



COUNTY OF MENDOCINO
DEPARTMENT OF PLANNING AND BUILDING SERVICES
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MEMORANDUM

DATE: February 5, 2019
TO: Honorable Board of Supervisors
FROM: Brent Schultz, Director, Planning & Building Services
SUBJECT: Community Development Block Grant Notice of Funding Availability Recommendation

Background: The Community Development Block Grant (CDBG) program, created in 1974, provides funds for housing, infrastructure, business assistance, and other community development purposes. The federal program is administered on behalf of rural jurisdictions by the State Housing and Community Development (HCD) Agency. Typically, rural jurisdictions apply for CDBG funds on a competitive basis annually when HCD releases a Notice of Funding Availability (NOFA). In late November 2018, HCD released the CDBG NOFA whereby rural jurisdictions can apply for up to \$3,000,000 for eligible projects and activities. The application for funds must be submitted by February 26, 2019; following this, the next NOFA is scheduled to be released sometime in May 2019.

As required, Planning and Building staff conducted a public meeting on December 18, 2018, to receive information from individuals and organizations interested in pursuing this CDBG funding opportunity.

Purpose: The State CDBG program's purpose is to develop smaller communities by providing decent housing, a suitable living environment, and economic opportunities principally for low- or moderate-income people. States must ensure that over time (but not more than three years) they select at least 70 percent (70%) of their CDBG funds for activities that benefit low- and moderate-income persons. This general objective is achieved by granting "maximum feasibility priority" to activities that benefit low- and moderate-income families or aid in the prevention or elimination of slums and blight. Under unique circumstances, States may also use their funds to meet urgent community development needs, such as those needs that pose a serious and immediate threat to the health or welfare of the community.

Eligibility: Units of local government (including counties) with populations of 50,000 or less (200,000 or less for counties) are eligible to compete for non-entitlement (State) CDBG funds. Community organizations cannot apply for CDBG funds directly, but local grantees may fund community and economic development activities by neighborhood-based nonprofit organizations if these activities fit the program's objectives and requirements.

Terms: Applications are ranked according to program standards as well as State criteria to ensure that grants are fairly and equitably awarded. Applicants are funded based on the final ranking of the applicants; to the extent funds are available. Rating factors vary from year to year and include the number and percent of persons in poverty, impact of the proposed program, past performance in meeting national objectives in housing and equal opportunity, overall capacity to operate the program, how the activities and projects meet local needs, and the overall needs of the State.

Comments: States design and implement their own programs. Generally, State CDBG grants can be used for some rural housing development activities, including site clearance and rehabilitation of housing and public or private buildings. Grants can also be used to provide “direct assistance to facilitate and expand homeownership” for low- and moderate-income people.

In addition, CDBG funds can be used to acquire, construct, reconstruct, or install water and sewer facilities, sewage treatment works, and other such infrastructure. These funds can also pay for administrative costs such as planning and related activities, data gathering, surveys, detailed architectural or engineering studies, and administrative activities related to staff time, such as budgeting and proposal writing for future CDBG projects.

CDBG Project and Program Rating and Ranking Criteria: Threshold Criteria – Proposed programs or projects must be able to answer, “Yes”, for the following two questions in order to be eligible for CDBG funding and considered for rating and ranking process.

1. Does the program or project meet a national objective of the CDBG program?
2. Is the proposed program or project an eligible CDBG activity and meet the NOFA number of activity criteria?

How HCD Ranks Applications - Total Points Available 100

1. Benefit to Low and Very Low-Income Persons: 10 points

Activities that benefit at least 51 percent (51%) low- and moderate-income persons (10 Points).

2. Activity Need and Justification- (Total 20 Points) Needs + Local and State Needs

Need: 5 Points

The activity will be evaluated in terms of the documentation and justification that these construction improvements or program activities are needed and how the improvements benefit the community. Projects with excellent documentation and justification for the project will be awarded the maximum of 5 points (Good- 5 pts, Average – 3 pts, and Limited – 1 pts).

Local and State Needs: 15 Points

Activities addressing a high, medium, or low priority as identified in County and State documented needs, will be awarded points as follows (15 Points =High, 10 Points = Medium, 5 Points = Low).

3. Reasonableness of Cost Estimates: 15 Points

The activity will be evaluated in terms of: 1) its implementation costs and funding request related to its financial and project management resources and 2) source of construction estimates or program implementation estimates.

4. Project Budget: 15 Points

Points will be awarded based on evidence of sufficient funding to complete the project. The applicant should explain if other funding sources were explored and why other funding sources cannot be used on the project or could not be acquired.

5. Activity Management and Timelines: 20 Points

Points will be awarded to applicants based on documentation and information provided, showing that the resources, such as funding, site control, etc., needed to carry out the proposed project are available and ready. Maximum points will be given to activities that are ready to move forward quickly.

HCD has stated that in order to utilize CDBG funds as soon as possible, shovel ready projects will be given priority. Typically, this means that the design and engineering work is underway or has been completed. This criterion takes into consideration factors that may accelerate or slow down the ability to implement the activity in a timely manner. The highest points will be given to projects and activities that can be completed within 24 months.

6. Experience, Past Performance and Organizational Capability: 20 Points

The experience of the applicant, including the length of time in business and experience in undertaking projects of similar complexity as the one for which funds are being requested will be evaluated. This includes the project management capability and skill of administrative and program staff to carry out the project and past performance on CDBG construction projects or activities. Experience in managing other funding sources and leveraging federal dollars will also be considered.

For applicants who received CDBG funding in the past, they will also be evaluated on the timely expenditure of CDBG funds, the timely submittal of quarterly reports and requests for reimbursement, and the results of CDBG monitoring.

For those applicants that have not received CDBG funding in the past, allocation of points up to the maximum of 20 points will be awarded, dependent upon documentation of similar project management experience especially with federally-funded construction projects or activities submitted with the application.

Staff Recommendation and Ranking: On the following pages, please find staff's ranking of each project, as assisted by our consultant, related to the 100 point total used by HCD and described in the above section. Based on the scores, staff recommends that the Board of Supervisors approve the Resolution and authorize staff to submit an application to HCD for funding of 3 projects; 1. RCHDC public improvements related to development of Orr Creek Commons, 2. West Company Microenterprise Technical Assistance for small business development, and 3. EDFC for a Planning Technical Assistance Study related to providing broadband services to low- and moderate-income individuals in Mendocino County. The remaining two projects that were presented during the public meeting are not proposed to be included in the application at this time. While both projects would be beneficial to the community and have tremendous potential for future development, neither project has a complete submittal, and the lack of potential ranking by HCD jeopardizes the County's ability to present a competitive application and receive funding. Project 4 for RCS, for predevelopment costs which aren't a competitive use of funds without a commitment for project construction, and therefore lacks site control or budget proposals to submit with the application. Project 5 for AVCSD is several years away from being ready to submit for CDBG funding, and was not scored as part of this application.

MENDOCINO COUNTY 2018/2019 CDBG PROJECTS AND PROGRAMS RATINGS AND RECOMMENDATIONS

1. Rural Community Housing Development Corporation- Recommend Inclusion in Application

Project/Program Description

Affordable Multifamily/Special Needs Housing Project. Orr Creek Commons is a proposed new construction of affordable 40 unit housing complex targeting low/mod family households, individuals with developmental disabilities and homeless veterans, located at the corner of Bush Street and Orr Street, Census tract number 011500. The project sponsor is Rural Community Housing Development Corporation, RCHDC. Financing sources for the housing Units include a percent tax and HCD HOME funds. CDBG Funds are to be applied for public infrastructure (roads, sidewalks, curbs and gutters) needed for project site.

CDBG Activity Type

Public improvements in support of housing new construction activity. This is an eligible activity.

Cost Estimate
\$1,420,931

Meets CDBG/NOFA
Funding Criteria

<u>Criteria</u>	<u>Maximum Points</u>	<u>This Project</u>
Low/Mod Benefit/51%	10	10
Need - Justification	5	5
Need - Local/State	15	15
Cost Reasonableness	15	10
Project Budget	15	10
Management/Timeline	20	18
Experience/Past Performance	<u>20</u>	<u>18</u>
Total	100	<u>86</u>

2. WEST Company- Recommend Inclusion in Application

Project/Program Description

Technical Assistance to Microenterprise through Workshops and one on one consultations. This is A request from WEST Company which has in depth long term experience with implementing micro-enterprise services.

CDBG Activity Type

Enterprise Fund activity to assist low/moderate income small businesses with 5 or less employees.

Program request is in the amount of
\$500,000

<u>Criteria</u>	<u>Maximum Points</u>	<u>This Project</u>
Low/Mod Benefit/51%	10	10
Need - Justification	5	5
Need - Local/State	15	12
Cost Reasonableness	15	12
Project Budget	15	12
Management/Timeline	20	15
Experience/Past Performance	<u>20</u>	<u>18</u>
Total	100	<u>84</u>

3. Economic Development Finance Corporation- Recommend Inclusion in Application

Project/Program Description

A feasibility Study to determine how to best deliver In-depth fixed wireless broadband networks (services) to low/moderate income neighborhoods. This study is the next step toward implementing the Digital Infrastructure Plan for Mendocino County. The project would be managed by the Mendocino County Economic Development Finance Corporation (EDFC).

CDBG Activity Type

Planning and Technical assistance to determine the feasibility of a proposed activity or project which would benefit low/moderate income households.

**Projected costs of
\$75,000**

<u>Criteria</u>	<u>Maximum Points</u>	<u>This Project</u>
Low/Mod Benefit/51%	10	10
Need - Justification	5	4
Need - Local/State	15	13
Cost Reasonableness	15	10
Project Budget	15	10
Management/Timeline	20	18
Experience/Past Performance	20	18
Total	100	83

4. Redwood Community Services- Not Recommended

Project/Program Description

Predevelopment costs for the proposed Adult Crisis Access, Stabilization and Residential Treatment Facility Center including NEPA environmental Work, permitting, traffic study, erosion control, utility hookup costs and related preliminary development costs. This is a phased development which relies on the allocation of Measure B funds for the projects construction. This request is made by Redwood Community Services and is part of their countywide service expansion plan.

CDBG Activity Type

Public Facility activity under Supplemental Activity Criteria using CDBG Program Income funds, requires long term commitment of CDBG Program Income funding.

Program request in the amount of \$200,000- Not recommended by Staff for inclusion in the application at this time.

<u>Criteria</u>	<u>Maximum Points</u>	<u>This Project</u>
Low/Mod Benefit/51%	10	10
Need - Justification	5	5
Need - Local/State	15	12
Cost Reasonableness	15	---
Project Budget	15	---
Management/Timeline	20	15
Experience/Past Performance	20	15
Total	100	57

No project cost at this time for CDBG.

5. Anderson Valley CSD

Project/Program Description

Anderson Valley Community Service District
Water treatment and distribution system and
Wastewater collection and treatment system.
Specifically, water lateral connections for 200-300
homes. This project is not shovel ready and does not have
preliminary engineering and design budget costs yet.
However, we have listed it as a future potential CDBG
eligible project as it was presented at the public meeting
on December 18, 2018.

CDBG Activity Type

Public Facility Activity

<u>Criteria</u>	<u>Maximum Points</u>	<u>This Project</u>
Low/Mod Benefit/51%	10	10
Need - Justification	5	5
Need - Local/State	15	12
Cost Reasonableness	15	---
Project Budget	15	---
Management/Timeline	20	---
Experience/Past Performance	20	---
Total	100	<u>27</u>