

CDBG Economic Development

2014 Community Development Conference
Sawmill Creek Resort

November 19, 2014



The State of Ohio is an Equal Opportunity Employer and Provider of ADA Services

Agenda

- CDBG Background
- Eligible projects
- CDBG ED from Start to Finish
- CDBG Revolving Loan Funds
- Panel Discussion

CDBG Background

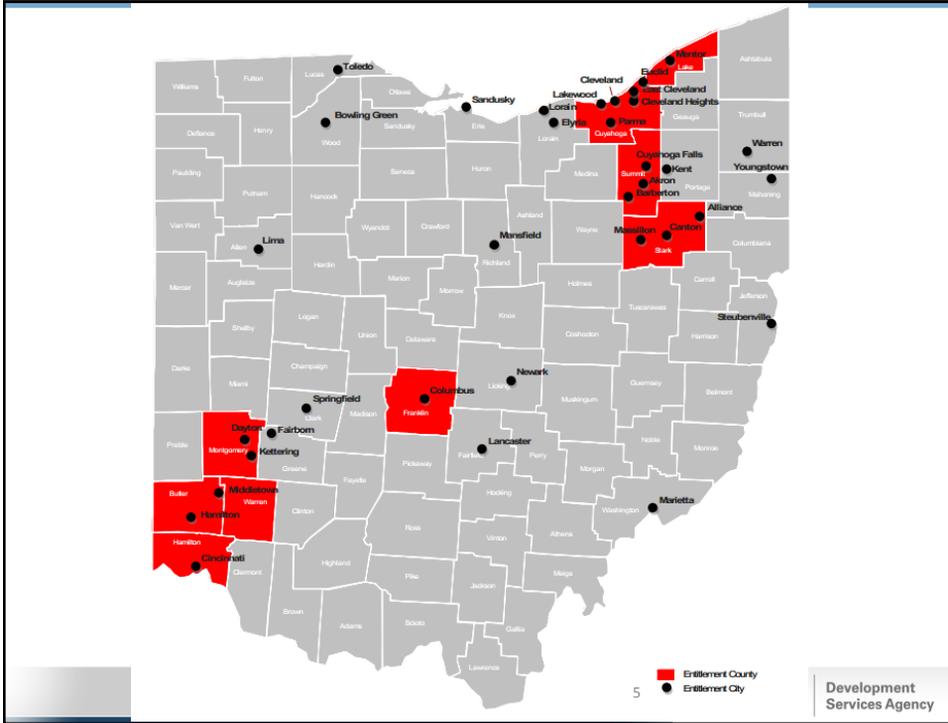
- CDBG is a federal block grant
- Projects must meet 1 of 3 national objectives
 - Benefit to Low- and Moderate-Income (LMI)
 - Elimination of Slum & Blight
 - Urgent Need

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CDBG Background

- Funding breakdown:
 - 70% - Entitlement Communities
 - 30% - Non-entitlement Communities ← ODSA
- Ohio's non-entitlement cut in 2014: ~\$42 M
- What is a non-entitlement?

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CDBG Background

- Ohio's CDBG Programs:

Funds	Program	Focus
\$10 million approx.	Community Housing Impact and Preservation Program (CHIP)	Housing
\$20 million approx.	Community Development Program	Public Facilities, Public Services, Housing
\$10 million approx.	Economic Development & Public Infrastructure Program	Economic Development, Residential Water & Sewer

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Eligible CDBG ED Projects

- Loans
 - Fixed-asset GAP financing
- Grants
 - Public, off-site infrastructure
- Required:
 - For-profit businesses only
 - Job Creation / Retention

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Eligible CDBG ED Projects

Fixed Asset Loans

Land/Building Acquisition
Machinery & Equipment
New Construction
Building Improvements
Site Preparation
On-Site Infrastructure

Public Infrastructure Grants

Electric
Gas
Rail
Sanitary Sewer
Street Improvements
Storm Sewer
Water

Eligible CDBG ED Projects

- Application basics:
 - City or County must apply on behalf of business
 - ODSA issues grant to City or County
 - If loan project, community issues loan to business
 - Loan repayments kept by community to be spent on additional CDBG-eligible activities

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CDBG ED From Start to Finish

- Vetting
- Structuring
- Underwriting / Applying
- Executing
- Administering
- Closeout / Monitoring

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CDBG ED: Vetting

- Vetting
 - Eligible business? (for-profit)
 - Eligible community? (non-entitlement)
 - Eligible activity? (gap financing, public infrastructure)
 - 5 jobs created/retained? (51% LMI)
 - Jobs moving from one labor market to another? (prohibited)
 - Realistic timeline?

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CDBG ED: Vetting

- How long does this take?
- 2 milestones required before project start
 - Environmental Review Release of Funds
 - Application approval

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CDBG ED: Vetting

- Environmental Review Typical Timeframes
 - New Construction – 45 days
 - Acquisition of building (same use) and purchase of M&E – 30 days
 - Purchase of M&E – 7 days

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CDBG ED: Vetting

- Application Review Typical Timeframes
 - Gathering Project Information – ?
 - Application Review – 2 weeks
 - Application Revision – ?
 - Application Approval – 2 weeks

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CDBG ED: Vetting

- Application Review Typical Timeframes
 - Gathering Project Information – ?
 - Application Review – 2 weeks
 - Application Revision – ?
 - Application Approval – 2 weeks

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CDBG ED: Structuring

- Structuring considerations:
 - Project Aggregation
 - Project Timeline
 - Completed in 12 months?
 - Jobs created in 36 months?
 - Federal Prevailing Wage
 - Competitive Procurement

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CDBG ED: Structuring

- Loans:
 - \$1 : \$1 leverage
 - 5% cash equity
 - 15% private funds
 - \$25,000 per job created / retained (maximum)

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CDBG ED: Structuring

- Grants:
 - Private investment required
 - Also subject to ER requirements
 - 15% of fixed assets privately financed
 - \$10,000 per job created / retained (maximum)

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CDBG ED: Underwriting / Applying

- Key required documents:
 - Cost documentation
 - Sources of funds documentation
 - Business Financials (historical, interim, pro-forma)
 - Personal financials (loans only)
 - Payroll report
 - Job creation / retention projections by position

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CDBG ED: Underwriting / Applying

- Underwriting Considerations:
 - Viable business plan?
 - Financial health of company?
 - Ability to repay?
 - Strength of collateral?
 - Community impact?

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CDBG ED: Underwriting / Applying

- Application Process:
 - Vet/structure project
 - Underwrite project
 - Submit pre-application
 - Submit full application
 - Revise full application
 - Execute grant agreement

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CDBG ED: Execution

- Execute grant agreement
- Execute project closing binder

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CDBG ED: Execution

- Closing Binder key documents:
 - Loan agreement
 - Promissory note
 - Security agreement & guaranties
 - Mortgage
 - Guaranty of completion (grants only)
- Must be approved by OCD prior to drawing funds

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CDBG ED: Administration

- Monitor investment
- Disburse funds
- File collateral
- Track job creation
- Bid / Construct off-site improvements (grants)

Ohio Development Services Agency **Office of Community Development**
Job Benefit Employee Certification

Your current prospective employer, which appears below, is the recipient of financial assistance through the federally funded Ohio Community Development Block Grant (CDBG) Small Cities Program. As a result of the assistance received, the business must provide data on job creation and/or retention. This information is not part of the interview process and will not be considered for hiring purposes. This information is, however, subject to verification by authorized government officials.

A. Name of Employer: _____ (print)
 Address of Employer: _____ (print)
 Name of Employee: _____ (print)

B. Race, Ethnicity, Gender, and Disability Status:
 Please mark only one of the following race classifications: _____
 _____ Multi-Racial _____

C. Circle your household size & one income range in the corresponding row that represents your household income for the prior 12 months.

Household Size	Income Range (30%)	Income Range (50%)	Income Range (80%)	Income Range (NL)
1 person	\$0 - \$12,150	\$12,151 - \$20,200	\$20,201 - \$32,300	\$32,301 or more
2 person	\$0 - \$13,850	\$13,851 - \$23,050	\$23,051 - \$36,900	\$36,901 or more
3 person	\$0 - \$15,600	\$15,601 - \$25,950	\$25,951 - \$41,500	\$41,501 or more
4 person	\$0 - \$17,300	\$17,301 - \$28,800	\$28,801 - \$46,100	\$46,101 or more
5 person	\$0 - \$18,700	\$18,701 - \$31,150	\$31,151 - \$49,800	\$49,801 or more
6 person	\$0 - \$20,100	\$20,101 - \$33,450	\$33,451 - \$53,500	\$53,501 or more
7 person	\$0 - \$21,500	\$21,501 - \$35,750	\$35,751 - \$57,200	\$57,201 or more
8 persons or more	\$0 - \$22,850	\$22,851 - \$38,050	\$38,051 - \$60,900	\$60,901 or more

D. Employee Signature: _____ Date: _____
 ---Do not write below this line. To be completed by EMPLOYER after hire---
 Job Description (Check One):
 _____ Manager/Professional _____ Office Clerical _____ Technician
 _____ Sales _____ Service _____ Other
 Date Employed: _____ Check One: Full-Time _____ Part-Time _____
 ---Do not write below this line. To be completed by GRANT ADMINISTRATOR---
 County: Huron LMI Qualified: Yes: 30 No: _____

Ohio Development Services Agency

CDBG ED: Monitoring

- Investment went forward as described?
- Collateral filed?
- No pro-rata issues?
- Federal prevailing waged paid?
- Infrastructure contracts compliant with federal requirements?
- Job creation finished / on target?

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CDBG ED: Revolving Loan Funds

- Identical requirements to CDBG ED *except*:
 - Working capital allowed for RLF projects
- RLFs for Community Development
 - Public Facilities
 - Historic Preservation
 - Downtown Façade
 - Park Improvements
 - Public Services

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The logo for the Ohio Development Services Agency, featuring the word "Ohio" in a red, stylized font with a white outline, followed by the words "Development Services Agency" in a smaller, black, sans-serif font.

Questions?

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Office of Community Development

development.ohio.gov

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