

**NYS OFFICE OF HOMES AND COMMUNITY RENEWAL
Community Development Block Grant
First Public Hearing
6:00pm, Monday, April 29, 2019
Municipal Building, Court Room
60 Main Street, Canton, New York 13617**

CITIZEN INPUT IN THE PLANNING AND DESIGN OF A CDBG APPLICATION

Federal CDBG regulations require that communities involve the public in the planning and design of applications for public assistance. That regulation is being met, in part, through this public hearing, and through a second public hearing to be held at a later date to be determined.

Residents of the community are encouraged to participate in the development of the proposal. Written comments may be submitted to:

Leigh Rodriguez, Director of Economic Development
Village of Canton
60 Main Street
Canton, New York 13617
Email: lrodriguez@cantonny.gov

Please submit written comments no later than May 6, 2019 at 4pm.

COMMUNITY DEVELOPMENT BLOCK GRANT

Description:

The Community Development Block Grant (CDBG) Program is a federally funded program authorized by Title I of the Housing and Community Development Act of 1974. The CDBG Program is administered by the Office of Community Renewal (OCR) under the direction of the Housing Trust Fund Corporation (HTFC). For 2019, the OCR may make **up to \$50 million available**.

NYS CDBG funds provide small communities and counties in New York State with a great opportunity to undertake activities that focus on community development needs such as creating or expanding job opportunities, providing safe affordable housing, and/or addressing local public infrastructure and public facilities issues. The primary statutory objective of the CDBG program is to develop viable communities by providing decent housing and a suitable living environment by expanding economic opportunities, principally for persons of low and moderate income. The state must ensure that no less than 70% of its CDBG funds are used for activities that benefit low- and income persons. A low- and moderate income person is defined as being a member of a household whose income is less than 80% of the area median income for the household size. A principal benefit to low- and moderate-income persons requires at least 51% of the project beneficiaries to qualify as low- and moderate-income.

Eligible Activities / Program Benefit Requirements:

NYS CDBG applicants must address and resolve a specific community or economic development need within one of the following areas: (1) Public Infrastructure (2) Public Facilities (3) Economic Development (4) Community Planning.

ECONOMIC DEVELOPMENT PROGRAM

Program objective & funding categories:

Under the NYS CDBG Economic Development program there are two categories of funding activities:

1. Economic Development
2. Small Business

Economic Development and Small Business activities provide funds to local governments to support economic development projects that involve the creation or retention of permanent jobs, at least 51% of which must benefit LMI persons. In calculating employment opportunities to be used for determining the percentage of jobs that benefit LMI persons, the following applies:

- Part-time jobs must be converted to full-time equivalents (FTE). An FTE job is any combination of two or more part-time jobs that, when combined together, constitute the equivalent of a job of at least 40 hours per week.;
- Only permanent jobs count; temporary jobs may not be included;
- Seasonal jobs are considered to be permanent if the season is long enough for the job to be considered as the employee's principal occupation; and
- Jobs indirectly created or retained by an assisted activity are not eligible to be counted.

Eligible activities:

1) Economic Development: Funding is typically provided to eligible communities for traditional economic development activities such as business attraction, expansion, and retention projects to provide financial assistance to businesses for an identified CDBG eligible activity which will result in the creation or retention of permanent, private sector job opportunities principally for persons from low-and moderate-income families.

2) Small Business Assistance: Provides resources to eligible communities to foster small business development as a vehicle for sustainable economic development and growth while providing job opportunities for person from LMI families. For the purpose of this program, a small business is defined as a commercial enterprise that is independently owned, operated, and controlled, and has twenty-five (25) or fewer full-time equivalent employees at the time of application.

Eligible activities include providing assistance to businesses that are involved in sectors of manufacturing, warehousing and distribution, agri-business, high technology, research and development and traditional and innovative small business endeavors. Market driven businesses (i.e. restaurant, retail) will be considered when that business is an integral part of a community's revitalization efforts.

Eligible uses of funds:

Eligible uses of NYS CDBG Economic Development funds include: acquisition of real property; financing of machinery, furniture, fixtures and equipment; building construction and renovation; working capital; inventory; and employee training expenses. Use of CDBG funds toward construction and renovation costs are subject to Davis Bacon Wage Rate requirements. This includes the cost of equipment that requires installation as well as the purchase of materials used for construction activities. Funds awarded under the NYS CDBG Small Business program may not be used for new construction activity.

The proposed project or program will be reviewed and evaluated for, but not limited to:

- Eligibility of activities, National Objective and overall program compliance,
- Project feasibility and to ensure business owner and community have the capacity to perform,
- Reasonableness of project costs,
- Commitment of all other funding sources, and
- Assurance that CDBG funds are not being substituted for non-federal funds and that CDBG funds do not over-subsidized private investment or provide undue enrichment.
- Consistency with the NYS HCR Investment Strategy and compliance with the Smart Growth Public Infrastructure Act.
- Project selection shall take into consideration the recommendation of the relevant regional economic development council or the Commissioner's determination that the proposed project aligns with the regional strategic priorities of the respective region.

OCR will use the guidelines that meet the requirements set forth in 24 CFR 570.482(e) and Appendix A to Part 570. The purpose is to select economic development projects which are financially viable and make the most effective use of NYS CDBG funds.

Guidelines, requirements and limitations:

1) Economic Development program

- a. Maximum award amount of \$750,000 (minimum \$100,000).
- b. NYS CDBG can fund up to 40% of a total project cost, not to exceed maximum award amount.
- c. Projects must result in the creation or retention of at least one permanent, FTE job for every \$15,000 of NYS CDBG funds awarded.
- d. NYS CDBG funds should be used as gap funding to induce project completion.

2) Small Business Assistance program

- a. Award amounts of \$25,000 to \$100,000 for assistance to individual business.
- b. Projects must result in the creation or retention of at least one FTE job per \$25,000 of CDBG funds provided.
- c. NYS CDBG can fund up to 40% of a total project cost.
- d. Minimum of 20% owner equity contribution to the project is required*.
- e. *To induce sustainable, green projects the equity contribution may be lowered to a minimum of 10% if the activity is certified by the community and OCR as a NYS CDBG Green project.

The maximum awards are not intended to serve as a target figure for requests for assistance. The amount of CDBG assistance should be based on need and CDBG funds should not be used to reduce the amount of non-federal financial support for the project. The equity requirement must be provided as cash and must not be associated with debt of any kind.

A minimum of fifty-one percent (51%) of the jobs that are created or retained as a result of an economic development award must be either held by and/or made available to persons from low- and moderate-income (LMI) households.

- “taken (held) by” - A job is considered to be taken by a LMI person if, at the time their employment starts, that person is a member of a family whose income falls at or below the applicable Section 8 Income Limits.(Reference www.huduser.org/datasets/il.html for the most current income limits.) In the instance of retention, a job must be either held by LMI persons at the time CDBG assistance is provided and/or expected to turnover to LMI persons within two years.

- “available to” - A job is considered to be made available to a LMI person if the position does not require special skills acquired from substantial training or work experience, and education beyond high school is not a prerequisite to employment. Also, the assisted business must take actions to ensure that LMI persons receive first consideration for filling such jobs.

Special Rules for Retained Jobs:

In order to consider jobs retained as a result of CDBG assistance, there must be clear and objective evidence that permanent jobs will be lost without CDBG assistance. For these purposes, “clear and objective” evidence that jobs will be lost would include:

- evidence that the business has issued a notice to affected employees or made a public announcement to that effect, or

- analysis of relevant financial records which clearly and convincingly shows that the business is likely to have to cut back employment in the near future without the planned intervention.

To meet the LMI jobs standard, 51% or more of the retained jobs must be either:

- known to be held by LMI persons at the time CDBG assistance is provided and/or
- jobs not known to be held by LMI persons, but which can be reasonably expected to “turn over” to LMI persons within two years. (This would involve the grant recipient and the business being assisted taking actions to ensure that such a job, upon turnover, will be either taken by or made available to LMI person in a manner similar to that pertaining to a newly created job, as discussed above.)

Applicants should only apply for the amount of funding that can be fully expended and the type of activities that can be completed within the specified project completion period of twenty-four (24) months. Applicants should not proceed with a project that cannot be completed within the specified timeframe or with the assumption that an extension of the project deadline will be considered.

THE PROPOSED APPLICATON

The Village of Canton is proposing to apply for funding through the CDBG Economic Development Program to assist Audrey Guthrie, Inc. d/b/a Dairy Queen, 51 Gouverneur Street, Canton, New York.

The Village will request CDBG funds not to exceed \$195,000 to aid with the purchase of equipment.

This assistance will support the creation of 13 full time equivalent jobs principally for persons of low-moderate income.

TECHNICAL ASSISTANCE

The Village of Canton Office of Economic Development can render technical assistance about the program to those interested in advance alternative proposals for use of CDBG funds as requested or needed. For technical assistance, contact the Office of Economic Development at: (315) 386-2871 x5, or by email at lrodriguez@cantonny.gov.