

FY 2020 / 2021 *Proposed* Method of Distribution

LOUISIANA COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM

I. Program Goals and Objectives

The Louisiana Community Development Block Grant (LCDBG) Program, as its primary purpose, provides grants to units of general local government in non-entitlement areas for the development of viable communities by providing a suitable living environment and expanding economic opportunities, principally for persons of low and moderate income. Consistent with Federal regulations (24 CFR 570.484), not less than seventy percent of the aggregate of fund expenditures shall be for activities that benefit low- and moderate-income persons.

Each activity funded must meet one of the following three national objectives:

- A. Principal benefit (at least 51 percent) to low/moderate income persons.
- B. Elimination or prevention of slums and blight. In order to justify that the proposed activity meets this objective, one of the following must be met:
 - 1. For activities that eliminate slum and blight on an area basis, the applicant must delineate an area which:
 - a) meets the definition of slums and blight as defined in Act 590 of the 1970 Parish Redevelopment Act, Section Q-8; and
 - b) contains a substantial number of deteriorating or dilapidated buildings or public improvements throughout the area delineated.

The applicant must describe in the application the area boundaries and the conditions of the area at the time of its designation and how the proposed activity will eliminate the conditions which qualify the area as slums/blight.

- 2. For activities that eliminate slum and blight on a spot basis, the applicant must identify the structures designated for clearance and the applicant's legal authority to carry out the demolition and removal. The applicant must describe how the identified structures are "blighted," a "public nuisance," "unfit for human occupancy," "an unlawful structure," or "abandoned" and how this condition is detrimental to or endangers the public safety, health, or welfare.

If an applicant plans to request funds for an activity claiming that the activity addresses the slums/blight objective, the State's Office of Community Development must be contacted for the specific requirements for this determination/qualification prior to application submittal.

- C. Meeting other 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 to meet such needs.

II. General

A. Application Process

This plan sets forth the policies and procedures for the distribution of LCDBG funds. Public Facilities grants will be awarded to eligible applicants (local governments) for eligible activities based on a competitive selection process to the extent that funds are available. The State's Office of Community Development shall establish deadlines for submitting applications and will notify all eligible applicants through a direct mailing, and on the office's website. Project severity packages for public facilities submitted for FY 2020 funds (within the parameters noted under II.G.) will be scored and ranked. Applicants that submit project severity packages, meet past performance threshold criteria for FY 2020, and are within the top sixty percent of project severity scores of applicants that meet past performance threshold criteria for FY 2020 will be invited to submit a full application to the public facilities program. Full applications received within established deadlines will be rated and ranked and funded to the extent that FY 2020 monies are available. The public facilities applications that are not funded under the FY 2020 program year, which meet past performance threshold criteria for FY 2021, and are within the top sixty percent of applicants that meet past performance threshold criteria for FY 2021 will continue to be considered for the FY 2021 program year. Applicants that did not meet past performance threshold criteria for FY 2020 but do meet past performance threshold criteria for FY 2021, and are within the top sixty percent of applicants that meet past performance threshold criteria for FY 2021, will be invited with submit a full application to the public facilities program. Full applications received within established deadlines will be rated and ranked and funded to the extent that monies are available under the FY 2021 program year.

Economic development applications, demonstrated needs applications, LaSTEP applications, and Sustainable Water Management Consolidation (SWMC) planning grant applications requesting FY 2020 LCDBG funds will be accepted on a continual basis within the time frames designated by the State's Office of Community Development.

B. Eligible Applicants

For all LCDBG programs, except for the SWMC planning grant program, each eligible applicant may only submit an application(s) on its own behalf. Eligible applicants to the State LCDBG program are non-entitlement units of general local government, consisting of municipalities and parishes (42 U.S.C. 5306(d) and 42 U.S.C. 5302(a)(7)), and excludes the following entitlement areas: Alexandria, Baton Rouge, Bossier City, Terrebonne Parish Consolidated Government, Jefferson Parish (including Grand Isle, Gretna, Harahan, Jean Lafitte, and Westwego), Kenner, Lafayette Parish Consolidated Government, Lake Charles, Monroe, New Orleans, St. Tammany Parish, (including Abita Springs, Covington, and Madisonville), Shreveport, Slidell, and Thibodaux.

In general and in most instances, the applicant will be determined by the location of the potential beneficiaries of that project. There may be instances, however, in which the potential beneficiaries reside within the jurisdiction of more than one local government. In those circumstances, the following rules will apply.

1. If the proposed project will serve beneficiaries that reside in two or more units of general local government and more than fifty-one percent of those beneficiaries are located within

the jurisdiction of one of those units, the appropriate applicant will usually be the unit of general local government in which more than fifty-one percent of the beneficiaries reside; two circumstances where an exception to this rule may apply are discussed as follows.

There may be instances whereby a local government owns an existing utility system but the majority of the existing users reside outside its jurisdiction. The local government that owns the existing system would be the appropriate applicant. There may also be instances whereby a municipality wishes to extend its utility system to an adjacent, unincorporated neighborhood or street(s); this type of instance will require annexation of the unincorporated area prior to the closeout of the grant (if the main purpose or majority of the project's scope of work is to extend the system). In both of these instances, the local government which owns the utility system will be required to discuss the issue with the staff in the State's Office of Community Development to determine the appropriate applicant.

Only the applicant, not the other unit(s) of government involved, for these types of projects will have to meet the performance threshold criteria to be eligible for funding. The applicant will have to enter into a cooperative agreement with the other unit(s) of government involved; a copy of the cooperative agreement must be included in the application.

There may be other circumstances similar to the ones described but not specifically defined herein; in those instances, the local government proposing the project must also discuss the issue with the staff in the State's Office of Community Development to determine the appropriate applicant.

2. If the proposed project will serve beneficiaries that reside in more than one unit of general local government and no more than fifty-one percent of the beneficiaries are located within the jurisdiction of one of those units of local government and none of the participating local governments currently owns the system, or if a regional project is planned, the Office of Community Development will consider this as a multi-jurisdictional application. Multi-jurisdictional applications will require a meeting with the State's Office of Community Development prior to the submittal of the application for the purpose of determining the appropriate applicant and explaining all of the steps that must be taken by all of the units of local government involved in the application. The designated applicant will apply for the grant and will act as the representative for the other affected units of local government. The designated applicant must retain ownership of the improvements. The designated applicant must meet the performance threshold requirements for eligibility; the other individual municipalities involved do not have to meet threshold requirements with the exception that none of those municipalities can be on the Sanction List maintained by the Office of Community Development. Although each jurisdiction will have to make the required certifications, the designated applicant will be responsible for ensuring that the approved activities will be carried out in accordance with all applicable state and federal requirements. To meet the citizen participation requirements for a multi-jurisdictional application, each unit of general local government involved will conduct the public hearing and publish the notices required for an application. The application will also have to contain individual sets of assurances signed by each local government involved. The designated applicant will also have to enter into a legally binding multi-jurisdictional agreement with each local government stating, among other things, that all appropriate requirements of the

Housing and Community Development Act of 1974 (HCDA), as amended, will be complied with. A copy of the fully executed agreement must be included in the application.

C. Eligible Activities

An activity may be assisted in whole or in part with LCDBG funds if the activity is defined as eligible under Section 105 (a) of the HCDA, as amended. While there are many activities eligible for CDBG funds, the federal regulations allow States in consultation with local governments (24 CFR 91.325(b)(2)(iv)), to determine which of those activities are priorities and to allocate funds for those priorities only. The eligible activities under Section 105(a) that are identified as priorities for the LCDBG Program are (1), (2), (4), (8), (13), and (17). For application purposes, these eligible activities are grouped into the LCDBG program areas of public facilities, economic development, LaSTEP, demonstrated needs, and SWMC planning grant.

D. Types of Grants

The Office of Community Development will only accept applications for single purpose grants under the public facilities, economic development, LaSTEP, and demonstrated needs programs. A single purpose grant for public facilities provides funds for one primary need (potable water, sewer, or streets) consisting of an activity which may be supported by auxiliary activities. Single purpose economic development applications are for one project, consisting of one or more activities. Examples of auxiliary activities are drainage improvements undertaken in conjunction with street improvements, the acquisition of land upon which a wastewater treatment plant will be constructed, and the installation of service connections for a new water system. The Office of Community Development will make the final determination as to the classification of the application.

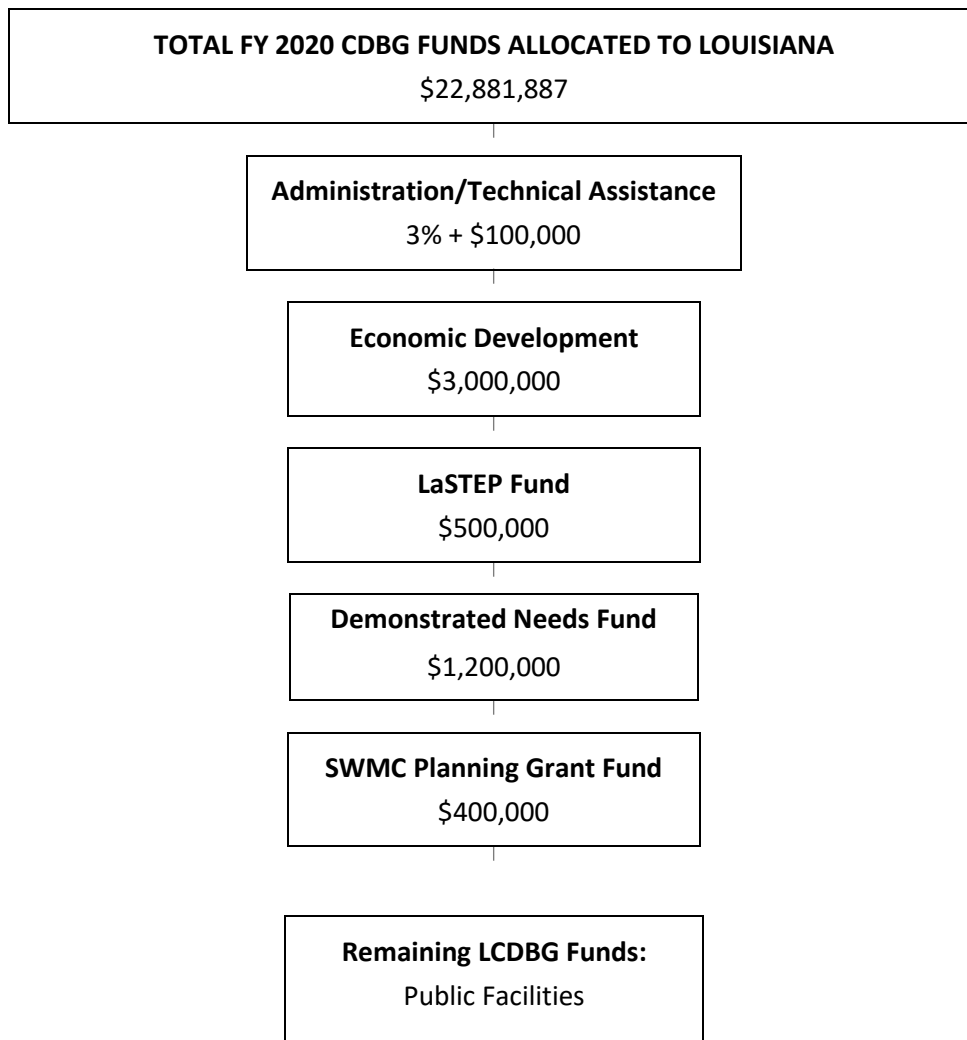
E. Distribution of Funds

An allocation of \$22,881,887 in federal funds has been announced for the FY 2020 LCDBG Program. Using this amount, the following table shows how the total funds will be allocated among the various program categories. Any increase or decrease in actual allocation amounts will be applied to the public facilities category of funding.

Of the total CDBG funds allocated to the State, up to \$100,000 plus three percent will be used by the Office of Community Development to administer the program and to provide technical assistance.

Since the creation and retention of permanent jobs is critical to the economy of the State of Louisiana, \$3,000,000 will be allocated specifically for economic development projects. The use of un-utilized/un-obligated economic development funds is discussed later in this section.

\$500,000 will be set aside for the LaSTEP fund, \$1,200,000 will be set aside for demonstrated needs, and \$400,000 will be set aside for the SWMC planning grant program. Any of the funds set aside for demonstrated needs or the SWMC planning grant programs which are not utilized/obligated will be transferred to the public facilities category. Any of the LaSTEP monies which are not utilized/obligated will be transferred to the public facilities category, or may be transferred to the demonstrated needs category as deemed necessary by the State.



Public facilities applications will be funded with the remaining LCDBG funds. After all rating points have been assigned for full applications meeting the past performance threshold criteria described under II. G, a combined final public facilities ranking list will be produced including all public facilities applications that are being considered for the FY 2020 program year ranked from highest to lowest according to the total number of points received by each application. The OCD will award funding based on this final public facilities ranking list as follows: For the FY 2020 and 2021 program years, a minimum of fourteen million dollars of the total allocation will be used to fund eligible water and sewer applications. Once that threshold is met, the remaining funds will be used to fund the next-highest-scoring eligible applications until no additional funds remain. The same process will be used to award funds under the FY 2021 program year, only including applications from applicants invited to apply for funding under the FY 2021 program year after ranking of project severity scores of those meeting past performance threshold criteria.

If a multi-jurisdictional application is in a funding position under either one or both of the program years but there are insufficient funds available to fund that application prior to the end of a program year, that application would be passed over and the monies would be used to fund those applications, to the extent that monies are available, below the multi-jurisdictional application but above the funding line.

Between five and eleven months following the beginning date of the State's program year with HUD, all monies not yet applied for which remain in the original allocation for non-public-facilities programs will be transferred to the current program year's public facilities category to continue to fund the next-highest-scoring eligible applications until no additional funds remain.

F. Size of Grants

1. **Ceilings.** The State has established a funding ceiling of \$1.2 million for sewer treatment grants, \$1,000,000 for new sewer grants, \$1,000,000 for sewer rehabilitation grants, \$1,000,000 for potable water grants, and \$800,000 for street grants. For municipalities with a population of more than 12,000 and parishes which have an unincorporated population of more than 25,000 (as defined in Section II.G.1.), the State has established a funding ceiling of \$2,000,000 for water and sewer grants, and \$1,600,000 for street grants. For all grants, a minimum of \$200,000 for construction costs is required. If, during the rating process, an application's construction cost is reduced below the \$200,000 minimum, that application will not be funded.

The multi-jurisdictional applicants' total request for funds **cannot exceed** the lesser amount of (a) the combined ceiling amount for each local government participating in the application **or** (b) \$2.2 million. For example, a parish and three municipalities within that parish may apply for the development of a regional wastewater treatment system. In that example, four local governments x the maximum ceiling amount for the type of project (\$1.2 million for wastewater treatment plants) would amount to \$4.8 million; however, only \$2.2 million may be requested in the multi-jurisdictional application. If the application involves one parish and one municipality for a regional potable water system (two local governments x the maximum ceiling amount of \$1,000,000 for a potable water system equals \$2 million); therefore, no more than \$2 million could be requested.

The funding ceiling for a demonstrated need grant for critical/urgent infrastructure needs is \$300,000 (with a construction minimum of \$50,000). The funding ceiling for LaSTEP grants is \$500,000. The funding ceiling for a SWMC planning grant is \$40,000.

The State has established different and distinct funding ceilings for economic development projects involving the creation of a new business and for economic development projects involving the expansion of an existing business. The State reserves the right to exercise its discretion in imposing a funding ceiling available per project.

Creation of a new business: If the project is requesting funds for the creation of a new business, no more than \$639,000 may be requested for a grant for a local government for infrastructure improvements.

Expansion of an existing business: No more than \$1,039,000 may be requested as a grant for infrastructure to the local government for most projects. In the case of a very large project with substantial private investment, at the discretion of this office, up to one-half of

the economic development allocation may be used for infrastructure provided other funding criteria are met.

Acquisition, construction, or rehabilitation of buildings and improvements (including parking lots): a grant to the local government has a ceiling of \$1,039,000.

Pre-Agreement Costs – As provided for in federal regulation (24 CFR 570.489(b)), and within the ceiling amounts, and at the discretion of the Office of Community Development, applicants may request funds for the reimbursement of pre-agreement costs (application preparation fees). In order to be eligible for the pre-agreement costs, the following requirements must be met: (1) the application must be funded under the FY 2020 – FY 2021 LCDBG Program years, (2) the LCDBG procurement procedures must have been followed in the procurement of engineering and/or administrative consulting firms, (3) the application preparation tasks and corresponding costs must be identified in a written contract between the firms and the local government **prior to any work taking place**, and (4) the application components (engineering, and/or administrative consulting) must have been properly and adequately packaged as determined by the Office of Community Development. The Office of Community Development has the option of reducing the reimbursable amount requested for pre-agreement costs on funded applications. The amount of the reduction will be determined by the component(s) of the application which is/are deemed inadequate. This reduction may be assessed to applications which are funded and which are also subject to the penalty procedure described in Section III.E.4. The specific requirements which must be followed are identified in the FY 2020 - FY 2021 LCDBG application package for public facilities and in the current application package for economic development projects. The pre-agreement costs which can be reimbursed with LCDBG funds depend on the type of project funded:

- a) Public facilities, Demonstrated Needs, and LaSTEP applications - in addition to the allowable maximum administrative fee described below, a maximum of \$3,700 will be allowed for pre-agreement administrative services. Of this amount, a maximum of \$1,500 will be allowed for engineering services; such services may include the preparation of applicable portions of the project description, the cost estimate, the project severity attachment when applicable, pre-application conferences, etc. A maximum of \$2,200 will be allowed for administrative consulting fees: a maximum of \$1,400 will be allowed for the preparation of all non-engineering forms and the overall packaging of the application and a maximum of \$800 will be allowed for household surveying costs only if the administrative consultant conducts/performs the survey. No pre-agreement costs for surveying will be reimbursed when census data rather than a household survey is utilized. A minimum of one on-site visit will be required of the engineer and the administrative consultant in order to be reimbursed for pre-agreement costs.

For Demonstrated Needs and LaSTEP applications, within the allowable maximum administrative fee described below, a maximum of \$5,000 will be allowed for administrative pre-agreement services if the Environmental Review Record for the project is submitted to the Office of Community Development prior to or approximately at the time of submittal of the application. In addition, basic engineering design fees may be included as engineering pre-agreement costs, should the applicant choose to

complete the project's design/plans and specifications during application preparation. The amount of these fees shall be in accordance with the Engineering Fee Schedules and Policies for basic services located on the Office of Community Development's website. The Office of Community Development reserves the right to make adjustments to those ranges when deemed necessary.

- b) Multi-jurisdictional, regional public facilities applications - in addition to the negotiated allowable administrative fee amount, a combined maximum of \$8,000 for pre-agreement services will be allowed. Pre-agreement costs within the pertinent and established allowances for public facilities projects per local government may be requested up to a combined maximum of \$8,000.
- c) Economic development applications – within the allowable maximum administrative fee as described below, a ceiling of \$9,000 (that the contractor may not exceed) will be allowed for administrative pre-agreement services if the Environmental Review Record for the project is submitted to the Office of Community Development at the time of submittal of the application. If the Environmental Review Record is not submitted to the Office of Community Development prior to or approximately at the time of submittal of the application, a ceiling of \$4,000 will be allowed for administrative pre-agreement costs. Due to the individual and unique circumstances surrounding each economic development application, prescribed pre-agreement amounts are not made for administrative consulting and engineering services; the breakdown of those fees will be negotiated among the local government, the administrative consulting firm, and the engineering firm.

In addition, basic engineering design fees may be included as engineering pre-agreement costs, should the applicant choose to complete the project's design/plans and specifications during application preparation. The amount of these fees shall be in accordance with the Engineering Fee Schedules and Policies for basic services located on the Office of Community Development's website. The Office of Community Development reserves the right to make adjustments to those ranges when deemed necessary.

Administrative Costs - Within the ceiling amounts the State also allows applicants, in accordance with federal procurement and cost principle requirements, to request funds for administrative costs with the following limitations. Each local government will be allowed a maximum of \$35,000 (for applications requesting funds up to \$600,000), \$40,000 (for applications requesting funds from \$600,000 to \$1,200,000), and \$45,000 (for applications requesting funds in excess of \$1,200,000) in LCDBG funds for administrative costs on a cost reimbursement basis for public facilities projects. The amount of administrative funds that may be requested for economic development projects will be dependent upon the amount of pre-agreement costs requested, however a combined maximum of no more than \$39,000 may be requested for both administrative pre-agreement and grant administrative costs. The amount of LCDBG funds which may be requested for multi-jurisdictional regional projects will be negotiable; a determination of the allowable amount must be requested of the Office of Community Development prior to the submittal of the application. The local government will be allowed up to a maximum of \$35,000 in LCDBG funds for administrative costs on demonstrated needs projects for critical/urgent infrastructure needs and \$35,000

for LaSTEP projects. If the local government has another open or ongoing LCDBG program (one that has not been issued a conditional or final closeout) or if the demonstrated needs project for critical/urgent infrastructure needs is subsequently approved as an emergency project, the maximum amount allowed for administrative costs will be reduced to \$30,000 (Refer to Section III.C.4. Demonstrated Needs Fund for additional reductions in administrative costs which may occur under certain circumstances.). In all instances, the local government may (but is not required to) retain up to five percent of the funds allowed for program administration to cover its costs of administering the LCDBG Program; such costs on the local governmental level include but are not limited to audit fees, advertising and publication fees, staff time, workshop expenses, etc. Engineering and architectural fees may also be requested within the ceiling amounts; the funds allowed by the State will not exceed those established by the Office of Community Development in accordance with the Engineering Fee Schedules and Policies located on the Office of Community Development's website. The Office of Community Development reserves the right to make adjustments to those ranges when deemed necessary. If, after a project has been funded, the scope of the project changes significantly, the State will make a determination as to the actual amount which will be allowed for engineering costs; this determination will be made on a case-by-case basis. An adjustment (reduction) to the amount allowed for basic engineering fees will also be made in those instances where the project plans and specifications were prepared prior to the grant award.

2. **Individual Grant Amounts.** Grants will be funded in amounts commensurate with the applicant's program. In determining appropriate grant amounts for each application, the State shall consider the applicant's need, proposed activities, viability of proposed solutions, and ability to carry out the proposed program.

G. Restrictions on Applying for Grants

1. With the exception of municipalities with a population of more than 12,000 and parishes which have an unincorporated population of more than 25,000, each eligible applicant may apply for one public facilities grant under the FY 2020 LCDBG Program; those applications not funded under the FY 2020 LCDBG Program will be considered for funding under the FY 2021 LCDBG Program. Those municipalities with a population of more than 12,000 and those parishes which have an unincorporated population of more than 25,000 may submit an application for public facilities for maximum request of \$2 million. (Refer to the additional stipulations in Section II.G.2.) According to the 2006-2010 American Community Survey (ACS) Low and Moderate Income Summary Data, those municipalities with a population of more than 12,000 and parishes with unincorporated populations in excess of 25,000 include: Acadia Parish, Ascension Parish, City of Baker, City of Bogalusa, Bossier Parish, Caddo Parish, Calcasieu Parish, City of Central, City of Crowley, City of Hammond, Iberia Parish, Lafourche Parish, Livingston Parish, City of Minden, City of Morgan City, City of Natchitoches, City of New Iberia, City of Opelousas, Ouachita Parish, Rapides Parish, City of Ruston, St. Bernard Parish, St. Charles Parish, St. John the Baptist Parish, St. Landry Parish, St. Martin Parish, City of Sulphur, Tangipahoa Parish, Vermilion Parish, Vernon Parish, Washington Parish, City of West Monroe, City of Zachary.

Any eligible applicant may apply for an economic development, demonstrated needs, LaSTEP, or SWMC planning grant under the FY 2020 LCDBG Program, including those

applicants previously funded under the public facilities component of the FY 2020 LCDBG Program. The number of demonstrated needs grants which an eligible applicant may receive during any program year is limited to one. Municipalities may only be funded for a demonstrated needs project every other program year. Generally, parishes may be funded for one demonstrated needs project every program year; however, the sewer, water, or gas system, etc. for which it receives demonstrated needs funds can only be funded every other program year under the demonstrated needs program category.

2. Capacity and past performance: threshold considerations for grant approval. These considerations assist with the State's ability to promote the timeliness of grantee expenditures. No grant will be made to an applicant that lacks the capacity to undertake the proposed program. In addition, applicants which have previously participated in the Community Development Block Grant Program must have performed adequately.

Performance and capacity determinations for the FY 2020 and FY 2021 public facilities program will be made on July 12, 2019 and July 10, 2020, respectively.

In order to be eligible to receive a public facilities grant award under the FY 2020 LCDBG Program, the following thresholds must have been met:

- a) Units of general local government will not be eligible to receive funding for a public facilities grant unless past LCDBG programs (FY 2010, FY 2011, FY 2012, FY 2013, FY 2014, FY 2015, FY 2016, FY 2017, FY 2018, FY 2019) awarded by the State have been conditionally closed-out.

EXCEPTIONS - For the following previously funded recipients, the State will, at its own discretion on a case-by-case basis, make a determination on the recipient's performance. If the State makes the determination that the recipient has performed adequately, the State may deem that recipient also eligible for FY 2020 funding. If, however, a recipient has an LCDBG program funded under another program category, that grant must meet the threshold requirements for a recipient to be eligible for other funding.

- Economic Development – FY 2016, FY 2017, FY 2018, FY 2019 Programs
- Demonstrated Needs – FY 2019 Program
- LaSTEP – FY 2016, FY 2017, FY 2018, FY 2019 Programs
- SWMC – FY 2019 Program

- b) Audit and monitoring findings made by the State or HUD have been cleared.
- c) All required reports, documents, and/or requested data have been submitted within the timeframes established by the State. Also see Section III.E.8, Criteria for Disapproval of an Application.
- d) Any funds due to HUD or the State have been repaid or a satisfactory arrangement for repayment of the debt has been made and payments are current.
- e) The unit of general local government cannot be on the list of sanctioned communities that is maintained by the Office of Community Development.

In order to be eligible to receive a public facilities grant award under the FY 2021 LCDBG Program, the following thresholds must have been met:

- a) Units of general local government will not be eligible to receive funding for a public facilities grant unless past LCDBG programs (FY 2010, FY 2011, FY 2012, FY 2013, FY 2014, FY 2015, FY 2016, FY 2017, FY 2018, FY 2019, FY 2020) awarded by the State have been closed out or conditionally closed out.

EXCEPTIONS - For the following previously funded recipients, the State will, at its own discretion on a case-by-case basis, make a determination on the recipient's performance. If the State makes the determination that the recipient has performed adequately, the State may deem that recipient also eligible for FY 2021 funding.

- Economic Development – FY 2017, FY 2018, FY 2019, FY 2020 Programs
- Demonstrated Needs – FY 2020 Program
- LaSTEP – FY 2017, FY 2018, FY 2019, FY 2020 Programs
- SWMC – FY 2019, FY 2020 Programs

- b) Audit and monitoring findings made by the State or HUD have been cleared.
- c) All required reports, documents, and/or requested data have been submitted within the timeframes established by the State. Also see Section III.E.6, Criteria for Disapproval of an Application.
- d) Any funds due to HUD or the State have been repaid or a satisfactory arrangement for repayment of the debt has been made and payments are current.
- e) The unit of general local government cannot be on the list of sanctioned communities that is maintained by the Office of Community Development.

For the FY 2020 program year, only those public facilities applications which are submitted by applicants who meet the threshold requirements and are invited to submit a full application will be rated and ranked. For the FY 2021 program year, the eligibility status of the public facilities applicants will be re-evaluated; at that time any applicants that are invited to submit a full application that are determined to be eligible for FY 2021 funding will be rated and ranked. If an applicant does not meet the threshold requirements for either program year, the applicant will not be included in the computation of the 60% of top project severity scores.

For the FY 2020 program year, the closeout documents (with the exception of the clear lien certificate) for previously funded grants must be received by the Office of Community Development a minimum of one calendar week prior to the performance and threshold determination date of July 12, 2019, in order to be reviewed and considered for closeout. Therefore, the deadline for receipt of the closeout documents is July 5, 2019. The clear lien certificate must be submitted by the performance and threshold determination date of July 12, 2019. The State will not be responsible for conditionally closing a grant if the closeout documents are submitted timely, but are determined to need revisions that cannot be completed prior to the established deadline.

In addition to the requirement for closeout documents discussed above, grantees must be monitored by the Office of Community Development forty-five (45) days prior to the performance and threshold determination date of July 12, 2019. Therefore, the monitoring must occur on or before May 28, 2019. The State will not be responsible for conditionally closing out a grant if the monitoring occurs timely, but any monitoring findings cannot be cleared prior to the performance and threshold determination date of July 12, 2019.

The State is not responsible for notifying applicants as to their performance status.

All local governments participating in a funded multi-jurisdictional application will not be able to receive future public facilities grants until the multi-jurisdictional grant has been conditionally closed out with the following exception. For those local governments that may have multiple public facilities grants, the multi-jurisdictional grant will only count as one of those open grants.

The capacity and performance thresholds do not apply to applicants for economic development, demonstrated needs, LaSTEP, and SWMC planning grant funds with the exception that no award will be made to a previous recipient who (a) owes money to the State unless an arrangement for repayment of the debt has been made and payments are current or (b) is on the State's sanctioned list, or (c) ten days prior to the date of award, the applicant is on the State of Louisiana's Legislative Auditor's Non-Compliance List.

The State may announce some FY 2020 awards and issue "authorizations to incur costs" for those awards prior to receiving funds from HUD for the FY 2020 funding year. Those issuances will be contingent upon the State's receipt of FY 2020 LCDBG funds from HUD.

H. Definitions

For the purpose of the LCDBG Program or as used in the regulations, the following terms are defined as:

Auxiliary Activity – defined as a minor activity that directly supports a major activity in one program area (public facilities, economic development, demonstrated needs and LaSTEP). Note: The State will make the final determination of the validity of such auxiliary activities in line with the program intent and funding levels and delete if deemed inappropriate.

Division – refers to the Division of Administration, Office of Community Development, which is the administering agency for the LCDBG Program for the State.

Extremely Low Income Persons – are defined as those families and individuals whose incomes do not exceed thirty percent of the area median income; to avoid inconsistencies with other income limits, it is defined as sixty percent of the four person family low-income limit, adjusted for family size.

Extremely Low Income Household – is defined as a household having an income equal to or less than the Section 8 very low-income limit established by HUD.

Low/Moderate Income Persons – are defined as those families and individuals whose incomes do not exceed eighty percent of the median income of the area involved as determined by the U. S. Department of Housing and Urban Development with adjustments for areas with unusually

high or low income or housing costs. The area involved has been determined by the U. S. Department of Housing and Urban Development to be the same area as determined for purposes of assistance under Section 8 of the United States Housing Act of 1937. This term encompasses moderate, low, and extremely low income persons.

Low Income Persons – are defined as those families and individuals whose income exceed thirty percent but do not exceed fifty percent of the median income of the area involved, as determined by the U. S. Department of Housing and Urban Development with adjustments for areas with unusually high or low incomes.

Low Income Household – is defined as a household having an income equal to or less than the Section 8 low-income limit established by HUD.

Moderate Income Persons – are defined as those families and individuals whose income exceed 50 percent but do not exceed eighty percent of the median income of the area involved, as determined by the U. S. Department of Housing and Urban Development with adjustments for smaller and larger families.

Moderate Income Household – is defined as a household having an income equal to or less than the Section 8 low-income limit and greater than the Section 8 very low-income limit, established by HUD.

State – refers to the State of Louisiana or the Office of Community Development within the State's Division of Administration which administers the LCDBG Program.

Unit of General Local Government – a municipal or parish government of the State of Louisiana.

III. Method of Selecting Grantees

The State has established selection and rating systems that identify the criteria used in selecting grantees.

A. Low/Moderate Income Data

In order to determine the benefit to low/moderate income persons for a public facilities, LaSTEP, or demonstrated needs project, the applicant must utilize census data (if available) and/or conduct a local survey.

- 1. Census Data.** If census data is available for the project area, its low/moderate income data must be utilized for public facilities, LaSTEP, or demonstrated needs projects. The U.S. Department of Housing and Urban Development (HUD) has provided the low/moderate income data based on the 2006-2010 American Community Survey on its website. That information is available on a community-wide basis as well as for census tracts and block groups. The applicant must obtain this information prior to the submittal of the application. If ten percent or less of the houses in the project area are not currently served by nor will be served by the proposed project, census data, rather than survey data, must be used to determine the benefit to low/moderate income persons. For example, if there are 100 occupied houses in the project area and 10 of those houses are not connected to the sewer system, the applicant must still utilize census data rather than a local survey to determine income statistics - if census data is available for the project area.

- 2. Local Survey.** When a project area does not coincide with census tracts or block groups, an applicant must conduct a local survey or combine census data with a local survey. For instance, if a project area encompasses an entire block group, but is larger than the block group, (however does not encompass an entire census tract), the applicant would utilize the census data for the block group, and conduct a survey of the additional areas which are outside of the block group and combine the data. The survey sheet in the current public facilities application package must be used. Survey data must also be tabulated and submitted on the forms provided in the appropriate application package; survey data submitted on forms other than those provided in the appropriate application packages will not be accepted. Local surveys must identify the number and composition of high, moderate, low, and extremely low income persons.

When a local survey is used to determine the low/moderate income benefit, a random sample which is representative of the population of the entire target area must be taken. The survey methodology and procedures which must be followed when conducting a local survey will be explained in the FY 2020 and FY 2021 LCDBG Application Packages for public facilities that will be used for all local governments invited to submit a full application.

The following sliding scale must be used to determine low/moderate income based on family size:

# OF PERSONS IN HOUSEHOLD	% OF PARISH/MSA*LOW/MODERATE INCOME LIMIT
1	70
2	80
3	90
4	100
5	108
6	116
7	124
8	132
9	140
10	148
For each person in excess of 10, add an additional eight percent.	
* MSA – Metropolitan Statistical Area	

B. Rating Systems for Public Facilities Applications

All applications submitted for public facilities projects will be rated according to the following criteria established. Only those local governments that submit a project severity package, meet the FY 2020 threshold requirements, are within the top sixty percent of project severity scores of the submissions that meet FY 2020 threshold requirements, and submit a full application upon invitation within established deadlines will be rated/ranked for the FY 2020 program.

PUBLIC FACILITIES - WATER, SEWER, STREETS (Maximum of 71 Points)

After all rating points have been assigned, a combined final public facilities ranking list will be produced including all public facilities applications that are being considered for the FY 2020 program year ranked from highest to lowest according to the total number of points received by each application. The OCD will award funding based on this final public facilities ranking list as funds are available as described in Section II.E.

Any water or sewer project that is funded must completely remedy existing conditions that violate a state or federal standard established to protect public health and safety.

According to federal regulations, the general rule is that any expense associated with repairing, operating or maintaining public facilities and services is ineligible. LCDBG funds may be used to reconstruct or rehabilitate previously paved streets or to pave streets that have never been paved. However, according to HUD guidance, eligible street project work must have a useful life of at least eight years, otherwise, work conducted on streets with less than a projected useful life of eight years is considered to be a maintenance activity, and is ineligible. Examples of street maintenance and repair activities for which LCDBG funds may not be used are the filling of pot holes in streets, and the use of asphaltic surface treatment (two or three shot).

Drainage improvements may be undertaken in conjunction with street improvements projects. Drainage improvements, for the most part, must parallel streets that are proposed for improvements under the LCDBG program. The cleaning of drainage ditches is considered as a maintenance activity for which LCDBG funds cannot be used. The amount of funds that will be used to address drainage improvements will be taken into consideration when determining the average cost per person (cost effectiveness) for street projects.

Both parishes and municipalities are limited to two target areas for residential street projects. The local government must improve all streets within the target area(s) that qualify for improvements under the LCDBG program. In delineating the target areas, note that the boundaries must be coincident with visually recognized boundaries such as streets, streams, canals, et cetera; property lines cannot be used unless they are also coincident with visually recognized boundaries. Gerrymandering will not be accepted.

Each application will be classified as including a project that benefits a specific target area/areas or that provides benefits on a community/system-wide basis. To be considered and rated as a community/system-wide project under the LCDBG Program, at least thirty-five percent of the total construction cost (including contingencies) must be utilized for a community/system-wide activity. If a project has one or more community/system-wide activities but the construction cost of that activity or activities is less than thirty-five percent of the total construction cost, the project will be classified for rating purposes as primarily involving a target area(s). The cost estimate in the application must clearly separate and distinguish between the community/system-wide and target area activities. Those applications that propose activities serving a target area/areas (an area smaller than the jurisdiction of the local government) will also be classified and rated as a target area activity.

Specific standards/requirements that must be met for sewer, water and street projects are discussed in detail in the FY 2020 and FY 2021 LCDBG Application Packages and Project Severity Package for public facilities.

a) Benefit to Low/Moderate Income Persons (Maximum Possible Points - 1)

For those water and sewer applications that are classified as community/system-wide, for rating purposes and reporting purposes, the beneficiaries of the project will be considered as all of the persons living within the boundaries of the local government and/or those persons served by the utility system. For those applications that involve target areas only, for rating purposes and reporting purposes, the beneficiaries of the project will be considered as those persons residing within the boundaries of the target area or areas. For those applications that involve both target area activities and community/system-wide activities, but which do not meet the LCDBG definition of community/system-wide for rating purposes, the target area data will be used for rating purposes and the community/system-wide data will be used for reporting purposes. Regardless of the application's classification, projects that involve different beneficiaries for different activities must specifically identify the beneficiary data for each activity.

For street projects, all streets within the target area(s) that require reconstruction, rehabilitation, or paving must be addressed. The total beneficiaries for rating and reporting purposes for benefit to low/moderate income persons will be all residents whose EMS/911 addresses are identified as being on one of the streets designated for construction work.

The engineer for each project must certify as to which residents or persons will benefit for each proposed activity. The Office of Community Development will make the final determination in that matter.

The percentage of low/moderate income persons benefiting will be calculated by dividing the number of low/moderate income persons benefiting (as defined by the State) by the total persons benefiting. Only those applications in which the percentage of low/moderate income persons benefiting is at least fifty-one percent are eligible for funding.

One point will be assigned to those applications/projects where the percentage of low/moderate income persons benefiting is sixty percent or more. No point will be assigned for applications/projects benefiting less than sixty percent low/moderate income persons.

b) Cost Effectiveness (Maximum Possible Points - 10)

The cost per person benefiting will be calculated for each project. All applications will be categorized by the type of project being proposed (new sewer systems primarily for collection, rehabilitation of sewer systems primarily for collection, sewer treatment, and potable water, streets, and other). Each sewer application will fall into one of three subcategories for the purpose of rating. If the construction cost for new sewer system improvements is equal to or greater than seventy percent of the total construction cost, the application will be assigned to the "New Sewer System" subcategory. If the construction cost for new sewer system improvements is less than seventy percent of the total construction cost or no new sewer system improvements are proposed, then the application will be assigned to either the "Sewer System Rehabilitation" subcategory or the "Sewer Treatment" subcategory. If the construction cost of the sewer system

rehabilitation is equal to or greater than the treatment plant improvements, then the application will be assigned to the “Sewer System Rehabilitation” subcategory; otherwise it will be assigned to the “Sewer Treatment” subcategory.

Each project category will then be split into two population groups. The split for each project category will be based on the average value of the total persons benefiting per project which will be computed by dividing the sum of the total persons benefiting (after eliminating the highest and the lowest number of beneficiaries for each category for the calculation) by the number of applications for that category (after eliminating the two applications in each category with the highest and the lowest number of beneficiaries for the calculation). One group will consist of projects having a larger number of total persons benefiting than the average value; the second group will consist of those projects having a smaller number of total persons benefiting than the average value. (If the total number of persons benefiting from any project equals the average value, that project will be placed in the second or smaller group.) The project in each group having the best cost effectiveness (cost per person) will be given ten points and the remaining projects will be prorated. The population groups will NOT be combined for each category in the determination of rating points for cost effectiveness. They will remain separate, thus creating ten separate sub-categories for cost effectiveness points assignment. This allows those projects benefiting many people and those benefiting fewer people to be rated for cost effectiveness against other projects benefiting a similar number of persons.

The following formula will be used to determine the cost effectiveness points for each applicant in each grouping:

$$CE\ Points = \frac{\text{Lowest Cost per Person Benefiting} \times 10}{\text{Applicant Cost per Person Benefiting}}$$

For rating purposes for cost effectiveness points assignment, beneficiaries for **street** projects will be those residents whose EMS/911 address is identified as being on one of the streets designated for construction work.

The cost effectiveness points assigned to the FY 2020 applications will be based upon those applications that meet the threshold requirements for FY 2020 funding eligibility and submit a full application upon invitation. Therefore, the cost effectiveness points assigned an applicant under the FY 2021 program will most likely differ from those points assigned to the same applicant under the FY 2020 program. When determining the cost effectiveness points for the FY 2021 applications, the applications that were funded during the FY 2020 program year will not be taken into consideration.

c) Project Severity (Maximum Possible Points - 50)

This rating will be based upon the severity of existing conditions and the extent of the effect of those existing conditions upon the health and welfare of the community. Priority will be given to wastewater systems, water systems addressing potable water, and street projects.

In assigning points for project severity, the following general criteria will be utilized by the Office of Community Development for the type of project proposed.

Wastewater systems and water systems addressing potable water needs: the existence of conditions in violation of the provisions of the State Sanitary Code that most directly protect public health and the adequacy of the proposed improvements to eliminate such conditions. Compliance with federal and state laws and regulations will be considered.

Verification of existing conditions will be provided by DHH and/or DEQ based on records or field investigations. Problems that are generally attributable to a lack of routine maintenance will result in a less favorable evaluation.

The specific details of the existing problems and proposed project must be provided so that the project can be assessed properly. A lower assessment of the project could result due to the submittal of incomplete or inaccurate information; in those instances, the assigned score will **not** be re-evaluated.

Scores for project severity are generally based upon the proposed actions in the following tables assuming that the proposed actions will completely remedy the existing problem. If an application contains multiple actions, each action will be scored and the severity score will be pro-rated accordingly. Generally, scores will begin at the lower part of the range and will increase if evidence is presented that illustrates a more severe existing condition. If existing conditions as stated in the severity package are unsubstantiated or not in violation of any state or federal standard, the OCD reserves the right to assign severity scores below the minimum scores shown in the point ranges as shown below.

Project Severity Criteria for Wastewater Applications

PROPOSED ACTION	POINT RANGE
<i>COLLECTION</i>	
Replace or rehabilitate collection system components.	10-50
<i>EXISTING TREATMENT FACILITY</i>	
Replace or upgrade existing facility to meet capacity and or discharge requirements.	15-50
<i>SYSTEM</i>	
New collection system to provide service for un-served areas.	35-50
Replace or rehabilitate various components when minimum requirements have been met.	0-50

Project Severity Criteria for Potable Water Applications

PROPOSED ACTION	POINT RANGE
<i>SOURCE and SUPPLY</i>	
Replace or Rehabilitate source to meet existing demands.	15-50
<i>DISTRIBUTION</i>	
Replace or Rehabilitate Distribution due to pressure or MCL violations.	20-50
<i>STORAGE</i>	
New or Rehabilitate facility when existing capacity is not capable of meeting current requirements.	15-50
<i>TREATMENT</i>	
Replace or upgrade facility due to existing demand to meet primary drinking water standards.	20-50
<i>SYSTEM</i>	
New water system or extension of existing system to un-served areas.	35-50
Replace or rehabilitate various components when minimum requirements have been met.	0-50

MCL – Maximum Contaminant Level as established by the U.S. Environmental Protection Agency.

Residential Street construction, rehabilitation, or reconstruction: existing surface conditions and deficiencies, and surface area measurements. Each street being applied for will be inspected on-site by the Office of Community Development and will be given a condition rating ranging from 0 to 100. Unpaved streets will receive a minimum condition rating of 70. A weighted average will be determined by multiplying a particular street's condition rating by that street's surface area. The sum of the figures for all of the streets in the application will be divided by the total surface area of all the streets to determine the weighted condition rating. The following example illustrates how this will be accomplished.

(a)	(b)	(c)	(d)	(e)	(f)
Street	Length (feet)	Width (feet)	Area (square feet)	Condition Rating	(d) x (e)
Elm Street	1,000	18	18,000	70	1,260,000
Oak Street	1,200	20	24,000	78	1,872,000
Ash Street	800	16	12,800	80	1,024,000
Cedar Street	800	18	14,400	74	1,065,600
Pecan Street	900	20	18,000	62	1,116,000
TOTALS			87,200		6,337,600

Weighted condition rating = $6,337,600/87,200 = 72.68$

Points for project severity will be determined by dividing the weighted condition rating by 2. A maximum of 50 points will be awarded for project severity on street projects. For the above example the project severity score would equal $72.68/2 = 36.31$ points which will be rounded to 36.3 points.

d) Engineering Costs (Maximum Possible Points - 2)

Two points will be assigned to applicants that agree to pay the engineering costs associated with the implementation of the LCDBG program. Such costs include but are not limited to basic design, resident inspection, testing, staking, etc. Local funds must be pledged and allocated for such services. To confirm that the local government will pay the engineering costs associated with the LCDBG Program, a certification of such signed by the chief elected official must be included in the application as well as a copy of the resolution by the local government identifying the firm hired and the proposed amount of the contract. That resolution must state that local funds will be used to pay the engineering fees and any other engineering costs incurred by the local government.

e) Pre-agreement and Administrative Costs (Maximum Possible Points - 2)

Those applicants that agree to pay all of the pre-agreement and administrative costs associated with the implementation of the LCDBG program will receive two points. Such costs will include, but will not be limited to, application preparation fees, audit fees, advertising and publication fees, local staff time, workshop expenses, administrative consultant fees, et cetera. If the applicant plans to utilize the services of an administrative consultant, local funds must be pledged and allocated for such services. To substantiate that the local government will pay the pre-agreement and administrative costs associated with the LCDBG Program, a certification of such signed by the chief elected official must be included in the application as well as a copy of the resolution by the local government identifying the firms hired and the proposed amount of the contracts. That resolution must state that local funds will be used to pay the pre-agreement and administrative consultant fees and any other administrative costs incurred by the local government.

If the local government maintains full-time permanent staff for the sole or partial purpose of administering LCDBG or other federal programs, such staff must have proved its capacity to administer LCDBG or other federal programs through previous program administration. In this instance, the points will also be assigned.

The following requirement will apply to those applicants that receive the points for paying pre-agreement and administrative costs and are successful in receiving a grant. If such grantees have an under-run in their project costs, the grantee will **not** be allowed to use those monies for the purpose of reimbursing the local government for any pre-agreement or administrative costs associated with the LCDBG Program.

f) Consolidation of Systems (Maximum possible points – 4)

If the proposed project includes the consolidation of two existing water or sewer systems into one larger system, four points will be assigned to the applicant. Please contact the Office of Community Development for guidance with this situation; this office will make the final determination in the matter.

g) Application completeness (Maximum possible points – 2)

For applications that are submitted in which all application forms and required documents/information are included, the applicant will receive one point. Additionally, if OCD determines that no revisions are needed to documentation in order to complete the scoring of the application, the applicant will receive one point.

Use of Other Funds in Conjunction with LCDBG Funds. Some projects may cost more than can be requested under the LCDBG Program; therefore, the applicant may propose to use other funds in conjunction with the LCDBG funds. Applicants that choose to do this must have those funds available and ready to spend at the time the application is funded. If the other funds involve loans or grants from other state, federal, or private sources, the monies must have already been awarded or be in the bank. To substantiate the immediate availability of the other funds, one of the following items is required: a letter from the local government stating the specific source, amount, and location of local cash, a line of credit letter from a financial institution such as a bank stating the amount available as a loan, specific evidence of funds to be received from a tax or bond election

that has already passed, or a letter from another funding agency stating that the funds have been awarded and are currently available for expenditure.

If other funds are involved and that applicant is in a position to be funded, the LCDBG staff will contact the applicant prior to a grant award and request positive proof of the current availability of the other funds; if proof cannot be provided within the timeframe allowed by the Office of Community Development (approximately ten calendar days), then the project will not be funded at that time. If additional LCDBG funds are made available and grants are awarded again in the same program year, the applicant will be reconsidered and given the opportunity to provide availability of additional funds; if the other funds are not available at that time, the applicant will no longer be considered for funding.

C. Funding criteria for Economic Development, Demonstrated Needs, LaSTEP and SWMC planning grant applications

1. ECONOMIC DEVELOPMENT

The economic development set-aside is to be used to provide financial assistance for individual projects that will result in job creation or retention in which a majority of the jobs (51 percent) will benefit persons of low to moderate income. An application for LCDBG economic development funds may be submitted at any time during the program year.

The LCDBG economic development program provides funds directly to the unit of general local government as do the other LCDBG programs. Infrastructure economic development grants can be used by the unit of general local government to provide sewer, water, gas, and street/road access **on public property** for the private industrial/business site boundaries. When funds are used by the local government for the acquisition, construction, or rehabilitation of a building and improvements for economic development, the local government must retain ownership of the infrastructure, and/or buildings and improvements acquired, constructed, or rehabilitated with LCDBG funds. Funds can also be used to directly assist the business in the form of loans, as long as the business meets the necessary underwriting criteria (found in 24 CFR 570.209).

Lease payments received from the local government as a result of LCDBG funds utilized in the acquisition, construction, or rehabilitation of a building and improvements shall be charged at fair market value and shall be considered as program income, until the lease payment revenues have fully offset the amount of the grant. If the local government elects to charge in excess of fair market value rent, the extra portion shall also be considered as program income. If LCDBG funds are utilized in conjunction with other funds for such acquisition, construction, or rehabilitation, the pro-rata share of the lease payments will be considered as program income, and will be subject to the federal regulations regarding the use of program income. The grantee is allowed to retain the program income if the program income will be used to continue the activity from which the program income was derived. The state has determined that the activity is considered to be "continued" only when the activity is precisely the same project, assisted business, contractor, and serves the same beneficiaries of the originally approved grant/project. Otherwise, the State will recapture from the grantee/local government one hundred percent of program income. The State will recapture from the grantee one hundred percent of the loan repayments of LCDBG economic development grants for loan purposes and lease payments received as a result of

LCDBG funds utilized in the construction, acquisition, or rehabilitation of a building and improvements (program income to the State), and redistribute the funds as described above.

The term “assisted business” means the corporate entity as well as the individual investors, stockholders, and owners of a for-profit business on behalf of whom the unit of general local government is making the application. As an example of the effect of this definition, an LCDBG economic development grant made to a local government on behalf of Company A cannot be used to provide infrastructure improvements to benefit Company B, when both Company A and Company B are substantially owned by one or more of the same individuals. No grant award will be made to a local government for an economic development project that consists of infrastructure improvements in which an elected official or a member of his/her immediate family has a financial interest as the project assisted business. Requests from non-profit organizations will not qualify for for-profit business assistance.

When requesting infrastructure to facilitate the location of a business at a particular site, the assisted business must be able to show that it is appropriate to the needs of the business. The assisted business must provide sufficient financial and other statements, projections, et cetera to establish that the business is likely to be successful, and will create the appropriate number of jobs at the site in a specified time frame.

The State must be assured that projects will have a net job creation impact on the community and not simply redistribute jobs around the community. Some projects seek to facilitate the relocation of a particular business from one area to another. Federal regulations (24 CFR 570.482(h)) mandates that LCDBG assistance will not be available to assist directly in the relocation of any industrial or commercial plant, facility, or operation, from one area to another area, if the relocation is likely to result in a significant loss of employment in the original labor market area.

In addition, certain manufacturing and non-manufacturing projects will not be considered for funding based on past experience and the lack of potential for creating permanent positions. Those projects involving truck stops and/or “related activities” (such as gaming) as well as private prison developments, nursing homes, cut-and-sew operations, and hotels/motels.

Speculative development projects are prohibited. Economic development funds cannot be used for infrastructure projects, to acquire, construct, or rehabilitate a building or to create a general industrial park project with the hope that a potential assisted business will then be attracted. It must be tied to a specific assisted business, (a single private for-profit business entity that possesses a federal tax identification number), creating a specific number of jobs for predominantly low to moderate income persons.

Funds will also be available for public service employment training. Use of this eligible activity will require the unit of general local government to engage a qualified subrecipient to carry out the program.

The following requirements must be met by all economic development applicants:

- a) A pre-application meeting must be held with an authorized representative of the applicant unit of general local government, the private assisted business, and the economic development staff of the Office of Community Development.
- b) As part of meeting the HCDA goal of stimulating private investment in the eligible communities, a firm financial commitment from the private sector will be required upon submission of the application. For economic development projects, the private funds/public funds ratio must not be less than 1:1.

For an application to be funded, the State must meet the requirements of the federal economic development regulations (24 CFR 570.482(e) and be assured that the project is credit worthy; there is sufficient assisted business equity; the LCDBG funds will be efficiently and effectively invested; the maximum amount of private and the minimum amount of public funds will be invested in the project; the project will make an adequate return in the form of public benefits commensurate with the money invested; the State and the local government will not assume a disproportionate amount of risk in the project; and the State and the local government will receive an adequate security interest proportionate to the LCDBG funds invested in the project.

Private funds invested in the project must be in the form of an assisted business's cash or loan proceeds. Revenues from the sale of bonds may also be counted if the assisted business is liable under the terms of the bond issue. Previously expended funds will not be counted as private funds for the purpose of this program, nor will private funds include any grants from federal, state or other governmental programs, nor any recaptured funds. The value of land, buildings, equipment, et cetera, already owned by the assisted business and that will be used in the new or expanded operation, will not be considered as private match.

- c) In order to meet the federal public benefit requirements (24 CFR 570.482(f) the State has set a limit that the cost per job created or retained cannot exceed \$20,000 in grant funds in order to be considered for funding. However, in census designated areas with poverty rates of 20 percent or greater this limit may be waived by the director (not to exceed HUD requirements).
- d) A minimum of ten jobs created or retained is required for LCDBG assistance.
- e) A minimum of fifty-one percent of the employment will benefit low/moderate income persons (24 CFR 570.483(b)(4)).
- f) The application must include documentation showing that the project is feasible from the management, marketing, financial, and economic standpoints. Management feasibility relates to the past experience of the assisted business in managing the type of project described in the application, or other similar managerial experience. Marketing feasibility deals with how well the market for the product has been documented at the application stage, the best case being that the assisted business has verifiable commitments substantiating the first year's sales projection. A typical market study includes a detailed analysis of competition, the expected geographical sales plan, and letters of intent to buy, specifying quantity and price. Economic feasibility relates to whether or not the assisted business has realistic projections of revenues and variable

costs, such as labor and cost of materials, and whether they are consistent with industry value added comparisons. An assessment will be made of the industry sector performances for the type of industry/business described in the application. Financial feasibility has to do with the ability of the firm to meet all of its financial obligations in the short and long term, determined by a cash flow analysis on the financial history and projections of the business. In analyzing the financial feasibility of a project, the Office of Community Development may suggest alternatives in the timing of expenditures, the amount and proposed use of public and private funds, as well as other financial arrangements proposed in the application.

Certain assurances by the assisted business, related to the timing of the development on the site, will be required. Other agreements between the local government and the assisted business/property holder, relative to public rights of way, et cetera will be required as needed on an individual project basis.

As with the other LCDBG programs, a grant agreement is signed by the State and the unit of general local government. In addition to this agreement, a second two-party agreement is signed by the unit of general local government and the assisted business for economic development projects. This second agreement is subject to the approval of the State and will include provisions relating to: the expected number of jobs (and corresponding job titles) to be created or retained, the sources and uses of all funds to be committed to the project, the financial and other reporting requirements of the assisted business and the unit of general local government.

Default: In case of default or failure by the assisted business to meet all contractual obligations, the local government shall be ultimately responsible for repayment to the State of the grant funds that were provided by the State.

In case of a default by the local government in the repayment of grant funds to the State in accordance with the terms and conditions of the contract, the full sum remitted to the local government shall become due and payable to the State upon demand.

Sale of buildings: In those instances where a local government has received a grant for the acquisition, construction, or rehabilitation of a building and improvements and the building is sold prior to receiving sufficient lease payment revenues to offset the amount of the grant, the local government will be responsible to the State for the net unpaid portion of the grant, regardless of the sale price. "Net unpaid portion" shall mean the grant amount, less administration costs and any lease payments previously made to the State. The sale procedure to be followed by the local government must be approved in writing by the Office of Community Development prior to the sale.

2. LaSTEP FUND

\$500,000 will be set-aside to fund one or more projects under the LaSTEP Fund. These funds will be available for eligible recipients who are willing to solve water and sewer problems through the Small Towns Environmental Program (STEP) self-help techniques. The idea to use self-help as the method to meet a community's water and sewer needs usually begins with the realization that the community cannot afford the needed improvements if they are to be installed completely by construction contractors through the open bidding

process. By reducing the project to the absolute essentials and utilizing the community's own resources (human, material, and financial), the project costs can be reduced significantly. Previously funded LaSTEP programs have shown reductions averaging fifty percent. LaSTEP funds can be used to cover materials, engineering, and administration costs.

Proposals for water and sewer improvements will be considered for LaSTEP funding if the following criteria are addressed:

- a) the proposed activities can be completed through self-help,
- b) the use of self-help methods will result in a significantly reduced project cost (a minimum of forty percent), and
- c) the applicant is committed and ready to begin and complete the project using self-help.

Those local governing bodies that are interested in applying for LaSTEP funds may contact the Office of Community Development to schedule a pre-application conference to discuss a specific project. If it is determined that the project meets the qualifications of the LaSTEP fund, the potential applicant will be invited to submit an application. All applications must include documentation of the project cost savings due to self-help (a comparison of the project costs utilizing self-help to the project costs utilizing conventional construction methods). Proposed activities must be eligible under Section 105(a) of the HCDA, as amended. Each proposed activity must address the national objective of principally benefiting low and moderate income persons listed in Section I of this document. The staff in the Office of Community Development will provide guidance, assistance, and support of community leaders and residents willing to use self-help to solve their water and sewer problems.

3. DEMONSTRATED NEEDS

A \$1,200,000 reserve fund will be established to alleviate critical/urgent infrastructure needs.

Critical/Urgent Infrastructure Needs

These are projects addressing critical/urgent infrastructure needs such as emergency improvements to existing water, sewer, or gas systems. The ceiling amount for demonstrated needs projects is \$300,000. Demonstrated needs projects must involve a minimum of \$50,000 in actual construction costs (excluding acquisition and engineering costs). Municipalities are only allowed to be funded for critical/urgent infrastructure demonstrated needs funds every other program year. Parishes may be funded for one critical/urgent infrastructure demonstrated needs project every program year; however, the wastewater, water, or gas system for which it is funded can only receive critical/urgent infrastructure demonstrated needs funding every other program year. For example, if a municipality or particular parish water district received funding under the FY 2019 program for critical/urgent infrastructure demonstrated needs funds, that municipality or parish water district would not be eligible to receive funds under the FY 2020 program year.

An application cannot be submitted for consideration under this fund if the same application is currently under consideration for funding under any other LCDBG program category. (Except as described in 4.b).

Subject to the availability of funds, the criteria for funding for critical/urgent infrastructure demonstrated needs projects are described as follows:

a) General Eligibility

Proposed activities must be eligible under Section 105(a) of the HCDA, as amended. Each proposed activity must address a national objective.

These funds will only be awarded to projects involving improvements to existing water, wastewater, and gas systems. Projects for water or wastewater treatment facilities involving work that has been addressed in DEQ, EPA, or LDH compliance orders are NOT eligible for funding. Depending on the circumstances of the situation, routine work such as sewer line or manhole repair/replacement or water line repair/replacement does not meet the intent of the demonstrated needs program.

b) Critical/Urgent Infrastructure Needs

The need for each activity must be verified by the Office of Community Development as having developed within three months prior to submittal of the application and is the result of an unforeseen event.

Applications will be accepted on a continuous basis. Local governments interested in applying for these funds should first contact the Office of Community Development to discuss the feasibility of the proposed project. The local government may be requested to submit certain pre-application information, or a pre-application meeting may be conducted, depending on the situation. If it is determined by the OCD that the proposed project meets the criteria described above, the local government will be invited to submit an application. The application will then be evaluated for possible funding. The evaluation will not be based upon a numerical rating scale system. Keeping in mind the intent of the demonstrated needs program, the Office of Community Development will take into consideration the degree of urgency of the project, the degree of risk, the number of persons affected, and the feasibility of the proposed solution. The applications that are deemed to meet all criteria will be funded as far as funds are available for the program year.

If the need for a project, or parts thereof, applied for in a separate public facilities application becomes critical in nature and is funded under the demonstrated needs fund, it is possible that the original public facilities application may be subsequently funded. In this case, the fundable project construction costs of the public facilities application will be reduced based upon the scope of work that was funded under the demonstrated needs grant. The fundable administrative costs will be reduced based upon the amount that was funded for administrative costs under the demonstrated needs grant.

c) Application Requirements

All items and forms necessary for a demonstrated needs project can be found in the demonstrated needs application for critical/urgent infrastructure needs.

4. SUSTAINABLE WATER MANAGEMENT CONSOLIDATION (SWMC) PLANNING GRANTS

The Sustainable Water Management Consolidation (SWMC) Planning Grant pilot program was created to provide local governments with funding in order to develop viable, fundable water projects consisting of consolidation of non-profit/municipal water systems throughout the state of Louisiana. With a focus on consolidation and system upgrades/repairs, the SWMC Planning Grant program intends to create water systems that are sustainable, financially solvent, and stable. \$400,000 has been set aside for the SWMC Planning Grant program (with an individual grant ceiling of \$40,000).

a) General Information

Each planning activity must meet the national objective of principal benefit (at least 51 percent) to low and moderate income persons. An activity involving planning (when such activity is the only activity for which the grant to the unit of general local government is given, or if the planning activity is unrelated to any other activity assisted by the grant) will be considered to address the objective of benefiting low and moderate income persons if it can be documented that at least 51 percent of the persons who would benefit from implementation of the plan are low and moderate income persons. Any such planning activity for an area or a community composed of persons of whom at least 51 percent are low and moderate income shall be considered to meet this national objective (as defined in 24 CFR 570.483(b)(5)).

b) Restrictions for the SWMC Planning Grant program

Eligible applicants must meet the community-wide threshold of fifty-one percent LMI as determined by a survey and/or the American Community Survey 2011-2015 Low- and Moderate-Income Summary Data for Louisiana Municipalities.

Each eligible applicant may apply for (and receive) one SWMC planning grant under the FY 2020 LCDBG Program.

Once an applicant receives a planning grant under the SWMC Planning Grant program, it is not allowed to receive another SWMC planning grant until the project related to the original planning grant is complete.

There is no threshold requirement for eligibility to participate in the SWMC Planning Grant program. However, any potential applicants that fail to meet deadlines set forth by OCD at any point in the process are subject to disqualification in consideration of funding for a planning grant.

All eligible units of local government may participate in the SWMC Planning Grant program. However, capacity and past performance may be taken in consideration. These considerations assist with the State's ability to promote the timeliness of grantee expenditures. No grant will be made to an applicant that lacks the capacity to undertake the proposed program. In addition, applicants which have previously participated in the LCDBG Program must have performed adequately.

Applications under the SWMC Planning Grant program will be accepted on a continuous basis throughout the program year. Local governments interested in applying for these

funds should first contact OCD by submitting a Letter of Intent regarding the proposed planning project. OCD will verify eligibility for the potential applicant, and determine which of the submitted projects, if any, are considered the most viable and needed. Chosen applicants will be invited to continue the application process. Units of general local government will also be required to explain that the national objective of principal benefit (at least 51 percent) to LMI persons will be met, and how that will be achieved. Applications evaluated for possible funding will not be based upon a numerical rating scale system.

D. Submission Requirements

Public facilities, LaSTEP, demonstrated needs, economic development, and SWMC planning grant applications for FY 2020 – FY 2021 funds must be submitted to the Office of Community Development on the proper forms and in accordance with the instructions provided in the Louisiana Community Development Block Grant project severity package and the application packages for each respective program.

Only that data received by the deadlines established for public facilities project severity and application packages will be considered in the selection process unless additional data is specifically requested by the Office of Community Development. Material received after the deadline will not be considered as part of the application unless it was requested by the Office of Community Development – this policy will be strictly enforced.

E. Application Review Procedures

1. The project severity package must be mailed or delivered prior to any deadline date established by the Office of Community Development. The applicant must obtain a “Certificate of Mailing” from the Post Office certifying the date mailed. The Office of Community Development may require the applicant to submit this Certificate of Mailing to document compliance with the deadline, if necessary.
2. The project severity package must be complete. If the Office of Community Development determines during the review that the project severity package did not contain items necessary to score the package or did not include all required forms, the project severity package may be removed from further consideration and may not be invited to submit a full application to be considered.
3. Project severity packages that are scored within the top sixty percent of the applicants that meet past performance threshold requirements will be invited to submit a full application. The application must be mailed or delivered prior to any deadline dates established by the Office of Community Development. The applicant must obtain a “Certificate of Mailing” from the Post Office certifying the date mailed. The Office of Community Development may require the applicant to submit this Certificate of Mailing to document compliance with the deadline, if necessary.
4. The application submission requirements must be complete. If the Office of Community Development determines during the review that the application did not contain items necessary to accurately rate the application, did not include all required forms, involved a local survey that was not conducted on a random and/or representative basis, or was poorly

packaged, etc., the application may be removed from further consideration for funding, or the application's requested pre-agreement costs for application preparation may be reduced at the State's discretion.

5. The funds requested must not exceed the ceiling amounts established by the Office of Community Development.
6. Review and Notification - Following the review of all applications, the Office of Community Development will notify the applicant of the actions taken with regard to its application.
7. Criteria for Conditional Approval. The Office of Community Development may make a conditional approval, in which case the grant will be approved, but the obligation and utilization of funds is restricted. The reason for the conditional approval and the actions necessary to remove the condition shall be specified. Failure to satisfy the condition may result in a termination of the grant. Conditional approval may be made:
 - a) where local environmental reviews have not yet been completed;
 - b) to ensure the project can be completed within estimated costs;
 - c) to ensure that actual provision of other resources required to complete the proposed activities will be available within a reasonable period of time.
8. Criteria for Disapproval of an Application. The Office of Community Development may disapprove an application for any of the following reasons:
 - a) Based on a field review of the applicant's proposal or other information received, it is found that the information was incorrect; the Office of Community Development will exercise administrative discretion in this area.
 - b) The Office of Community Development determines that the applicant's description of needs and objectives is inconsistent with facts and data generally available. The data to be considered must be published and accessible to both the applicant and State such as census data, or recent local, area wide, or state comprehensive planning data.
 - c) Other resources necessary for the completion of the proposed activity are no longer available or will not be available within the period of time specified by the Office of Community Development.
 - d) The activities cannot be completed within the estimated costs or resources available to the applicant.
 - e) For projects involving new utility systems, at least 25% of the households surveyed respond no to the required question regarding the monthly user fee.
 - f) The proposed activity is not eligible, is not one of the State's priorities for funding, or one of the three national objectives is not being met.
 - g) The application does not score high enough to be above the funding line.
 - h) The applicant is on the State of Louisiana's Legislative Auditor's Non-Compliance List ten business days prior to the date of award.
 - i) The unit of general local government cannot be on the list of sanctioned communities that is maintained by the Office of Community Development.

F. Program Amendments for the LCDBG Program

The Office of Community Development may consider amendments to funded grants in certain circumstances. Recipients shall request prior approval from the Office of Community Development for all program amendments involving new activities or alteration of existing activities that will change the scope, location, or objectives of the approved activities or beneficiaries.

1. New or altered activities are considered in accordance with the criteria for selection applicable at the time the original application was reviewed and the policy, current at that time, regarding amendments.
2. All amended activities must receive environmental clearance prior to construction. Any amendments or changes that require an amendment to the originally approved environmental review will not be approved.
3. The Office of Community Development will ascertain as to whether or not the proposed activity is an integral part of the originally approved project and is necessary to complete the project as originally approved.
4. The Office of Community Development will also review the site location of the proposed activity in relation to the approved target area. If there is a budget under-run and an expansion of the target area is requested, approval of the amendment will be based upon the following: Such expansions will have to be contiguous to the original target area. The overall project will still have to meet its intended national objective. After making any adjustments to the original application's score, the revised application must remain above the funding line. The scope and intent of expansion must be in keeping with the scope and intent of the originally funded application. The requested amendment cannot merely involve an enhancement of the originally approved project. As stated above, any amendments or changes that require an amendment to the originally approved environmental review will not be approved.

IV. Administration and Policy Determination

In administering the program, while the Office of Community Development is cognizant of the program's intent, certain unforeseeable circumstances may arise which require the exercise of administrative discretion. The Office of Community Development reserves the right to exercise this discretion in either interpreting existing policies or establishing new policies.

V. Redistribution of Funds

Any monies awarded that are later recaptured by or returned to the State will be reallocated in accordance with the office policy then in effect. The sources of these funds may include, but not be limited to: program income (see below), questioned costs, disallowed expenses, unallocated monies, previously awarded funds not utilized by grant recipients, et cetera.

With the following exceptions and stipulations identified in Section II.E., the monies as defined above will be placed in the current program year's public facilities category. The monies will be used to fund the project with the highest score that is next in line for funding.

Program Income

If program income is earned by local governments as a result of the LCDBG, the Office of Community Development must be contacted for instructions regarding the income as soon as the local government becomes aware of the income or of the possibility that program income will be received.

These regulations are to become effective upon approval of the FY 2020 Consolidated Annual Action Plan by HUD and are to remain in force until they are amended or rescinded.