

PY 2010 ACTION PLAN

APPENDIX A – METHODS OF DISTRIBUTION (MOD)

This section describes how the state will allocate CDBG, HOME, ESG, and HOPWA funds. The method of distribution for each source is generally described, with further detail about the annual process available in the Action Plan for the applicable fiscal year.

CDBG METHOD OF DISTRIBUTION

Funding Overview

Total Funds Available to Nevada

The allocation from HUD for the State CDBG Program in Nevada for 2010-2011 is \$3,029,028 per notification from HUD in April 2010. After making deductions for administration, training, and technical assistance, adding in de-obligated funds, the amount available for distribution in 2010 is \$2,899,618.37. At the time of writing, the CDBG Advisory Committee has allocated all of this money except money for revolving loan fund.

Funding Allocations

Grant Administration/Training and Technical Assistance: The State will retain \$160,580.56 for program administration. This reflects \$100,000 plus two percent allowed by HUD regulations for this purpose. The 1994 reauthorization bill allows states to set-aside up to one percent of their allocation to provide training and technical assistance to local governments and non-profit organizations with no match requirements. Nevada will set-aside \$30,290 for technical assistance and training for the benefit of the program participants.

Public Facilities: A total of \$2,101,749.11 has been allocated for public facilities grants for the improvement of local infrastructure. Applications from the twenty-six eligible cities and counties are considered for funding on an annual competitive basis.

Planning and Capacity Building: Six applications totaling \$328,666 for planning activities were recommended for funding in the upcoming year: support to small business development centers in Churchill County, support for community assessments in Humboldt County and Churchill County, leadership training in White Pine County, a comprehensive flood Plan in Storey County, and support to the Rural Continuum of Care.

Housing Rehabilitation: For 2010, \$131,334 has been designated for housing rehabilitation in rural Nevada. Program guidelines for housing rehabilitation are included in **Appendix D – Economic Development and Housing Rehabilitation Requirements**.

Economic Development: Economic development grants help expand economic opportunities in Nevada's underdeveloped rural communities. In PY 2010, \$75,000 in CDBG funds will be used to support the Nevada Small Business Development Centers and \$175,000 for a new revolving loan fund.

Distribution of Funds Between Cycles

Unused Funds: Funds returned to the State by a grantee may be redistributed to another CDBG applicant or grantee. The distribution of unused funds will take into account the amount of funds available, the Alternate List of projects for the current grant cycle, and other projects in need of the additional funds. Consideration will not be limited to applicants or grantees from the same grant cycle. If unused funds are sufficient to fund a project on the alternate list, the project will be funded. For projects not on the alternate list, the distribution will take into account the amendment process outlined in the State's Citizen Participation Plan.

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Reallocated Funds: Funds reallocated to the State by HUD and funds recaptured from HUD-administered Small Cities grants and returned to the State by HUD may be redistributed to CDBG applicants or grantees in the same manner as unused funds returned to the State by a grantee. NCED may use up to 2 percent of the reallocated funds to administer the CDBG program.

Additional or Remaining Funds: Additional funds received by the State as the result of action at the federal level will be distributed to CDBG applicants or grantees in the same manner as unused funds returned to the state by a grantee, or the State may allocate those funds to alternate projects approved by the Advisory Committee in March. Funds remaining at the state level may be distributed in the same manner as unused funds. NCED may use up to 2 percent of the additional or remaining funds to administer the CDBG program.

Recaptured Funds: Funds that were distributed to a grantee and are later taken back may be distributed in the same manner as unused funds.

Program Income: This is gross income received by the State or an eligible city or county and directly generated from the use of CDBG funds. Program income earned by eligible units of general local government through the Nevada Revolving Loan Fund (NRLF) or the Housing Rehabilitation Program may be kept at the local level to continue economic development or housing efforts locally, or returned to the State to further capitalize the statewide programs. Program income may be distributed to eligible applicants in the form of loans to for-profit businesses via local governments or for grants for CDBG-eligible projects such as infrastructure projects, housing activities, etc. Income earned from other CDBG activities may be retained at the local level and used to fund additional eligible community development activities. Communities electing to retain these funds must submit an intended use plan for the program income to NCED for approval prior to project closeout.

To be treated as program income, the total amount of funds received in a single year and retained by a unit of local government and its subrecipients must be \$25,000 or more. Program income that is received by the State from the NRLF program may be obligated and distributed to eligible grantees for economic development projects funded where deemed appropriate. The State may use 2 percent of the program income generated by the NRLF program for program administration. Program income received by the State from projects other than the NRLF program will be distributed in the same manner as unused funds returned to the State by a grantee. Program income received from the Housing Rehabilitation Set-Aside Program may be used to fund other CDBG-eligible activities including housing activities where deemed appropriate.

SELECTION SYSTEM

Selection Process

Nevada has established a selection process that is used for considering which jurisdictions are awarded Community Development Block Grant funds. The process is designed to include analysis and comments from a range of interested parties and the public at large. The CDBG Advisory Committee makes funding recommendations during the Annual Selection Meeting in March. The listing of projects recommended for approval is provided to the Commission on Economic Development for ratification and then to the Governor for final approval.

CDBG staff initially reviews applications. This review is designed to help ensure that the applicant is eligible, the activity and line items within the budget are eligible, and a national objective is met. In addition, the staff helps clarify issues that will enhance the Advisory Committee's understanding of the project. Other public agencies with a direct interest in the program review applications and provide appropriate comments to the

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Advisory Committee. The Committee is tasked with scoring the applications in advance of the Annual Selection Meeting in March (see below).

Each community that applies for funds may make a presentation to the Advisory Committee on the second or third day of the selection meeting. Each community is permitted five minutes of presentation time per application and ten minutes to respond to questions from the Advisory Committee for each application. Communities not able to send a representative may send a narrative for staff to present to the Advisory Committee.

Scoring Criteria

The rating system and other factors are involved in making funding recommendations. The rating system is a guide that is used to evaluate CDBG applications. The system has been developed and modified in consultation with representatives during annual CDBG Forums. The rating system contains the following elements that are considered in project selections.

Project Impact – Proposals are evaluated to determine the extent to which the project meets a need and the seriousness of the problem or need. Any project that addresses documented public health and safety hazards, regardless of national objective, will receive extra consideration in the selection process.

Resource Leveraging – Values will be assigned to proposals to the extent that outside sources of funds are involved including public and private funds, self-help, in-kind, volunteer measures, and planning efforts.

Benefit to Low- and Moderate-Income (LMI) Persons – Values will be assigned to proposals based upon the proportion of LMI individuals benefited.

Planning – The applications are scored on the extent to which the projects involved have undergone prior planning at the local level

Housing and Community Development Needs Assessments – Applicants are expected to provide such assessments annually, and if supplied at the time of the applications, they are scored accordingly

Risk Analysis – CDBG staff comments on general grant applicant and the application according to general grant administration capacity, and project readiness to implement and maintain the project in the proposed application.

Other Considerations

Factors other than rating are involved in making funding recommendations. The project's rating is one of many factors taken into consideration by the Advisory Committee in recommending projects for funding. The factors may include, but are not limited to, the following.

If an application with a high rating requests a large proportion of funds available, the Advisory Committee may take that into consideration and recommend that other lower rated applications be funded in the interest of serving several jurisdictions. Phasing of projects, where practical, into freestanding segments is encouraged to allow the Advisory Committee to recommend partial funding for projects that might otherwise be non-fundable as a whole.

If a phase of a project was funded by CDBG in a previous year, the Committee may recommend funding of the next phase over a higher rated project. Based on the availability of funds, projects that receive a lower rating may be funded over projects with a higher rating.

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Project readiness is also an important factor taken into consideration. The Advisory Committee will pay particular attention to the starting and completion dates for projects, so that funds are not allocated to an application that will not be ready to start for 9–12 months or more. A grantee must be able to make a first draw down of funds within nine months of grant award. Exceptions may be granted on a case-by-case basis.

The Advisory Committee may also consider the community's demonstrated efforts to seek other sources of funding for the project. If a community has not explored, secured, or exhausted resources available at the local or state level to fund the project, the Advisory Committee may choose to not recommend the project for funding. Examples of these resources include, but are not limited to, a local user fee, room tax, a local gas tax, or setting up a general or special assessment district.

Past performance on CDBG projects is also a consideration. If a community has not made progress on a previous year's grant, the Committee may take this into account when considering whether the community will be able to effectively administer an additional grant. The capacity of the community to administer additional grants and the extent to which the community has received assistance from the State's CDBG program may also be taken into consideration in funding recommendations.

Proposals must demonstrably address the primary objective of the Housing and Community Development Act of 1974 as amended by Congress as well as one of the three broad national objectives set out in the federal act passed by Congress. In accordance with federal law, the Advisory Committee strives to meet or exceed the requirement that 70 percent of the State's CDBG funds for any three-year period must be allocated to projects that benefit LMI persons. The current three-year reporting period is 2009–2011.

THE FUNDING DECISION

The Commission on Economic Development, taking into account the recommendations of the CDBG Advisory Committee, reviews and approves the Advisory Committee recommendations and then forwards the recommendations to the State Governor for final approval. Since the program's inception in 1982, all of the Advisory Committee's funding recommendations have been endorsed and approved by the NCED and the State Governor.

In the event the NCED disagrees with the Advisory Committee's recommendation or an applicant appeals the decision of the Advisory Committee, the NCED should refer the matter back to staff and the Advisory Committee for reconsideration.

Amendment Process

Through the Annual Forum process, procedures are established to be used in amending an approved activity. A grantee must request approval to change the size, budget, scope, or beneficiaries of a project.

Monetary Increases

Requests for additional funds for an existing project must follow the same process as normal grant applications. The Advisory Committee will make a funding recommendation to CDBG staff and the NCED for final approval.

Scope, Purpose, or Intent

Staff may approve requests for minor changes in the scope of a project. If staff determines that a request constitutes a major change in the project, the request will require review by the Advisory Committee with a recommendation to staff and the Executive Director of the NCED for final approval.

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Changes in the scope, purpose, and intent include, but are not necessarily limited to, changes in the size, location, use, and budget. Staff will review all budget amendments to determine whether the change results in a change in the scope of the project. If the proposed amended is less than 20 percent and staff determines that the change in the budget does not constitute a change in scope, the amended budget will be accepted. If staff believes the amendment changes the scope, the change will be referred to the Advisory Committee for a recommendation to staff and the Executive Director for final approval. The Advisory Committee must review changes in the budget amounting to 20 percent or more of the grant award.

Beneficiaries

If a project was approved to benefit LMI persons and the proposed change results in the total percentage of LMI persons benefited being less than 51 percent, the change will be reviewed by the Advisory Committee with a recommendation to staff and the Executive Director for final decision.

NOTE: If the project scope, purpose, intent, location, or beneficiaries changes substantially, the local government shall follow the State's Citizen Participation Plan by providing citizens reasonable notice of and an opportunity to comment on the proposed changes.

HOME METHOD OF DISTRIBUTION

The HOME program will continue to be administered by the Nevada Housing Division in accordance with the Consolidated Plan. The Division relies upon qualified applicants to submit an application for HOME funds. The applicant is responsible for development and implementation of the housing project. Final selection of HOME applications will occur after review by the Housing Division and concurrence of the affected local governments. The Nevada Housing Division also administers the U.S. Department of Energy's (DOE) Low-Income Weatherization Assistance Program, the Low-Income Housing Trust Fund, and the Low-Income Housing Tax Credit Program. The Housing Division works closely with USDA Rural Development on a variety of housing projects throughout the non-entitled areas. Most low-income housing projects in the non-entitled areas consist of partnerships between USDA Rural Development, the Housing Division, and the Community Development Block Grant. In recent years, a number of projects undertaken by the Nevada Rural Housing Authority include funding sources administered by the Nevada Housing Division.

ESG METHOD OF DISTRIBUTION

The Nevada Housing Division will provide a notice of funding availability every other year, with a guarantee of base funding for the second grant year to agencies providing homeless assistance in non-entitled areas and the City of Reno. Preference will be given to applicants that address unmet homeless needs within the area in which the organization proposes to use grant funds, has the ability to assist clients immediately with their needs, utilizes cost-effective measures, and commits on a long-term basis to promote a community-based continuum of care for homeless and at-risk persons. In addition, applicants will be provided preference if they address the transition of the homeless into a more permanent housing environment.

HOPWA

HOPWA funding supports operations in Washoe County. Eligible rural residents are available for housing and supportive services through these programs. The State of Nevada Health Division gives the HOPWA allocation to the Northern Nevada HOPES program. The Northern Nevada HOPES Clinic is supported using the State's allocation of HOPWA funds.