



State of Florida Annual Action Plan

July 1, 2009 – June 30, 2010

Florida Small Cities Community Development Block Grant (CDBG)
HOME Investment Partnerships (HOME)
Emergency Shelter Grant (ESG)
Housing Opportunities for Persons with AIDS (HOPWA)



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Executive Summary

The One-Year Action Plan or Annual Action Plan is a document submitted to the U. S. Department of Housing and Urban Development (HUD) annually which describes the method used by the State of Florida to distribute HUD funds. It also contains information on priorities to be addressed and program objectives. The Plan covers one state fiscal and one allocation of federal funding.

The Annual Action Plan for Federal Fiscal Year 2009 outlines application and administrative requirements of the Florida Small Cities Community Development Block Grant (CDBG), Emergency Shelter Grant (ESG), HOME Investment Partnerships (HOME), and Housing Opportunities for Persons with AIDS (HOPWA) programs. The Plan covers a one-year period from July 1, 2009 to June 30, 2010.

During the 2009 fiscal year, the Small Cities CDBG Program will use \$28,531,157 for housing rehabilitation, neighborhood and commercial area improvements, and economic development activities. The ESG Program plans to use \$2,957,444 to provide services to homeless persons. The HOME Program will use \$22,395,379 to make home ownership a reality for many Floridians and to provide rental housing. And, the HOPWA Program will allocate \$3,012,662 to help families with housing expenses so that they are not displaced due to illness.

The State followed its citizen participation plan during the development of the Plan. A notice was published in the Florida Administrative Weekly (FAW) announcing two meetings open to the public. The notice was also posted to the Department's website and emailed to eligible applicants and interested parties. The first workgroup conference call comprised of representatives from the different agencies was conducted on February 26, 2009. A public hearing on the draft was held on March 27, 2008 at the Department of Community Affairs. A comment period was provided so that interested parties could comment on the proposed Action Plan. The comment period began on March 27, 2009 and ended on April 30, 2009. No comments were received.

Each of the four programs covered by the Action Plan are funded by HUD, but are administered by separate state agencies. Therefore, each agency prepared the portion of the Plan that relates to the program it administers. The narratives include performance measures and other program-specific information.

The focus of Florida's housing and community development goals are:

- affordable housing, including addressing the needs of persons with HIV/AIDS and the homeless
- building or improving infrastructure and public facilities within local communities
- creating economic opportunities that create or retain jobs

Each year, these programs provide housing opportunities by building new, affordable housing for low and moderate income (LMI) residents and rehabilitating deteriorating housing units. Housing assistance is also provided to persons with HIV/AIDS, and shelters for homeless persons are provided funding to continue services and to build or expand the facilities. The CDBG program also revitalizes neighborhoods by improving or building new infrastructure (such as water and sewer systems) and public facilities. Performance can also be measured by the number of requests, or applications, for assistance that are received by the programs. The State receives more requests for assistance than can be provided.

The State reports on its performance in HUD's online reporting system as well as in a written performance report. The performance report clearly indicates effective administration of the programs. In addition, each program tracks accomplishments and beneficiaries in state agency reporting systems.

Sources of Funds

As previously mentioned, funding for the Florida Small Cities CDBG, ESG, HOME, and HOPWA programs is provided by the U.S. Department of Housing and Urban Development (HUD). For Federal Fiscal Year 2009, the state will receive a total of \$28,531,157.

Florida Small Cities Community Development Block Grant (CDBG)	\$28,531,157
Emergency Shelter Grant (ESG)	\$2,957,444
HOME Investment Partnerships (HOME)	\$22,395,379
Housing Opportunities for Persons with AIDS (HOPWA)	\$3,012,662

For additional information, you may contact the following offices:

Department of Community Affairs - (Florida Small Cities CDBG Program) 850/487-3644
Department of Children and Families - (ESG Program) 850/922-9850
Florida Housing Finance Corporation - (HOME Program) 850/488-4197
Department of Health - (HOPWA Program) 850/413-0736

FLORIDA SMALL CITIES COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) PROGRAM

The Florida Small Cities CDBG Program is administered in accordance with Sections 290.0401-290.049, Florida Statutes; Rule 9B-43, Florida Administrative Code; and 24 CFR 570, Subpart I. These laws and regulations state the objectives of the program and the activities that are eligible for funding. They also provide administrative guidance relating to the application for, and administration of, CDBG projects. Additional statutes, rules and regulations also affect how activities are carried out under the program.

Rule and Application Revision

The Department anticipates making some rule changes this fiscal year. Should they impact 2009 applications; an amended Action Plan will be submitted.

Categories of Funding and National Objective

The CDBG Program is composed of four major components: Commercial Revitalization (CR), Economic Development (ED), Housing (H), and Neighborhood Revitalization (NR). Local governments can apply for a Planning and Design Specifications grant for architectural and engineering plans and specifications associated with Commercial or Neighborhood Revitalization projects. Construction funding will be made from the first federal allocation cycle following completion of biddable plans and specifications or from deobligated funds or program income. (Deobligated funds are funds left over from grants that close out at amounts lower than the original funding.)

Local governments applying for CDBG funds must consider national and state goals and objectives when developing applications for funding. Applications may reflect more than one activity, but each activity must meet at least one of the following three national objectives:

- benefit low- and moderate-income persons
- aid in the prevention or elimination of slums or blight
- address community development needs having a particular urgency, because existing conditions pose a serious and immediate threat to the health or welfare of the community and other financial resources are not available

Communities are encouraged to submit applications for activities for which no other funds are available and to leverage other funds if possible. Local governments that participate in the Small Cities CDBG Program are also encouraged to attend application and administration workshops. Staff makes every effort to ensure that local governments have all the information they need to prepare a grant application that meets the required criteria. Staff also provides ongoing technical assistance during the administration of grants and conduct workshops on CDBG issues as needed. In addition, eligible applicants and grant recipients are provided with materials that assist with the application and grant administration process.

Although not specifically identified in this Action Plan, the Florida Small Cities CDBG Program is administered in accordance with federal and state rules and regulations that pertain to accounting, audits, building codes, conflicts of interests, the environment, fair housing, civil rights, labor standards, procurement, lead-based paint, etc. Information on each of these topics is made available via the Department's website, HUD's website, and in written materials provided to subgrantees.

Sources of Funds

The Florida Small Cities CDBG Program relies on HUD funds to carry out the activities in the cities and counties it serves. Although no match is required, local governments are encouraged to use funding from other sources (i.e., local general revenue, other federal and state loan and grant funds, and private commitments) to make a greater impact in the community. The Department does not know the extent of the other funds committed to a project until applications from eligible jurisdictions are received and approved for funding. The competitive scoring process favors applications that make use of other funds.

Fund Distribution, Allocation, Priorities and Specific Objectives

The following chart reflects the planned distribution of Federal Fiscal Year 2009 CDBG funds:

2009 Allocation	\$28,531,157.00
State Administration (unmatched)	\$100,000.00
2% State Administration (matched with GR)	\$570,623.14
5% Emergency Set-Aside	\$1,426,557.85
1% Training/TA	\$285,311.57
.5% Planning Grants	\$142,655.79
TOTAL PASS THROUGH	\$26,006,008.66
NR (40%)	\$10,402,403.46
HR (35%)	\$9,102,103.03
ED (20%)	\$5,201,201.73
CR (5%)	\$1,300,300.43

These percentages place an emphasis, or priority, on public facility and infrastructure projects, followed by activities that provide safe and decent housing, economic development activities that will create or retain jobs, and projects that revitalize commercial areas, respectively. Should eligible requests for funds be insufficient to fully utilize all funds allocated to a category, the balance of the funds in that category will be reallocated to the category receiving the greatest number of applications. Grant category funding levels may also be increased and/or decreased by reallocated funds. (Please see the section on CDBG Program Income and Deobligated Funds.)

Annual Objectives and Outcome Measures

Performance objectives for the communities served by the Florida Small Cities CDBG Program are entered into HUD's IDIS system when awards are made, and final accomplishments and beneficiaries are reported when the project is completed. The composite objectives of subgrantees comprise the state's overall objectives.

The Florida Small Cities CDBG Program will address three primary objectives with its Federal Fiscal Year 2009 allocation:

1. Creating a suitable living environment
2. Providing decent housing
3. Creating economic opportunities

These objectives will result in three major outcomes:

1. Improving availability or accessibility of units or services
2. Improving affordability, not just of housing but also of other services
3. Improving sustainability by promoting viable communities

The Department has developed a matrix that can be used as a guide to associate performance measures and outcomes to eligible activities. Until applications are scored and funded, the Department cannot adequately outline performance objectives since community needs are evidenced by the applications submitted for funding. *(Therefore, the Department does not submit Table 3A and Table 3B, mentioned in the submission requirements.)*

All activities funded with federal fiscal year 2009 CDBG funds will meet one of the following performance objectives:

Commercial Revitalization (including Planning and Design Specifications Grants)

Performance Measure: Creating economic opportunities

Outcome: Improving sustainability by promoting viable communities

Commercial revitalization projects target declining commercial areas, particularly those with slum and blight. The anticipated outcome is that existing businesses will remain in the commercial area and new business will be attracted to the area. This results in economic viability that positively impacts the community. Outcome measures may include improvements to building facades, parking, sidewalks, streets, etc.

Economic Development

Performance Measure: Creating economic opportunities

Outcome: Improving availability or accessibility of units or services

Economic development projects must create or retain jobs for low and moderate income persons. The activities also stimulate the economy since businesses are retained or brought into a community as a result of the activities. Outcome measures may include construction or expansion to infrastructure to allow a business to locate or expand in a community.

Housing

Performance Measure: Providing decent housing

Outcome: Improving sustainability by promoting viable communities

Outcome measures include housing units rehabilitated or replaced as well as households permanently or temporarily relocated.

Neighborhood Revitalization (including Planning and Design Specifications Grants)

Performance Measure: Creating a suitable living environment

Outcome(s): Improving availability or accessibility of units or services
Improving sustainability by promoting viable communities

Neighborhood revitalization projects make improvements to declining residential areas or provide new or improved infrastructure and public facilities. Outcome measures may include construction or improvements to infrastructure (water and sewer systems, flood and drainage systems, street paving, neighborhood centers, parks, etc.)

Emergency Set-Aside

Performance Measure: Creating a suitable living environment

Outcome: Improving sustainability by promoting viable communities

Emergency set-aside funds are used to address situations within communities that have resulted in the Governor declaring a state of emergency. The funds are typically used for recovery from weather events that cause significant devastation. Outcome measures may include construction or improvements and may address housing, infrastructure, public facilities, businesses, or commercial areas.

Administration, Planning and Technical Assistance

The state, as well as its subgrantees, cannot expend more than 20 percent of the aggregate amount of the annual grant for planning, management and administrative costs. The Department will use one percent of its 2009 funding for training and technical assistance or planning.¹ In many cases, planning activities that support CDBG activities enable a local government to more efficiently and effectively administer grant funds.

Grant Ceilings

Florida sets grant ceilings that correspond to the low and moderate-income population of the community. Population groupings are based on HUD modified census figures summarizing low and moderate-income population.

LMI Population	Grant Ceiling
1-499	\$600,000
500-1,249	\$650,000
1,250-3,999	\$700,000
4,000-10,499	\$750,000
10,500 and above	\$750,000

Fiscal Year 2009 Funding Cycle

Notices relating to the application workshop and dates of the funding cycle will be published in the Florida Administrative Weekly (FAW), emailed to eligible local governments and interested parties, and posted to the Department's website. An application workshop will be held to assist local governments with the application process in September 2009. Round table discussions relating to housing rehabilitation, neighborhood revitalization, economic development and commercial revitalization will be facilitated by experienced staff. Other informational materials, including copies of state and federal regulations, will also be provided.

¹ The planning grants mentioned here are not the same as the Planning and Design Specifications Grants mentioned in the following paragraphs.

We anticipate that the 2009 funding cycle for Commercial Revitalization, Housing, and Neighborhood Revitalization will open in September. Applications will be competitively scored, and site visits will be made to each community within the fundable range. Awards should be finalized by November 2009. A grant administration workshop will be conducted at the time awards are made.

The initial application due date for 2009 Economic Development (ED) applications will be in September also. Notice of the ED application cycle will be advertised in the funding cycle notice for the above-mentioned grant categories (Commercial Revitalization, Housing, and Neighborhood Revitalization). The ED process will be covered at the application workshop.

Eligible Communities (Geographic Distribution)

The Florida Small Cities CDBG Program serves small and rural communities throughout the state. Funding is competitive and there are no "targeted" areas. The following communities are eligible to apply for 2009 funding:

Alachua	Cedar Grove
Alachua County	Cedar Key
Alford	Center Hill
Altha	Century
Apalachicola	Charlotte County
Apopka	Chattahoochee
Arcadia	Chiefland
Archer	Chipley
Avon Park	Cinco Bayou
Baker County	Citrus County
Baldwin	Clay County
Bascom	Clermont
Bay County	Coleman
Bay Lake	Columbia County
Bell	Cottontale
Belle Isle	Crescent City
Belleair Shores	Crestview
Belleview	Cross City
Beverly Beach	Crystal River
Blountstown	Dade City
Bonifay	Davenport
Bowling Green	DeFuniak Springs
Bradford County	DeSoto County
Branford	Dixie County
Bristol	Dunnellon
Bronson	Eagle Lake
Brooker	Eatonville
Brooksville	Ebro
Bunnell	Edgewood
Bushnell	Esto
Calhoun County	Eustis
Callahan	Everglades
Callaway	Fanning Springs
Campbellton	Fellsmere
Cape Canaveral	Fernandina Beach
Carrabelle	Flagler Beach
Caryville	Flagler County

Florida City
Fort Meade
Fort White
Franklin County
Freeport
Frostproof
Fruitland Park
Gadsden County
Gilchrist County
Glades County
Glen St. Mary
Golf
Graceville
Grand Ridge
Green Cove Springs
Greensboro
Greenville
Greenwood
Gretna
Groveland
Gulf Breeze
Gulf County
Haines City
Hamilton County
Hampton
Hardee County
Hastings
Havana
Hawthorne
Hendry County
Hernando County
High Springs
Highland Park
Highlands County
Hilliard
Holmes County
Horseshoe Beach
Indian River County
Indian River Shores
Inglis
Interlachen
Inverness
Islamorada
Jackson County
Jacob
Jasper
Jay
Jefferson County
Jennings
Jupiter Inlet Colony
Jupiter Island
Key Colony Beach
Orange Park

Key West
Keystone Heights
LaBelle
LaCrosse
Lafayette County
Lake Buena Vista
Lake Butler
Lake City
Lake Hamilton
Lake Placid
Lake Wales
Laurel Hill
Lawtey
Layton
Lee
Leesburg
Leon County
Levy County
Liberty County
Live Oak
Lynn Haven
Macclenny
Madison
Madison County
Malone
Marathon
Marianna
Marineland
Martin County
Mary Esther
Mascotte
Mayo
McIntosh
Mexico Beach
Micanopy
Midway
Milton
Monroe County
Nassau County
Newberry
Monticello
Moore Haven
Mount Dora
Niceville
Noma
Oakland
Oak Hill
Ocean Breeze Park
Ocean Ridge
Okaloosa County
Okeechobee
Okeechobee County
Orchid

Osceola County
 Otter Creek
 Palatka
 Palm Beach
 Palm Coast
 Palmetto
 Panama City Beach
 Parker
 Paxton
 Penney Farms
 Perry
 Polk City
 Pomona Park
 Ponce de Leon
 Ponce Inlet
 Port St. Joe
 Putnam County
 Quincy
 Raiford
 Reddick
 Santa Rosa County
 Sebastian
 Sebring
 Sewall's Point
 Shalimar
 Sneads
 Sopchoppy
 Springfield
 St. Augustine
 St. Augustine Beach
 St. Cloud
 St. Johns County

St. Lucie
 St. Lucie County
 St. Marks
 Starke
 Stuart
 Sumter County
 Suwannee County
 Taylor County
 Trenton
 Umatilla
 Union County
 Valparaiso
 Vernon
 Vero Beach
 Wakulla County
 Waldo
 Walton County
 Washington County
 Wauchula
 Webster
 Weeki Wachee
 Welaka
 Westville
 Wewahitchka
 White Springs
 Williston
 Windermere
 Worthington Springs
 Yankeetown
 Zephyrhills
 Zolfo Springs

2009 Applications for Funding

Because the Small Cities CDBG Program is a competitive program potentially serving 243 local governments, no specific area can be targeted for funding. However, overall, 70 percent of the funds provide benefit low and moderate income persons. Also, the Department requires that the low and moderate income (LMI) population of each service area be 51 percent or more. The competitive scoring process places an emphasis on serving the most vulnerable residents and ensures that funds target diverse neighborhoods that are primarily low and moderate income.

GRANT CATEGORIES

Commercial Revitalization

The objective of the Commercial Revitalization category is to revitalize commercial areas that are showing signs of decline by addressing problems cause deterioration or decline. Activities that achieve this objective include, but are not limited to:

- acquisition of substandard or blighted structures or real property in order to properly clear, develop or redevelop slum and blighted areas
- installation or reconstruction of streets, utilities, parks, playgrounds, public spaces, public parking

- facilities, pedestrian malls, and other necessary public improvements
- selling, leasing or otherwise making available land in commercial areas for public use
- correction of architectural barriers to handicap access
- carrying out plans for a program of voluntary or compulsory repair and rehabilitation of building facades or other exterior improvements and repair of code violations

All activities in this category must assist the local government in achieving the objectives of its community redevelopment plan. A proposal under the Commercial Revitalization category may involve a single type of activity, such as rehabilitation of commercial facades, or several activities designed to address various aspects of the local government's community redevelopment plan. The Department allocates 10 percent of its pass-through funding to this grant category.

Economic Development

There are several objectives associated with the Economic Development (ED) category:

1. promote investment of private capital
2. retain local economic enterprises
3. expand local tax bases
4. provide long-term jobs with growth potential, primarily for very low-, low- and moderate-income persons

Activities that achieve this objective include:

- acquisition of real property
- acquisition, construction or rehabilitation of commercial and industrial buildings and structures
- purchase of capitalized machinery and equipment with a useful life of at least five years
- energy conservation improvement designed to encourage the efficient use of energy resources
- public, commercial or industrial real property or infrastructure improvements, including railroad spurs or similar extensions, tied to a specific project in a public or private easement
- activities to remove barriers which restrict access for elderly or handicapped to publicly owned or privately owned buildings, facilities, and improvements; and
- activities designed to provide job training and placement and/or other employment support services on behalf of the participating party as outlined in 24 CFR 570.482(d)(2)

An ED project may involve a single activity, such as the installation or construction of public infrastructure or the provision of a loan to a private for-profit business for construction or expansion, or several activities, all of which facilitate the expansion of employment opportunities, primarily for very low-, low- and moderate-income persons.

Eligible local governments may apply up to three times in any annual funding cycle for a grant under the ED category. However, local governments with an open contract whose activities are on time may receive no more than one additional ED grant in each fiscal year. Contract performance is considered "on time" for open subgrants that have received an agreement period extension of less than twelve months. Performance is on schedule when expenditures and activity work plans stated in an award agreement have been met or surpassed. The Department allocates 30 percent of its pass-through dollars for projects that will create or retain jobs for LMI persons.

Housing

The objective of the Housing component of the CDBG Program is to improve housing conditions and expand housing opportunities for very low-, low- and moderate-income persons. Activities that achieve this objective include:

- rehabilitation of housing or publicly owned or acquired properties
- demolition of dilapidated housing and the relocation of residents to replacement housing
- code enforcement
- weatherization and energy-efficiency improvements
- installation of wells or septic tanks where water or sewer service is unavailable
- mitigation of future natural disaster hazards in housing

In the Housing category, complementary activities are water hookup and sewer hookup activities to provide service to units being rehabilitated or providing rehabilitation to the kitchen and/or bathroom plumbing of houses so that they can receive the benefits of water and/or sewer hook-ups.

Housing rehabilitation meets affordable housing needs by keeping housing units that are owned or occupied by LMI persons in place within the community. Substandard conditions can be addressed using CDBG Housing funds. Communities that do not have the capacity to undertake large scale affordable housing projects are able to maintain the stock of affordable housing by using CDBG and state housing funds for rehab and replacement. The Department allocates 20 percent of its pass-through funds for housing activities.

Neighborhood Revitalization

The objective of the Neighborhood Revitalization (NR) category is to revitalize declining neighborhoods and improve infrastructure by addressing the problems that influence neighborhood vitality. A Neighborhood Revitalization project may involve a single activity, such as street paving, or several different kinds of activities, designed to meet a particular community's needs. Activities, which achieve this objective include:

- improvements to deteriorating infrastructure (roads, water, sewer, drainage facilities, etc.)
- construction or rehabilitation of handicapped facilities and the removal of architectural barriers
- provision of roads and drainage facilities
- land assembly or site preparation for new housing construction
- mitigation of future natural disaster hazards
- construction or rehabilitation of neighborhood facilities which provide health, social, recreational or other community services for residents of service area neighborhoods

Addressing water and sewer needs continues to be a high priority for local governments in Florida. Without CDBG funding, local governments could not make needed improvements and expansions to existing systems.

In the NR category, complementary activities for a housing unit is limited to rehabilitation of units to construct bathrooms where no bathrooms exist or to make plumbing repairs to meet local code prior to being hooked up to a sewer or water system. Because of the need for public facilities and infrastructure improvements, the Department allocates 40 percent of its pass-through funding for Neighborhood Revitalization projects.

Planning and Design Specifications Grants

Planning and Design Specifications grants provide funds for engineering plans and design specifications for Commercial Revitalization and Neighborhood Revitalization projects. The maximum award is \$70,000. The requested amount of funding must be consistent with the design portion of the RUS fee schedule and any additional engineering costs. If engineering design costs exceed \$70,000, the local government must use other funds for the amount that exceeds the \$70,000 cap and cannot be reimbursed from the construction grant that is awarded upon completion of the plans and designs.

Up to six percent of the grant can be used for administrative costs. The applicant must certify that a national objective will be met once the project (for which the plans were designed) has been completed. Threshold requirements are:

1. Planning and Design Specifications grants must be completed within two years. No extensions of the end date are granted.
2. Planning and Design Specifications grants are offered to applicants that request a planning grant in order of application score, including applicants below the fundable range, until the available funding has been depleted.
3. Applicants receiving a Planning and Design Specifications Grant will receive funding for construction (not to exceed the maximum for which they are eligible based on LMI population) if complete and biddable plans and specifications are submitted within the two-year Planning and Design Specifications grant period.
4. Construction funding will be made from the first federal allocation cycle following the Department's approval of biddable plans and specifications or from deobligated funds or program income.
5. Based on the availability of funding, preference is given to NR projects.

Emergency Set-aside Funding

Applications for Emergency Set-aside funds are accepted from eligible applicants in accordance with the following criteria:

1. The maximum amount of emergency set-aside funds available from each federal fiscal year's allocation is five percent and is available from April 1 of the year for which they are allocated through the third quarter (March 31) of the next state fiscal year.
2. Any funds in the set-aside for which a notice of intent to submit an emergency application has not been received prior to March 31 will be reallocated in accordance with Section 290.044 (4), Florida Statutes. Any funds not allocated under the emergency set-aside will be used to fully fund applications which were partially funded due to inadequate funds in the most recently completed Neighborhood Revitalization category funding cycle, and then any remaining funds will be distributed to the next unfunded applications. All awards are contingent upon state approved budget authority.
3. Applications will only be accepted from, and awards made to, eligible local governments, as defined in Section 290.042 (5), Florida Statutes, which have been declared by executive order of the Governor to be in a state of emergency as provided under Section 252.36, Florida Statutes, and any subsequent emergency rule criteria prepared by the Department.
4. The funds must meet serious, urgent community needs of LMI residents. Sufficient documentation must exist to show that the need for the activities is directly related to a specific disaster event covered by an executive order. The amount of funds requested must be limited to the amount necessary to address the emergency need.
5. Applicants under this category must demonstrate that no other federal, state or local funds are available to address the emergency.
6. All other provisions of Rule 9B-43 apply to the Emergency Assistance Set-aside unless otherwise stated.

GRANT SELECTION CRITERIA

The state's priorities for the Florida Small Cities CDBG Program are communicated to potential applicants by program categories established by state law, through the percentage of funds allocated for each category, and through the establishment of funding priorities outlined in the program's administrative rule, application manual, and Consolidated Plan.

The rule ensures that applications from communities that are not in compliance with federal or state laws are not funded. Upon receipt of an application, an initial review is conducted to determine if threshold criteria have been met. This review is used as a screening method to ensure compliance with minimum application requirements. Seven specific criteria established by Section 290.0475, Florida Statutes, establish the basis upon which the Department of Community Affairs may reject an application without regard to scoring.

1. The application is not received by the specified deadline date.
2. The proposed project activities fail to meet one of the three national objectives.
3. The proposed activities are not eligible.
4. The proposed activities are not in compliance with the adopted local comprehensive plan, as approved by the Department.
5. The applicant has an open Housing, Neighborhood or Commercial Revitalization Community Development Block Grant.
6. The local government is not in compliance with citizen participation requirements.
7. Information provided in the application that affects eligibility or scoring is misrepresented.

The Department does not award a grant until it has determined, based upon a site visit, that the project and/or activities are eligible, in accordance with the description contained in the application, and that any open Economic Development grant is on time. If, based upon a site visit, the Department determines that any information in the application that affects scoring has been misrepresented, the application is rejected.

Method of Distribution

Major scoring components of the competitive evaluation process are community-wide needs, project impact, including benefit to very low-, low- and moderate-income persons, and outstanding performance in equal opportunity in employment and housing.

Community Need

The overall need for assistance by an eligible community is assessed using three factors: the number of low and moderate income persons, the number of persons below poverty, and the number of year-round housing units with 1.01 or more persons per room. These factors are measured by whole numbers and make up what is referred to as the community-wide needs (CWN) score. Communities are compared within appropriate LMI population groups, with the most distressed jurisdiction(s) in each group being assigned the highest score for each factor. Accordingly, each jurisdiction having a score that falls below the highest ranked jurisdiction is assigned a proportion of the total points available for each factor.

The CWN score is reduced by five points for every \$100,000, or portion thereof, of CDBG funding awarded to local governments. This adjustment provides an update to the score and allows communities which have not received funding to stand a better chance of obtaining a grant. The CWN score is provided to all eligible communities and is incorporated in the scoring process.

The Department is considering modifying the process for computing community-wide needs scores. Rather than using the number of low and moderate income persons, number of persons below the poverty level and number of over-crowded housing units within a community, community need would be established by consideration of the overall percentage of these factors within the community. This process would favor communities with the highest percentage of low income residents, persons below the poverty level and overcrowded housing units rather than those with the highest number.

Penalty Points

Penalty points are deducted from an applicant's score if the applicant has not met administrative requirements of previously awarded grants. These include penalties for termination "for cause" of a previous grant and failure to meet levels of performance identified in the original application. Rule 9B-43.0051 (7) outlines the penalty point process.

Project Impact and Other Scoring Factors

Project impact criteria are tailored to the objective established for each program category. Regardless of the type of activity the community is proposing, the impact that the project will have on the community is considered in the evaluation process. This project impact is evaluated within each of the program categories using measures specifically appropriate to the category of funding. Applications also receive points for efforts made in the areas of equal opportunity and fair housing, leverage of other funds, impact on low and moderate, and very low income beneficiaries, etc.

Eligible applicants are required to submit information on the community's practices relating to equal employment opportunity and fair housing for consideration in the scoring process. Maximum points are awarded when the minority employment percentage meets or exceeds the percentage of minority population in the county. Points are also awarded for outstanding performance in housing if the applicant has a local fair housing law covering all protected classes, has carried out educational programs for the general public, local elected officials, and professionals within the community that are involved in housing activities (i.e., realtors, bankers, etc.).

Matching Funds

The Florida Small Cities CDBG Program does not require local governments to provide matching funds. However, the competitive scoring criteria favors applications that leverage other funds. Local government general revenue, as well as other loan and grant funds, may be counted as leveraged funds.

Submission Requirements

Information presented in an application must be sufficient for the Department to determine the eligibility of the project and activities, the quality of the proposed project, and the ability of the local government to meet basic requirements. The applicant must describe the need for the project; the anticipated impact of the project on that need; and a budget. The capacity of a community to adequately manage the grant will be reviewed if the jurisdiction has not previously participated in the program.

In addition to submitting two copies of the application to the Department, copies are sent to the Florida State Clearinghouse. The Clearinghouse sends out the application to agencies with permitting or environmental regulatory authority for review. Comments are returned to the Clearinghouse where they

are summarized in a Clearinghouse Review Letter that is provided to the applicant and to the Department.

The Department encourages local governments to use this “letter” in the environmental assessment that must be completed before funds are released since it typically notes potential historic preservation issues, whether or not work will take place in a floodplain or wetland, any special permits that are needed, etc. The Clearinghouse posts information about the projects to its website at: <http://appprod.dep.state.fl.us/clearinghouse/>. This allows federal and state agencies that have an interest in federally funded projects to access information about the projects.

Summary

The Florida Small Cities CDBG application manual describes factors used to score applications. The following charts summarize the scoring factors used in the selection process and the maximum number of points that a local government can receive for each factor.

Scoring Factor	Maximum Points
All Categories	
Community Wide Needs	250
Special Designation	20
Grant History Score	75
Outstanding Performance in EEO – Work Force Development Initiatives	25
Outstanding Performance in EEO – Local Government Employment	60
Outstanding Performance in Fair Housing	15

Commercial Revitalization	
Leverage	50
CDBG Funds & Activity Goal Score	75
Needs & Beneficiaries Score	245
Other Community Development Scores	85
Readiness to Proceed Score	100

Economic Development	
Leverage	150
Job Creation Retention/LMI Benefit Impact Score	125
Full-Time LMI Jobs Ratio	125
Full-Time Equivalent LMI Jobs	125
Economic Development Element of Local Comp Plan	30
Investment Ratio	0

Housing	
Leverage	50
CDBG Funds & Activity Goal Score	75
VLI Impact Score	235
Average Cost Per LMI Housing Unit	120
Local Housing Code Enforcement	75

Neighborhood Revitalization	
Leverage	50
CDBG Funds & Activity Goal Score	50
VLI Beneficiary Impact Score	50

LMI Beneficiary Impact Score	140
Average Cost Per Unduplicated LMI Beneficiary Score	40
Average Cost Per unduplicated LMI Household Score	100
Readiness to Proceed Score	100
Health & Safety Score	50
Total Common Score for all Categories	1000

Local Government Citizen Participation Requirements

Section 290.046, Florida Statutes, and federal regulations, set out the requirements local governments must follow to obtain citizen input. Local governments submitting a CDBG application must comply with citizen participation requirements (as provided in the Housing and Community Development Act of 1974, as amended). To ensure compliance, these provisions are incorporated in grant applications, the scoring system and award agreements. Prior to the submission of an application for funding, local governments must:

- Establish a Citizen's Advisory Task Force to provide input throughout the project process.
- Publicize information concerning the amount of funds available to the local government and the range of activities that may be undertaken.
- Hold at least one public hearing to obtain citizens' views on the neighborhood revitalization, housing needs or commercial revitalization and economic development needs of the community.
- Publish a notice concerning the proposed application advising citizens of its location and notifying them that it is available for inspection and comment.
- Publicly commit to use any grant funds received to the maximum feasible extent to benefit persons of very low-, low- and moderate-income.
- Publicly commit to minimize displacement of persons as a result of activities assisted with CDBG funds.
- Publicly state its plans to assist displaced persons should displacement occur.
- Hold at least one public hearing on the proposed application prior to its submission to the state.
- If appropriate, modify the proposed application to respond to citizens' comments.

Minority Business Enterprise (MBE) and Section 3 Employment

The CDBG Program is administered in accordance with federal and state rules and regulations pertaining to equal opportunity. The Department reports to HUD twice a year on contracts that local governments have executed with minority business enterprises and women-owned businesses. The report also indicates which of the contractual obligations were to Section 3 businesses. Materials are provided to local governments that outline the Contractual Obligations and MBE process. In addition, presentations are made at grant implementation workshops. Unfortunately, many of the small, rural local governments served by the Florida Small Cities CDBG Program report that they often cannot contract with minority or women owned businesses because there are no businesses within the immediate area that can perform the particular job that is being requested.

Beginning in 2008, local governments were required to submit an annual Section 3 report. This

information is summarized and submitted to HUD with the Annual Performance Report. MBE and Section 3 compliance is also a monitoring issue.

Program Income and Deobligated Funds (Recaptured Funding)

Federal regulations specify how program income must be handled. In addition, the Department has established guidelines for subgrantees: "Program income generated after closeout shall be returned to the Department. Program income generated prior to closeout of a grant shall be returned to the Department unless:

(a) The program income is used to fund additional units of CDBG activities referenced in the grant agreement under which the program income was generated; and

(b) The recipient amends the grant agreement to encompass expenditure of that program income prior to administrative closeout; and

(c) The funds are to be expended pursuant to the provisions of 24 C.F.R. Part 570, as effective on March 28, 2002, Sections 290.046-.049, Florida Statutes, and this rule."

Grants may close out or be terminated with less than the full amount of the grant award having been expended. When this occurs, the Department has some amount of "deobligated" or "reallocated" funds available (funds that were awarded to local governments, but were not used by the recipient prior to the closeout of the grant).

The Department may utilize program income and deobligated funds in the following manner:

(a) At any time necessary for a Section 108 Loan repayment under 24 CFR 570.432;

(b) To fully fund partially funded grants from the most recent competitive application cycle, including funding the construction phase of a project for which a Planning and Design Specifications grant was awarded;

(c) To fund grants in categories that received a large number of requests that could not be funded during the applicable cycle in which the requests were received;

(d) Combined with emergency set-aside funds to address emergency needs;

(e) Re-allocated during the next annual allocation.

State Program Monitoring

Each year, the Florida Auditor General and HUD monitor the state's administration of the programs covered in the Consolidated Plan, including the Florida Small Cities CDBG Program. In addition, from time to time, agency internal auditors perform audits of the programs. Each of these audits assesses the state's performance in administering the program in accordance with state and federal rules and regulations. When audit findings are noted, the programs take immediate steps to resolve the deficiency or prevent recurrence of the finding. Program management staff and job responsibilities facilitate internal monitoring to ensure that federal rules and regulations are being carried out. Checklists and grant manuals help staff ensure that appropriate procedures are being followed.

Regional Monitoring

Staff with ongoing monitoring responsibilities has been assigned regional areas. This structure provides

an opportunity for staff to become familiar with the special circumstances and urgent needs of communities within a region. Staff may work with the regional planning councils and local officials to develop strategies for meeting long-term needs and responding to urgent needs. This approach to monitoring strengthens the technical assistance aspect of the program.

Subgrantee Monitoring

The Department monitors subgrantee compliance with federal and state rules and regulations. This monitoring begins at the time of project site visit before an award is made. Once applications are scored and ranked, site visits are made to potential recipients. At that time, staff confirms that required policies or procedures are in place. Audits from the previous two years are also reviewed to ensure that there are no unresolved audit findings that impact the administration of a project funded with CDBG dollars. Staff then verifies the data provided in the application for funds.

When an award is made, special conditions are included in the contract. These are preliminary administrative requirements with which the subgrantee must comply (i.e., items relating to procurement, environmental review, plans and specifications, etc.). Grant managers are responsible for ensuring that special conditions are satisfied within the given length of time. All contracts are monitored at least twice; a desk monitoring is completed when approximately 25 percent of the funds are drawn and an on-site visit is made immediately prior to closeout. Economic Development grants may be monitored three or more times, depending upon the need for technical assistance and upon the monitor's assessment of the subgrantee's administration of the project. Grantees that experience difficulties are monitored on-site as often as is necessary to ensure compliance with federal and state regulations.

Monitoring checklists that address federal and state rules and regulations are used during the monitoring process. These checklists ensure that all phases of grant administration are reviewed during the course of the grant. Following a monitoring visit, a monitoring report is mailed to the subgrantee that lists any deficiencies in the administration of the grant and the actions that the subgrantee needs to take to resolve the findings. If no findings are noted, but areas of potential concern are discovered, the Department advises the subgrantee of these concerns so that the local government can take steps to ensure that they do not become findings.

In addition to this monitoring, the Department's Office of the Inspector General reviews the annual audit of the subgrantee to ensure that no audit findings that impact the subgrantee's administration of the program exist. If the Department discovers that the local government's auditor has identified areas that need to be addressed, the local government is notified of the findings and the actions that should be taken to resolve the issue.

Finally, the Department uses a comprehensive closeout document that in some ways serves as a final desktop monitoring of the project. Contracts are not closed until all funds have been appropriately accounted for and all requirements satisfied.

All monitoring is conducted in accordance with HUD guidelines as well as applicable federal and state rules and regulations. Grantees that appear to be experiencing administrative problems may be monitored more frequently than those whose activities are taking place in a timely manner without any difficulties in management or reporting to the Department.

Training and Technical Assistance

Training priorities are identified by the CDBG Program and the eligible cities and counties it serves. Training needs may also be uncovered during the course of federal and state audits or monitoring.

The Department considers every telephone call, email or written request from a local government an

opportunity to provide technical assistance. Technical assistance is also provided during site visits and monitoring. In addition, all public hearings on CDBG issues (i.e., hearings held in connection with rule changes, etc.) provide a forum for training and educating local governments and others interested in the program.

CDBG staff makes numerous visits to local governments and other state agencies to provide information on the Small Cities CDBG Program, the Section 108 Loan Guarantee Program, funding for infrastructure and housing. Technical assistance activities currently planned for 2009 include the following workshops: Project Planning, Grant Application, and Grant Implementation. The Florida Small Cities CDBG Program will continue to coordinate and to undertake technical assistance projects as outlined in CPD Notice 99-9.

During the 2009 federal fiscal year, the Department hopes to complete the following technical assistance initiatives:

1. During 2008 and 2009, the Department worked with a Florida State University to prepare an English and Spanish public service announcement on fair housing and equal opportunity currently being distributed to media statewide at no cost.
2. The Department plans to contract with an appropriate organization to assist with the preparation of the 2001-2015 Consolidated Plan and a new Analysis of Impediments to Fair Housing.
3. The Department is continuing its outreach efforts by contracting with a provider for direct technical assistance to local governments. This outreach is currently in its second phase, working with (20) communities who have in recent history lacked the resources to submit competitive applications for CDBG grant funding. The goal of this project is to begin to level the playing field for some of the state's smaller local governments, and to connect them with other complementing resources.
4. The Department is planning a GIS Technical Assistance Project for local governments, providing them with improved surveying information for their grant applications. Staff is also developing a "Planning Your Project" workshop for communities who would benefit from seminal technical assistance. This initiative will assist local governments in avoiding common pitfalls in project development. Finally, a major printing of the Disaster Recovery Toolkit will be made available to all units of local governments participating in our program.

Advocacy and Training

The Department uses a limited amount of training and technical assistance funding to develop brochures and training materials that will be provided to local governments, other agencies, and the public during workshops and other events. Funds are also used to prepare training manuals for workshops.

Building Economic Development Capacity

The Department participates in economic development initiatives that affect those communities that are eligible for CDBG funding. Representatives from the Department regularly meet with staff from the Governor's Office of Trade, Tourism and Economic Development, the Florida Redevelopment Association and the Florida Economic Development Council.

SECTION 108 LOAN GUARANTEE PROGRAM

The Section 108 Loan Guarantee Program is authorized under Section 108 of the Housing and Community Development Act of 1974 (42 USC 5308) as part of the Community Development Block Grant Program. In 1997, the Florida Legislature passed changes to the Florida Small Cities CDBG Program which now allows up to \$160,000,000 in Section 108 Loans to be guaranteed by the state's CDBG

allocation for loans made to small cities and counties on behalf of their needs for economic and community development.

The Section 108 Loan Guarantee Program offers local governments a source of financing for economic development, large-scale public facility projects, and public infrastructure. The U.S. Department of Housing and Urban Development (HUD) sells bonds on the private market and uses the proceeds to fund Section 108 loans through the state to local governments. The local government may loan the funds to third parties to undertake eligible CDBG activities (typically economic development) or use the funds for other eligible CDBG activities which must be repaid. CDBG future allocations are used as secondary security for the HUD loan to the local government (the loan guarantee).

Section 108 Loans are for activities that:

- Principally benefit very low-, low- and moderate-income people
- Assist in the elimination or prevention of slum and blight conditions
- Meet other community development needs that have a particular urgency and are of very recent origin

Examples of eligible activities:

Real property acquisition as part of an otherwise eligible activity
Rehabilitation of publicly or privately owned real property
Housing rehabilitation or replacement eligible under the CDBG program and related relocation
Demolition, clearance, and site improvements for eligible CDBG activities
Section 108 loan closing costs and issuance costs of related public offerings
Public infrastructure
Eligible economic development activities

Section 108 Funding Availability

According to state and federal law, the maximum amount of loan guarantee commitment that any eligible local government may receive may be limited to \$7,000,000 pursuant to 24 CFR 570.705, and the maximum amount of loan guarantee commitments statewide may not exceed an amount equal to five times the amount of the most recent grant received by the Department under the Florida Small Cities CDBG Program (approximately \$165,000,000 in loan guarantees at the current allocation level). This level of funding allows the local government to participate in larger projects, avoid referendums for infrastructure financing, compete with larger local governments for business relocations, and provide smaller businesses the ability to access funds at approximately corporate AAA bond rates.

The Section 108 Loan guarantee process (for a loan to a third party):

1. The business or other third party approaches the local government with a proposal.
2. The local government sets up a "screening meeting" at DCA for review and comment on the eligibility and likely fundability by HUD of the proposal.
3. The local government packages the loan, has the loan underwriting analysis completed, pledges local government collateral based on the results of the underwriting process, signs the certifications, and sends the completed application to DCA.
4. DCA staff reviews the package for accuracy and eligibility, and then forwards the loan proposal to

HUD when it is complete.

5. As part of this process, the state pledges future CDBG allocations as secondary collateral to secure the loan.
6. HUD approves the loan package or negotiates with the state, local government, and borrowers to overcome loan package deficiencies.
7. The sale of the bonds is closed (or interim financing is provided) by HUD's fiscal agent concurrently with the closing of the Section 108 loan to the local government, who then immediately closes its loan with the borrower.
8. The funds are released by HUD's fiscal agent to the local government's custodial agent (a local bank), who then releases the funds to the borrower based on the terms of the loan agreement.
9. The borrower makes monthly payments to the local government's custodial agent, who semi-annually remits to the HUD fiscal agent, who annually pays the bondholders.
10. The local government and DCA periodically monitor the ongoing project and deposits with the custodial agent to ensure that the borrower meets all CDBG requirements relating to labor standards, environmental assessments, acquisition and relocation, financial management, and national objective.

The process is straightforward when the local government is borrowing proceeds for activities such as public infrastructure or other public facilities. The local government must pledge a local revenue stream that is adequate to fund repayment of the Section 108 loan.

Loan Underwriting Requirements

The Department requires that underwriting analysis be conducted in accordance with 24 C.F.R. 570.482 (e) (2) and Appendix A of 24 C.F.R. Part 570. The Department may, as necessary, require additional underwriting standards, criteria or review.

Summary

Department staff continues to provide training and technical assistance relating to the Section 108 Loan Program and to promote it through the use of printed information and information posted to its website.