse plans and program guidelines to assist local governments with repurposing. You don't have to go it alone! NROC members have 40+ years of experience working with communities large and small throughout Nebraska to assess needs and identify CDBG eligible projects resulting in effective, meaningful outcomes at the local level. We have expertise in projects ranging from planning, infrastructure, community facilities, business/economic development and housing projects. Additionally, NROC members are well versed in the federal regulations and requirements subjected to CDBG Program Income. We can help guide cities, counties, businesses, and other community members through the process to direct idle program income funds to community, economic, and housing development projects. Please contact your Development District staff to explore your options! <https://www.nrocne.com/members>

Support for the New CDBG Emergent Threat category. If communities are not able to find an appropriate re-purpose project, any funds returned to DED will support and bolster the new funding category of Emergent Threat. We appreciate DED's efforts to create this new category benefiting communities impacted by an immediate natural and/or man-made disaster. This is new Emergent Threat category is not exclusive to the recent March 2019 and June 2019 flooding events.

We hope to hear from you soon!

Sincerely,

Sharon Hueftle, Chairman of NROC