



August 9, 2010

To: City Councils, County Boards of Commissioners, Councils of Government,  
Economic Development Districts and Interested Organizations and Individuals

From: Lynn Schoessler, Infrastructure Finance Authority (IFA) Director

Subject: Proposed 2011 Community Development Block Grant Guidelines – Request for  
Comments

A copy of the proposed 2011 "Method of Distribution" Community Development Block Grant  
Program Guidelines is available on the Department's web site at:

**<http://www.orinfrastructure.org/Learn-About-Infrastructure-Programs/Interested-in-a-Community-Development-Project/Community-Development-Block-Grant/>**

Please take time to review this message and the proposed Guidelines. If you are unable to  
download a copy of the guidelines the IFA staff will gladly forward a copy to you upon request.

The State of Oregon expects to have approximately \$15 million in federal funds for award to rural  
cities and counties in the year 2011. The money comes from the federal Community Development  
Block Grant Program administered through the U.S. Department of Housing and Urban  
Development. These grant funds must be awarded under a system with published rules and  
criteria, which are adopted following an opportunity for public comment.

The department is proposing to make changes to the program guidelines adopted for year 2010  
funds. The attached "Summary of Significant Changes Proposed for 2011" describes the proposed  
changes. Your comments and suggestions will help us to improve service in 2011.

The deadline for written comments is September 8, 2010. You can send your comments and  
suggestions in writing, either by letter or e-mail. Letters should be addressed to: Mary Baker,  
Infrastructure Finance Authority, Oregon Business Development Department, PO Box 866,  
Klamath Falls, OR 97601. E-mail responses can be sent to: [mary.a.baker@biz.state.or.us](mailto:mary.a.baker@biz.state.or.us)

Thank you for your interest and participation in this very important process. If you have questions,  
please call Mary Baker at (541) 882-1340.

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# Oregon Business Development Department Infrastructure Finance Authority

Community Development Block Grant Program

## Summary of Significant Changes Proposed for 2011

### Comments Requested:

Please review the following summary and the proposed "Method of Distribution" (program guidelines) for the 2011 Community Development Block Grant program. Comments and suggestions are encouraged and welcomed.

### **Comment Period and Public Hearing**

Comments on the proposed 2011 Community Development Block Grant Program's Method of Distribution can be submitted either orally, in writing or by e-mail. **The 30-day comment period ends at 5:00 pm on September 8, 2010.** Please address written comments by letter to Mary Baker, Community Development Division, Oregon Business Development Department-Infrastructure Finance Authority, P.O. Box 866, Klamath Falls, OR 97601 or by e-mail to [mary.a.baker@biz.state.or.us](mailto:mary.a.baker@biz.state.or.us)

Public Hearing Date: September 8, 2010  
Time: 11:00 am to 12:00 noon  
Location: OBDD-IFA  
775 Summer Street NE – Suite 200  
Salem, Oregon 97301  
Conference Room 201

### Summary of Proposed Changes for 2011

The State of Oregon is facing a budget crisis. Every agency has been forced to reduce budgets and furlough employees. Although the Community Development Block Grant program is funded with an annual federal allocation, it comes with a limited amount of administrative dollars. The program also comes with extraordinary federal regulations that must be followed as well as extensively reported on.

In the program's origin, the State of Oregon chose to narrowly focus the CDBG program on public health and safety issues. However, over the years the program has expanded to include numerous other funding categories that have resulted in added administrative burden. The cost of program administration has forced the department to use state resources beyond the federal administrative funding allowance to properly administer each annual CDBG allocation the state receives.

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The OBDD-IFA must consider options to reduce the administrative cost of the program and to ease the burden on state resources. At the same time, the IFA program staff is hearing about the ever increasing cost of projects and how the project expense is unaffordable to low and moderate income communities that are the only jurisdictions eligible for the program. The OBDD-IFA is proposing to increase individual project grant funding amounts but limit the number of eligible projects funded to address both issues and accomplish two program imperatives. Proposed program changes include:

- 1) Public water and wastewater projects:
  - a. Increase the maximum grant from \$1,500,000 to \$2,000,000 to accommodate rising construction and project costs.
  - b. Limit projects to address health and safety issues:
    - i. Water or wastewater projects for systems that are currently out of compliance with the Safe Drinking Water Act or Clean Water Act requirements;
    - ii. Water or wastewater projects for systems that will be out of compliance with the Safe Drinking Water Act or Clean Water Act requirements in two years if the system is not improved; and
    - iii. Water projects necessary for the provision of dependable and efficient water storage, treatment and/or transmission;
    - iv. Wastewater projects necessary for the provision of dependable and efficient wastewater collection, treatment and disposal/re-use.
- 2) Public/Community facilities:
  - a. Increase the maximum grant from \$1,000,000 to \$1,500,000 to accommodate rising construction and project costs.
    - i. Limit projects to those that address hunger and homeless issues: Shelters for Victims of Domestic Violence, Emergency/Homeless Shelters, Senior Centers, Food Banks; and
    - ii. Head Start centers.
- 3) Housing Rehabilitation:
  - a. Streamline the delivery of the regional housing rehabilitation program and make the application dates more flexible. The preservation of the state's aging housing stock through the owner occupied housing rehabilitation program otherwise remains substantially unchanged.
- 4) Other:
  - a. The Economic Development Revolving Loan Fund, Microenterprise Grant Program, Certified Main Street Façade Program and the Microenterprise Assistance Program have been eliminated.
  - b. The Regional Housing Center program will no longer be offered by the CDBG program. OHCS will continue to fund this program with a less onerous alternate state funding resource.

The comments and ideas provided regarding this proposal will assist the IFA staff and Board as they consider the final design of the 2011 CDBG program. Your assistance and comments are appreciated.

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The budget issues the state and all agency programs face will require difficult decisions that must be addressed during the coming months. It has been impossible for the CDBG program to meet all of the needs of rural low and moderate income citizens in Oregon and the future holds no hope this situation will change. OBDD-IFA's task is to try and find the best way to meet the highest priority needs of the rural low and moderate income communities statewide.

## **GENERAL PROGRAM CHANGES**

1. **Matching Funds** – Many applicants to the program had unsecured/committed matching funds that could not be secured within 4 months after grant contract execution. Therefore all matching funds necessary to complete the proposed CDBG project must be committed and available at the time the application is received by OBDD.
2. **Readiness to Proceed** – This section was revised to reflect the change in the matching funds requirement identified above, and to provide the ability for an exception to the matching funds requirement to accommodate funding from other federal or state resources.
3. **Non-English Speaking Resident Citizen Participation** – To enforce the federal Limited English Proficiency requirements Step 3 of Chapter 7, has been modified so that every applicant must provide the percentage of non-English speaking residents within their community derived from the most recent decennial census data. If more than 5% of the population is non-English speaking than the public notices must be published or posted in that language and the application must include the affidavit of publication or the certification of posting of the non-English speaking public hearing notice.

**FUNDING CATEGORY CHANGES** (Refer to the specific chapter in the proposed 2011 Method of Distribution for more detailed information about each funding category.)

### **Chapter 2 –Eligible Applicants/Limits on Applications:**

1. This chapter was revised to incorporate housing rehabilitation projects into the three open grant rule.

### **Chapter 7 – OBDD Application Procedures:**

2. This chapter was modified to incorporate the housing rehabilitation projects within the quarterly competitive application process and to include the housing rehabilitation application scoring criteria. This section was also modified to include the modified matching fund and readiness to proceed criteria.

### **Chapter 9 – Public Works:**

1. The maximum grant was increased from \$1,500,000 to \$2,000,000 to accommodate rising construction and project costs.
2. The maximum grant exception was increased accordingly from \$3,000,000 to \$3,500,000.

3. The historically rarely funded Type 2, Downtown Revitalization and Type 3, Off-Site Infrastructure for New Affordable Housing project types were eliminated as eligible activities from the category.

#### **Chapter 10 – Public/Community Facilities:**

1. The maximum grant was increased from \$1,000,000 to \$1,500,000 to accommodate rising construction and project costs.
2. The facility types that have historically demonstrated alternate funding sources or were rarely funded by the program have been eliminated from the category. Eliminated activities include: Mental Health Treatment Facilities; Transitional Housing; Shelters or Workshops for Persons with Disabilities; Health Clinics; Drug and Alcohol Treatment Facilities; Family Resource Centers; Fire Stations, Community Centers and Libraries.

#### **Chapter 11 - Housing Rehabilitation:**

1. To streamline the delivery of the regional housing rehabilitation program, on January 1, 2011 OBDD-IFA will administer the regional housing rehabilitation program within OBDD-IFA and discontinue providing funding for this program to Oregon Housing and Community Services (OHCS). OHCS will administer the grants awarded by OHCS until administrative closure and then transfer files to OBDD-IFA. OBDD-IFA will commence making awards quarterly in calendar year 2011.
2. The housing rehabilitation program remains substantially unchanged and Chapter 11 has been revised to reflect the administration by OBDD and to include federal and state requirements for: financial review; identified priorities for the housing rehabilitation program; non-competition with local financing institutions; reasonable accommodation policies; borrower defaults; and an entitlement area review.

#### **Chapter 15 – Outcome and Performance Measure Reporting:**

1. This chapter was modified to provide a better summary of the program's accomplishments under the 2006-2010 Consolidated Plan and to provide the proposed performance measures for the 2011-2015 Consolidated Plan.

#### **Other:**

1. The Economic Development Revolving Loan Fund, Microenterprise Grant Program, Certified Main Street Façade Program and the Microenterprise Assistance Program have been eliminated.
2. The Regional Housing Center program will no longer be offered by the CDBG program. OHCS will continue to fund this program with a less onerous alternate state funding resource.