

November 6, 2013

TO: FY 2014 Community Development Program Advisory Committee Members

FROM: Michael A. Hiler, Deputy Chief, Office of Community Development  
*Michael A. Hiler*

SUBJECT: FY 2014 Community Development Program Advisory Committee Meeting Minutes

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On October 2, 2013, from 9:30 a.m. to 4:00 p.m., the FY 2014 Community Development Program Advisory Committee met at the Creekside Conference Center in Gahanna. The following is a summary of the major topics discussed during the meeting.

### Introduction

- Michael Norton-Smith, Office of Community Development (OCD), Community Development Program Representative, called the meeting to order at 9:30 a.m.
- Introductions were made and the agenda and structure of the Advisory Committee meeting was reviewed.
- Mary Oakley, Office of Community Development Economic and Appalachian Development Supervisor, provided the Advisory Committee with an update on the Ohio Development Services Agency (ODSA). The attendees were reminded that the Ohio Department of Development officially became the Ohio Development Services Agency (ODSA) in September 2012, and Oakley informed the Advisory Committee that the Office of Community Development was relocated to the 26th Floor of the Riffe Center in June 2013. Oakley informed attendees that David Goodman was appointed as ODSA Director in March of 2013, and introduced Sadicka White, Community Services Division Chief, and Amanda McCallister and Carolyn Thurman, Community Development Program Representatives.
- White welcomed the attendees and provided remarks on ODSA's efforts to increase collaboration within the Community Services Division. In addition, White stressed ODSA would be pushing for increased accountability and impact across all of its programs, and expressed support for the competitive set-aside programs introduced as part of the FY 2013 Community Development Program.

### FY 2012 Annual Performance Report

- David Pasquariello, Community Development Program Representative, provided an overview of the FY 2012 Formula Allocation Program. In FY 2012, \$16.8 million in Formula Allocation Program funds were provided to 128 communities. One community elected to hold over funding for use in conjunction with the FY 2013 program. One community elected to remain an acquired city and combine funding with the county's allocation. The majority of funds were awarded for public facilities projects, including water and sewer, flood and drainage, sidewalks, streets, parks and recreation, fire protection, clearance activities and public rehabilitation. Funds were also awarded for housing and public service activities. More than 7.4 million persons are expected to benefit from the funded activities.
- Pasquariello also provided an overview of the FY 2012 Neighborhood Revitalization Program. A total of \$2 million was awarded to the seven top-ranking proposals. The funded projects are expected to leverage \$3.4 million in additional public and private investment. A total of 5,306 persons are expected to benefit from the proposed improvements, 65.3 percent of who are low- and moderate-income (LMI).

## **Review of FY 2013 Planning Work Group Process**

- Carolyn Thurman, Community Development Program Representative, provided an overview of the Planning Work Group process, which assisted with the redesign of the FY 2013 Community Development Program. Beginning in April 2012, the work group process involved participants and stakeholders familiar with all of Office of Community Development's programs. The effort culminated in a set of common themes, including:
  - Incremental changes to existing program portfolio
  - No consensus eliminating specific programs
  - Emphasis on leverage and collaboration
  - Formula allocation program is beneficial, with adjustments including a minimum grant amount should be instituted to allow for meaningful projects
  - Formula funding should not be guaranteed, but contingent upon administrative capacity
  - Limit eligible applicants to non-entitlement counties and/or direct cities with substantial populations and substantial low- and moderate-income populations
  - Elimination of duplication of housing activities across programs
  - Fair Housing requirement should be reviewed
  - Planning requirements should be simplified
- Thurman indicated these common themes were used to develop a proposal for the FY 2013 Ohio Consolidated Plan and incorporated into Office of Community Development's Community Development Program. The framework for this proposal was approved by the ODSA in September 2012 and the Ohio Consolidated Plan was submitted to HUD in May of 2013.

## **FY 2013 Community Development Program Redesign: Allocation Program**

- Amanda McCallister, Community Development Program Representative, provided a review of the revised structure of the FY 2013 Community Development program and the Allocation Program which replaced the Formula program. Under the FY 2013 program, the breakdown in Community Development Program funds was modified, with a larger portion of funds (40 percent) allocated to Competitive Set-Aside programs. The program included a reduction of eligible direct grantees from 130 to 104 and the installation of a minimum grant floor of \$75,000 to ensure grantees have sufficient funds to undertake projects of significant impact. Similarly, the number of eligible activities was based on a community's allocation.
- Waivers to exceed the Community Development Program planning and public services cap were only granted in extenuating circumstances. Communities were allowed to request up to 20 percent for fair housing and administration combined. To cut down on duplication of eligible activities across programs, housing activities were limited to Home Repair. The Office of Community Development considered waiver requests for other housing activities from communities that submitted Community Housing Improvement Program (CHIP) applications not funded solely as a result of the reduction in program funds.
- The Office of Community Development will no longer grant amendments for new activities and extensions. Amendments and extensions will only be given if communities can demonstrate attainment of set program milestones. McCallister explained that under the new Community Development Allocation Program, funds are not guaranteed; failure to select eligible activities or correct deficiencies with the applications within 30 days of initial contact will result in forfeiture of funds.

## **FY 2013 Community Development Program Redesign: Competitive Set-Aside Programs**

- Norton-Smith provided an overview of the FY 2013 Competitive Set-Aside Programs, which includes the Neighborhood Revitalization, Downtown Revitalization and Critical Infrastructure grant programs. Neighborhood Revitalization projects are designed to improve the quality of life, livability and functionality of distressed residential areas through a comprehensive strategy. Downtown Revitalization projects are designed to improve Central Business Districts, aid in the elimination of slums or blight, create and retain permanent, private-sector job opportunities for low- and moderate-income households. Critical Infrastructure projects are designed to assist

applicant communities with high priority, single-component infrastructure improvements, including roads, bridges and storm drainage projects. In general, Critical Infrastructure Program funds cannot be used for economic development projects, speculative development or large-scale water and sanitary sewer projects better suited for Office of Community Development's Residential Public Infrastructure Grant (RPIG) program.

### **FY 2013 Neighborhood Revitalization Program**

- Norton-Smith outlined the revisions to the FY 2013 Neighborhood Revitalization program, which included a reduction in target area low and moderate income requirement to 51 percent to align with the CDBG national objective. The revised program design requires applicants to select three activities, at a minimum, to meet a programmatic threshold. Applicants were no longer required to select a target area that aligned with an approved Community Assessment Strategy (CAS). The program's maximum administration amount was revised to the greatest of 15 percent or \$30,000. Points were awarded based upon Distress (15 points), Leverage (20 points), Design (50 points) and Community Participation (15 points). The program's Design score was revised to include consideration of an applicant's administrative capacity. Similarly, the program's Citizen Participation score was replaced with a Community Participation measurement. Norton-Smith explained this was an effort to evaluate each community's holistic effort to build support for its application from both citizens and local organizations.

### **FY 2013 Downtown Revitalization Program**

- Norton-Smith outlined the revisions to the FY 2013 Downtown Revitalization program. To align with the other Community Development Competitive Set-Aside programs, the program's grant ceiling was reduced to \$300,000 and administrative costs were capped at the greatest of 15 percent or \$30,000. Oakley indicated that the Office of Community Development also would allow communities to charge soft costs for private rehabilitation activities. Points were awarded based upon Distress (10 points), Leverage (15 points), Design (55 points) and Organizational Capacity (20 points). The previous Downtown Revitalization program application was redesigned to conform to the revised structure; noteworthy additions to the application include a Secretary of the Interior Rehabilitation Standards certification document and a participant survey to gauge the feasibility of the community's proposed program.
- The committee expressed concern about using county-level unemployment data for municipalities. Ian Thomas, Office of Community Development Planner, indicated that unemployment data at the local level is only released annually as part of the American Community Survey, as opposed to Bureau of Labor Statistics data, which is released monthly at the county level. Norton-Smith also indicated unemployment data was only one component of the overall Distress score. The committee also expressed concern about the lack of funds available for predevelopment costs associated with Downtown Revitalization projects. White indicated that other offices within the Community Services Division, including the Office of Redevelopment and the Office of Energy may have funds available to assist with predevelopment and assessment costs. White emphasized that these resources, in partnership with the local community and Office of Community Development programs were important to future community development projects.

### **FY 2013 Critical Infrastructure Program**

- Norton-Smith reviewed the structure of the Critical Infrastructure program, which was a new program introduced in FY 2013. To align with the other Community Development Competitive Set-Asides, the program's grant ceiling was set to \$300,000, but the administrative costs were capped at the greatest of 10 percent or \$20,000. Points were awarded based upon Distress (25 points), Leverage (25 points), Design (50 points). The committee expressed concern about excluding water and sewer infrastructure from the Critical Infrastructure Program. Norton-Smith clarified that projects found to be ill-suited for the RPIG program could be eligible for the Critical Infrastructure Program, but cautioned this determination is made on a case-by-case basis in consultation with Office of Community Development.

## **FY 2013 Application Review Update**

- Norton-Smith provided a status report on the FY 2013 Community Development Program application review. All Allocation Program applications have been reviewed and tentatively approved and grant agreements are forthcoming. Because FY 2013 allocation funds were not guaranteed, Office of Community Development used a series of letters during the application review process to track each community's efforts to supply supporting documentation.
- Norton-Smith also provided a status report on the FY 2013 Competitive Set-Aside application review. The Office of Community Development received 76 applications for the Competitive Set-Aside programs requesting a total of \$21.4 million. The Office of Community Development began the competitive review on June 26, 2013 and had funding recommendations ready on July 18, 2013. In total, 29 competitive applications, totaling more than \$8.1 million were selected for funding; these include 12 Neighborhood Revitalization Program applications, three Downtown Revitalization Program applications and 14 Critical Infrastructure Program applications.

The committee inquired about the competitive review process and the difficulty of comparing projects across programs. Norton-Smith and Oakley stressed that each application was thoroughly reviewed by the Office of Community Development staff before final funding decisions were made to ensure the best collection of projects was funded.

- Oakley informed the committee that the Office of Community Development would be scheduling meetings with unsuccessful competitive applicants in October and November 2013. Matthew LaMantia, Office of Community Development Assistant Deputy Chief and White indicated the overall quality of the competitive applications would probably improve in future funding rounds and encouraged communities to meet with Office of Community Development staff for technical assistance.

## **FY 2014 Allocation Program Discussion/Proposed Changes**

- Norton-Smith requested comments from the committee on the changes introduced in FY 2013. The committee indicated general satisfaction with the Excel application document, but inquired about the possibility for fewer activity tabs. The committee also indicated that there was some difficulty with working with former direct cities, but this was not anticipated to be an issue moving forward.
- Next, Norton-Smith provided a series of proposals for potential changes to the FY 2014 Allocation Program. The Office of Community Development proposes redistributing FY 2014 Community Development funds so that the Allocation program receives 50 percent and Competitive Set-Asides receives 50 percent, plus any available recaptured funds. The committee asked how that would affect the number of direct grantees and the allocation amounts for eligible communities. Norton-Smith and Oakley indicated the number of direct grantees would not change for FY 2014 and that the Office of Community Development would carefully consider how potential changes would affect the allocations before making final decisions.
- The Office of Community Development's proposal also included elimination of Public Service as an eligible Community Development activity. The committee also expressed concern about eliminating Public Service activities because of the difficulty with finding alternative funding sources. Michael Hiler, Office of Community Development Deputy Chief indicated the Office of Community Development is under pressure to focus on sustainable projects and projects of impact, which is difficult with Public Service activities. The committee suggested the Office of Community Development keep the current 15 percent cap but eliminate waivers.
- Other proposed changes for FY 2014 included the elimination of planning activities for communities with Revolving Loan Fund accounts and the creation of a set "Contract Letting Deadline" special condition, which would be used when reviewing extension requests. The committee suggested using September 30, 2015 as a potential deadline. The Office of Community Development also proposed amending the fair housing program period to September 2014 through December 2015. The proposal also included moving the Community Development application deadline to early June, which would allow the Office of Community Development more time to review applications prior to the September 1, 2014 grant agreement date. Finally, OCD proposed moving the work completion deadline to October 31, 2015 or November 30, 2015. The committee expressed concern with moving the application deadline, especially with the potential

for multiple competitive applications. Similarly, the committee indicated that moving the work completion deadline would cut into the construction season and could potentially lead to more extensions.

### **FY 2014 Competitive Set-Aside Programs Proposed Changes**

- Norton-Smith provided several proposals for general changes to the FY 2014 Competitive Set-Aside Programs. The proposed changes include elimination of the 75 percent expenditure threshold for returning applicants; instead communities would be limited to three open competitive awards. Hiler indicated the three-grant limit was designed to ensure communities have sufficient capacity to successfully administer their competitive awards. The Office of Community Development's proposal also included allowing communities to apply for a maximum of three awards annually with up to two Critical Infrastructure Program projects. Finally, the Office of Community Development's proposal includes a prohibition on overlapping target areas or leveraging Competitive Set-Aside program funds across program years.
- Next Norton-Smith outlined a series of proposals for changes to the specific Competitive programs. In general, the Office of Community Development was hesitant to make any major changes to the set-aside programs after only one round of applications.
- The Office of Community Development solicited comments from the committee on the Neighborhood Revitalization Program's application, three-project threshold, and Community Participation score. Similarly, the Office of Community Development solicited comments from the committee on the Downtown Revitalization Program's application and planning requirement. Norton-Smith and Oakley indicated that the Office of Community Development may require applicants to demonstrate their Ohio Historic Preservation Office (OHPO) programmatic agreements are up to date as part of the FY 2014 application. The committee indicated that the Downtown Revitalization Program is difficult when a city or village is required to apply through a county. Finally, the Office of Community Development solicited comments on the Critical Infrastructure Program application, issues with leveraging other public funds (e.g. Ohio Public Works Commission, etc.) and the potential for a one-year program period. The committee indicated the proposed restriction on open grants should incentivize communities to complete Critical Infrastructure Programs without requiring changes to the program structure.
- Hiler indicated the Office of Community Development was working to create a web-based application, which may eliminate the need for a paper application. The web-based application should streamline the review and grant agreement process. Hiler indicated that the Community Housing Improvement Program (CHIP) application would likely be the first application launched, but the Office of Community Development expected to transition applications for all of its programs to a web-based format for FY 2014.

### **Evaluation of Administrative Capacity**

- Norton-Smith informed the committee that the Office of Community Development will be revising its administrative capacity evaluation method for use with future competitive applications. Norton-Smith suggested the Office of Community Development may contact members of the committee for additional input throughout the development process.

### **Long-Term Prioritization/Implementation Strategy**

- Oakley informed the committee that the Office of Community Development is in the process of developing a long-term project prioritization and implementation strategy, tentatively labeled the Community Development Investment Strategy (CDIS). This strategy will replace the Community Assessment Strategy (CAS) and the Community Housing Improvement Strategy (CHIS) and will be required for eligible Community Development Program direct grantees. CHIP-eligible communities and former direct cities will be required to submit addendums to their respective county's CDIS. The purpose is to increase community participation, awareness of available resources, and improve targeting of resources and prioritization of community needs. Oakley stressed that the CDIS is not intended to replace local planning processes, but indicated the priorities will be a scoring parameter for competitive applications. LaMantia and Oakley indicated the Office of Community Development would be working to create specific guidelines over the next year with the goal of implementing the proposal for the FY 2015 program year.

### **Consolidated Planning Process Next Steps**

- Norton-Smith outlined the remaining steps in the FY 2014 Consolidated Planning Process. The Office of Community Development must finalize its draft Consolidated Plan for approval by ODSA Director by December 2013. The Consolidated Plan Advisory Committee meeting will be held in February 6, 2014 to solicit initial feedback on the draft plan. Following the Advisory Committee, the draft Consolidated Plan will be published in March 2014 and the Office of Community Development will hold public meeting and collect public comments. Following the public comment period, the Consolidated Plan will be submitted to HUD for review.

### **Trainings**

- The Office of Community Development will hold its 2013 Housing Conference at the Sawmill Creek Resort in Huron on November 20–22, 2013. OCD will also hold a Community Development Program Implementation Training on January 16, 2014 for grantees with three years of experience or less and grantees that successfully applied for Competitive Set-Aside funds in FY 2013.

### **Comments**

- There were no additional comments from the attendees.

The FY 2014 Community Development Program Advisory Committee Meeting adjourned at 4:00 p.m.

**Ohio Development Services Agency  
Office of Community Development  
FY 2014  
Community Development Program  
Advisory Committee Meeting  
Creekside Conference and Event Center  
October 2, 2013**

**ATTENDANCE LIST**

<b><u>NAME</u></b>	<b><u>ORGANIZATION</u></b>
Tim Allen	Ohio Development Services Agency, Office of Community Development
Joyce Barrett	Heritage Ohio
Stacy Clapper	City of Zanesville
John Cleek	CDC of Ohio
Glen Crippen	Hocking.Athens.Perry Community Action
Mary Crockett	City of Xenia
Pat Davies	Morrow County
Terri Fetherolf	Vinton County
Gayle Flaczynski	Poggemeyer Design Group
Missy Frost	Greene County
Joe Gerber	Ottawa County
Diane Gunther	Delaware County
Mike Hiler	Ohio Development Services Agency, Office of Community Development
Michelle Hyer	Buckeye Hills Hocking Valley RDD
Michael Jackson	Van Wert County
Matt LaMantia	Ohio Development Services Agency, Office of Community Development
Michael Kinninger	Ohio Development Services Agency, Office of Community Development
Timothy Leasure	Ohio Development Services Agency, Office of Community Development
William Malson	MS Consultants, Inc.
Holly Mattei	Fairfield County Regional Planning Commission
Amanda McCallister	Ohio Development Services Agency, Office of Community Development
Angie McConnell	WSOS Community Action
Jay Meyers	Fayette County
Michael Norton-Smith	Ohio Development Services Agency, Office of Community Development
Mary R. Oakley	Ohio Development Services Agency, Office of Community Development
David J. Pasquariello	Ohio Development Services Agency, Office of Community Development
Nikki Reese	Miami County Department of Development
Joshua Roth	Ohio Development Services Agency, Office of Community Development
Julie Smith	Ohio Regional Development Corp.
Danielle Steinhauser	Poggemeyer Design Group
Janice Switzer	Ashtabula County
Ian Thomas	Ohio Development Services Agency, Office of Community Development
Niki Warncke	Maumee Valley Planning Organization
Evelyn Warr-Cummings	Marion County
Mary Jo Westfall	OSU Extension, Monroe County
Sadicka White	Ohio Development Services Agency, Community Services Division