Vermont Community Development Program

Community Development Block Grant – Disaster Recovery (CDBG-DR) Program Guide

VERMONT

DEPARTMENT OF HOUSING & COMMUNITY DEVELOPMENT

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CDBG-DR Program Guide

This Program Guide: 1) provides information about CDBG-DR to help an applicant determine if CDBG-DR funds are appropriate for the project in need of funding, and 2) gives an overview of the program requirements

The Vermont Community Development Program (VCDP) requires that all Pre-Applications and Applications for the Community Development Block Grant – Disaster Recovery (CDBG-DR) funds be submitted online. No paper applications will be accepted. For a complete listing of the Community Development Board meeting schedule, please refer to the CDBG-DR CD Board Meetings & Awards webpage**.** All grant applications must be submitted through the Department's online grants management system, GEARS.

Introduction and First Steps

The Vermont Community Development Program (VCDP) is a division of the Department of Housing and Community Development (DHCD) within the Vermont Agency of Commerce and Community Development (ACCD). VCDP is responsible for the administration of the Community Development Block Grant - Disaster Recovery Program (CDBG-DR), which is funded through the U.S. Department of Housing and Urban Development (HUD).

VCDP provides CDBG-DR grant funds to municipalities, non- and for-profit developers, and other eligible entities within 7 Vermont counties determined by HUD and the State. Program areas include housing, infrastructure, and mitigation, CDBG-DR fund may be used for projects within these program areas that benefit primarily low-to-moderate income (LMI) persons with unmet need related to damages caused by Vermont's July 2023 floods (DR-4720). The CDBG-DR program, administered by VCDP is guided by the Disaster Recovery Action Plan, which establishes the State's parameters and priorities for use of the CDBG-DR federal funds in conformance with the requirements set forth in the HUD-issued Universal Notice.

Eligible Applicants

Eligible entities for CDBG-DR funds include local governments, state agencies, public or non-profit organizations, community housing development organizations (CHDOs), and private developers (See sections 4.4.3.2., 4.4.4.2., 4.4.5.2 of the Disaster Recovery Action Plan). Most projects are a coordinated effort between multiple entities. All applicants and potential subgrantees must be registered with the federal System for Award Management (SAM.gov).

Project Eligibility Overview

CDBG-DR funds are available to assist communities with housing, infrastructure, and mitigation projects that address unmet need from DR-4720. Both Implementation and Planning grants are available. However, a significantly higher allocation has been made for implementation projects.

CDBG-DR funded projects must comply with all eligibility requirements set forth in the Universal Notice and the Disaster Recovery Action Plan. The main eligibility requirements for projects will be listed below and discussed in more detail in the Eligible Activities section of this document.

Key Eligibility Criteria:

- Projects must be located in a HUD- or State-identified Most Impacted and Distressed (MID) area. The identified MID areas can be found in the Eligible Projects section of this document
- Projects must assist in meeting an unmet need related to damage sustained as a result of the July 2023 flooding (DR-4720)
- Projects must fall within one of the following eligible program categories: Housing, Infrastructure, or Mitigation
- Projects must meet an approved National Objective: Low/Moderate Income (LMI) Benefit, or Urgent Need
- Projects must meet an approved State Objective: Housing, or Public Facility

Your First Step: Contact CDBG-DR Staff

Disaster Recovery (DR) analysts are available to discuss potential projects and to answer any questions regarding eligibility, program-specific requirements, and the application process. Your DR Analysts can be reached at ACCD.CDBGDr@vermont.gov. Potential Applicants are encouraged to schedule a Technical Assistance (TA) call prior to opening an application, TA calls can be scheduled by contacting your DR Analyst through the email listed above.

NOTE: TA calls will be required following submission of a Pre-Application

Overview of Application Process:

Requirement for Submission of Pre-Application

All applicants are required to complete a Pre-Application on the Online Grant Electronic Application and Reporting System (GEARS), the application forms will not become available in the system until a Pre-Application is submitted and approved. Technical Assistance calls will be scheduled following submission of the Pre-Application. CDBG-DR staff may require on-site meetings; these will be determined at the discretion of the staff to confirm eligibility.

Organize an All-Funders Meeting

For some projects, notably multi-unit housing projects and infrastructure projects, it is extremely valuable and important for a meeting to be arranged with representatives from all potential funding sources prior to the preparation of an application. CDBG-DR staff strongly encourage these meetings and will be happy to assist in coordinating them. During these meetings issues such as timing, eligibility and project feasibility can be addressed. Contact your DR Analyst early in the process to discuss your project and make arrangements for an all-players meeting.

Seeking Assistance with Application Preparation

Many applicants, both municipal officials and project developers, find that they are too busy to complete the application forms themselves. There are a number of non-profit agencies, including the Regional Planning Commissions and Regional Development Corporations that have assisted applicants on previous VCPD applications.

VCDP also maintains a list of Community Development Consultants who have worked on applications in the past.

Public Hearing

One of the items that most frequently prevents an application from being considered is the failure to comply with the application public hearing requirements. More detailed information can be found in this Guide in the Public Hearing section. The public hearing requirements apply to all eligible applicants, whether a governmental, or a non-governmental entity (CHDO, private developer, public/non-profit organization).

Environmental Review

Every HUD-assisted project must complete an Environmental Review (ER). The ER does not need to be completed before an application is submitted, but applicants are highly encouraged to start the ER early in the application process. **The ER must be completed before any Choice Limiting Activities occur**. For more information please review the Environmental Review page on our website, including the ER Process Memo or contact the Grace Vinson the Environmental Officer. An overview of Choice Limiting Activities can be found on pg. 2 of the ER Process Memo.

Program Overview

Eligibility Criteria: Most Impacted and Distressed (MID) Areas

All projects utilizing CDBG-DR funds must be located in either a HUD- or State-identified Most Impacted and Distressed (MID) area.

These are geographic zones that have been identified to possess the highest levels of unmet need after all other sources of disaster recovery funding have been exhausted. For more information on how these determinations were made, please refer to the Disaster Recovery Action Plan.

HUD-Identified MID Areas:

- Washington County
- Lamoille County

State-Identified MID Areas:

- Orleans County
- Caledonia County
- Rutland County
- Windsor County
- Windham County

Eligibility Criteria: Tie-Back Requirement

All CDBG-DR funded activities must address impacts of the disaster for which funding was allocated (tie-back to DR-4720) and address unmet needs from the event.

Sufficient documentation of physical loss must include damage or rebuilding estimates, insurance loss reports, images, or similar information that documents damage caused by the disaster. Applicants must maintain records that document how each funded activity addresses a direct or indirect impact from the disaster. This documentation will be required as part of the application.

NOTE: An allocation of $4,902,750 was made for the Mitigation Set-Aside which is intended to fund mitigation projects that enhance regional resiliency. These activities are expected to be designed to mitigate the impacts of future floods and other severe weather event-related hazards. Projects funded with Mitigation Set-Aside funds do not require a direct tie-back to DR-4720.

Eligibility Criteria: Unmet Need and Duplication of Benefit

CDBG-DR funds are explicitly reserved to assist with unmet need related to DR-4720. A Duplication of Benefit is prohibited when accessing federal funds.

A Duplication of Benefit occurs when a person, household, business, or other entity receives disaster recovery assistance from multiple sources for the same recovery purpose, and the total assistance received for that purpose is more than the total need. The amount of the DOB is the amount received in excess of the total need for the same purpose.

When the total need for eligible activities is more than total assistance for the same purpose, the difference between these amounts is an ‘‘unmet need.’’ CDBG-DR assistance must be limited to unmet needs for eligible activities to prevent a Duplication of Benefit

Eligibility Criteria: National and State Objectives

All CDBG-DR funded projects must meet at least one of the two National Objectives identified in the Disaster Recovery Action Plan, which are: LMI Benefit and Urgent Need. The eligibility requirements to meet the approved National Objectives are described below.

Additionally, all CDBG-DR funded projects must meet at least one of the two State Objectives identified in the Disaster Recovery Action Plan, which are: Housing and Public Facilities. The eligibility requirements to meet the approved State Objectives are described below.

For any questions regarding meeting a National or State Objective, please contact your DR Analyst. Please note, although Slums & Blight is established as a National Objective under the Federal Act, it is not an eligible National Objective for CDBG-DR funded projects.

National Objective 1: LMI Benefit

CDBG-DR funding is intended to primarily serve income eligible beneficiaries. This benefit requirement is one of the most important program mandates to understand and meet as you consider pursuing CDBG-DR funds for a project. HUD requires that a minimum of 70% of CDBG-DR funding directly benefits low- and moderate-income (LMI) households, defined as making less than 80% of area median income (AMI).

If selecting LMI benefit as the National Objective for your project proposal, please bear in mind that you will be required to document that the project has achieved the proposed benefit within the grant period. You will need to be prepared to conduct income surveys or other means of documenting the income level of households or families benefiting from your project. "**Limited Clientele**" and "**Area-Wide Benefit**" are two concepts which may allow predetermination that proposed benefit will be met, and may simplify, to some extent, a grantee's benefit documentation obligation.

Limited Clientele: A project that serves a Limited Clientele is one in which direct benefit is provided to one or more groups of persons who have been documented or are presumed, under HUD regulations, to be of low- and/or moderate-income.

Within the Limited Clientele option there are three ways to document LMI benefit:

1. Presumed Low/Moderate Income**:** proposed beneficiaries are included in the list of categories of persons in 24 CFR Section 570.483 (b)(2)**.** These categories include the following: abused children, battered spouses, elderly persons,

severely disabled persons, homeless persons, illiterate adults, persons living with AIDS, among others.

2. Pre-qualified: proposed beneficiaries are not included in the presumed list above, but secondary data submitted by the applicant to VCDP clearly demonstrates that the intended beneficiaries are income eligible through their participation in some other income eligibility program such as Headstart, Medicaid, etc.
3. Completion of Income Surveys: Proposed beneficiaries that do not qualify as presumed or pre- qualified, need to complete family or household income surveys. Be sure to confirm with your DR Analyst which income survey is applicable.

Area-Wide Benefit: A project which will provide area-wide benefit is one that will provide public facilities to a target area which is demonstrated to have a population of at least 51% low- and/or moderate-income persons. An area-wide benefit activity is an activity that is available to benefit all the residents of the target area. Typical area-wide benefit activities include water-sewer lines and community or neighborhood facilities. For further information, see HUD's interactive Area Wide Low-and-Moderate Income (LMI) Community Data map or contact your DR Analyst for more information on area-wide benefit.

For further information on determination of benefit please see Title I - Housing and Community Development Act of 1974, as amended 42 U.S.C. Sec. 5305 et seq, Code of Federal Regulations 24 CFR 570.483 or contact your DR Analyst for guidance.

National Objective 2: Urgent Need

The Urgent Need National Objective may be used when necessary to respond to the urgency and location of the disaster-related impact and when the existing conditions pose a serious and immediate threat to the health or welfare of the community.

The Urgent Need National Objective may serve projects which demonstrate immediate need under the State's Hazard Mitigation Plan, and as identified by Vermont Emergency Management, but may otherwise be ineligible because they do not meet the LMI Area-Wide (LMA) requirement. These projects include, but are not limited to, replacement of culverts, bridges, and roadways, and other vital infrastructure, such as water or wastewater infrastructure impacted by DR-4720 within the State or HUD identified MID areas.

State Objective 1: Housing

To meet the State Housing Objective, it must be demonstrated that the project will conserve, expand, or improve housing stock within the State of Vermont.

State Objective 2: Public Facilities

To meet the State Public Facilities Objective, it must be demonstrated that the project will improve public facilities in support of housing or mitigation activities, provide other public benefit, or where there is a threat to the public health and safety.

Grant Types

VCDP provides federal CDBG-DR funding for Eligible Activities through the application types listed below.

HUD has issued a waiver allowing CDBG-DR funds to be used as the non-federal match for other federally funded projects, whether an implementation grant or planning grant. These projects must still comply with all requirements of CDBG-DR grants. For more information, please contact your DR Analyst**.**

NOTE: HUD requires that all CDBG-DR funds be dispersed within 6 years of ACCD signing a grant agreement with HUD which took place in August 2025. All projects funded with CDBG-DR grants are expected to be completed within this timeframe.

Implementation Grant (IG)

Provides funding for housing, infrastructure, or mitigation implementation projects that enhance regional resiliency for future flooding events. All implementation projects must result in a direct benefit to LMI households.

Grant Range: $500,000 minimum to $10,000,000 maximum for housing and infrastructure projects. Mitigation activities with no tie-back to DR-4720 will have a minimum award of $500,000 and a maximum award of $4,902,750.

Planning Grant (PG)

Provides funding for planning activities that directly support recovery activities and watershed mitigation while leveraging key partners across the State. Planning grant funds allow communities access to the technical expertise and professional resources needed to test ideas, propose strategies, develop plans, establish policies and procedures, and conduct organizational activities.

It is important to remember that the successful funding of a planning grant does NOT guarantee or imply that VCDP or CDBG-DR funding for the project at implementation will be available. The project must stand on its own merits and receiving CDBG-DR planning dollars does not make the implementation proposal more competitive.

Grant Range: $100,000 minimum to $2,0000,000 maximum.

NOTE: If a community has an open PG, it will bear on the competitiveness of an application for an additional PG. Applicants will need to explain in the application their capacity to manage an additional PG and explain why the open PG is not completed and provide the timeline for completion.

Eligible Activities

Housing

CDBG-DR grant awards will be provided to reconstruct, rehabilitate, or for the new construction of affordable rental and homeownership units that support community adaptation goals outside of floodplains and flood impacted corridors in the HUD-identified and State-Identified MID areas. Housing Activities may facilitate the buyout and acquisition of damaged homes to assist residents in relocating to safer areas.

The housing program may also provide funding for infrastructure directly-in-support of housing projects that will support communities in the development of housing.

It is expected that mitigation measures in support of resilience to future flooding events be incorporated into all housing projects. Applicants must identify specific mitigation actions as part of the basic application and a distinct cost breakout in the funding request. When determining which mitigation measures to incorporate, grantees should design and construct structures to withstand existing and future natural hazards expected to occur over the life of the project. For all mitigation measures adopted, grantees must report resilience performance measures available in DRGR.

Eligible Activities: Buyout/Acquisition; Clearance, Rehabilitation, Reconstruction and Construction of Buildings; Removal of Architectural Barriers; New Housing Construction; Relocation; Lead-Based Paint Hazard Evaluation and Reduction, Asbestos Removal, Infrastructure in Direct-Support of Housing

Infrastructure

The State of Vermont’s Infrastructure program will provide funding to repair, upgrade, and modernize the State’s critical infrastructure in response to damage sustained from DR-4720. The program aims to reduce the long-term vulnerability of the State’s roads, bridges, stormwater systems, water and wastewater facilities, and other critical infrastructure systems by investing in resilient infrastructure solutions to restore infrastructure damage from DR-4720 and mitigate the impacts of future severe weather events.

Projects may include bridge and culvert improvements or replacement, water/sewer infrastructure, and road rebuilding or relocation. All projects under this program must demonstrate a tie-back to DR-4720 and unmet needs from the event.

Eligible Activities: Acquisition, Construction, Reconstruction, and Installation of Public Facilities and Other Site Improvements; Code Enforcement; Disposition; Non-Federal Match

Mitigation Set-Aside

The mitigation set-aside program will provide funding for activities designed to mitigate the impacts of future floods and other severe weather event-related hazards in the identified MID areas. In accordance with Vermont's Hazard Mitigation Plan, the program will be a targeted effort to increase the resilience of communities and infrastructure along the major rivers, reduce the long-term risk of loss of life, and lower future impacts to property from severe weather events.

CDBG-DR funds may be used for projects such as floodplain restoration, dam removal, bridge and culvert improvements or replacement, flood storage improvements, public water and wastewater projects, and riverbank stabilization to reinforce areas and communities along rivers to mitigate the impacts of future flood and severe weather event hazards

Eligible Activities: Acquisition, Construction, Reconstruction and Installation of Public Facilities and Other Site Improvements; Disposition; Non-Federal Match

Timeline

VCDP accepts applications on a rolling basis for CDBG-DR grants. However, it is recommended that you submit your application prior to the Submission Date for Application corresponding to the Board Meeting you would like to attend. The VCDP Board Meeting schedule and Submission Dates for Applications can be found on the CDBG-DR Board Meeting & Awards webpage and will be updated on an as-needed basis. As part of the timeline from application submission to Board Meeting date, DR Analysts will review and score the application prior to the Board Meeting.

Risk Assessment

Grants Management Staff review each application through a Risk Assessment. Additional Conditions may be added based on the Assessment. Organizations are ranked from low to moderate to high risk based on program and performance, financial controls, and other pertinent factors. VCDP staff also take into consideration previous monitoring experience, reviewing requisitions, supporting documentation, working with the respective administrators/developers, reviewing final program reports, and reviewing single audit reports with the Risk Assessment.

UEI Numbers, SAM.gov Registration, and Debarment

All parties that will receive CDBG-DR funds, including contractors, must have a Unique Entity Identification (UEI) Number which is an identification number provided by registering with the System for Award Management (SAM.gov). By registering your organization with SAM.gov, VCDP staff are able to determine that the party has not been debarred from receiving federal funds. Additionally, they must not be on the State's Debarment List.

Funding Decision Process:

DR Implementation Grants (IG)

Implementation grant applications are reviewed by DR staff and the Community Development Board through a review process. The Community Development Board is a nine-member citizen advisory board established by the State Act and appointed by the Governor. CDBG-DR Implementation Grants are presented to the Board through a consent agenda, based on CDBG-DR staff recommendations. CDBG-DR staff may consult with other state agencies such as Vermont Emergency Management (VEM) when reviewing applications to ensure proposals align with State and regional objectives and unmet needs to avoid a duplication of benefit. The Board will make funding recommendations to the Secretary of the Vermont Agency of Commerce and Community Development based on an evaluation of the project with respect to need, impact and feasibility. The Secretary makes all final funding decisions.

Implementation Grant Project Scoring Matrix:

Need	Max Points (60)
Vermont Community Index Score	10 Points
VEM Priority Project List	10 Points
Project Need is well documented	10 Points
Appropriateness of Solution	10 Points
Strength of Tie-Back to DR-4720	10 Points
Project addresses mitigation measures	10 Points

Impact	Max Points (40)
Project LMI Benefit	10 Points
Coordination with local/regional planning efforts	10 Points
Use of mitigation measures in construction methods	10 Points
Community better positioned to meet post disaster	10 Points

Feasibility	Max Points (40)
Demonstrated capacity and experience to carry out the project	10 Points
Project Long Term Viability	10 Points
Project cost effectiveness and reasonability	10 Points
Project readiness	10 Points

DR Planning Grants (PG)

Planning grant applications are reviewed by DR staff and the Community Development Board through a review process. The Community Development Board is a nine-member citizen Board established by the State Act and appointed by the Governor. DR Planning Grants are presented to the Board through a consent agenda, based on DR staff recommendations. DR staff may consult with other state agencies such as Vermont Emergency Management when reviewing applications to ensure proposals align with State and regional objectives and unmet needs to avoid duplication of benefit. The Board will make funding recommendations to the Secretary of the Agency of Commerce and Community Development based on an evaluation of the project with respect to need, impact and feasibility. The Secretary makes all final funding decisions.

Planning Grant Project Scoring Matrix

Need	Max Points (50)
Vermont Community Index Score	10 Points
Project need is well documented	10 Points
Strength of Tie-Back to DR-4720	10 Points
Project addresses mitigation measures	10 Points
Appropriateness of Solution	10 Points

Impact	Max Points (30)
Coordination with local and regional planning efforts	10 Points
Community is more resilient for next disaster	10 Points
Community better positioned to meet post disaster residents	10 Points

Feasibility	Max Points (30)
Demonstrated or access to capacity and experience to carry out the project	10 Points
Project Cost effectiveness and reasonability	10 Points
Project Readiness	10 Points

Compliance Requirements to Consider Prior to Application Submission

Because on the requirements attached to federal dollars such as CDBG-DR funds, there are some areas, particularly with Implementation Grant applications, that should be considered well in advance of the application deadline to avoid serious difficulties with your project. We strongly urge you to learn about the following areas prior to applying:

The Uniform Relocation Act

The Federal Uniform Relocation Act (the "URA") requires VCDP and CDBG-DR grantees to minimize the hardship on persons and to ensure the fair and equitable treatment of persons who are displaced as a result of federally-assisted projects designed for the benefit of the public as a whole.

The URA is a very complicated federal statute, and if you answer yes to any of the following questions, you need to become knowledgeable in the requirements of the statute.

- Does the project involve or have the potential to involve the acquisition, rehabilitation, demolition or conversion of real property?
- Are there tenants or other occupants, including businesses that will be affected by the project? If so, they must be notified of the proposed project in accordance with the requirements of the federal Uniform Relocation Act.
- Do the tenants or other occupants need to be relocated, either permanently (longer than 12 months) or temporarily?
- Will there be a reduction in the number of affordable housing units and/or bedrooms because of this project? If so, you likely will need to develop and submit a 1:1 Replacement Plan for approval with the application.

Please read through the federal regulations provided in Federal Regulations 24 CFR 570.606, Displacement, Relocation Assistance and Real Property Acquisition for definitions and the basic rules for compliance. Please also contact your DR Analyst and review the HUD Handbook 1378. This handbook provides a guide for compliance with the URA.

Environmental Review Process

The Environmental Review (ER) process should be started early in the application process. Applicants are encouraged to open the Environmental Review application on GEARS simultaneously with the CDBG-DR Application, or earlier if possible for large or more complex projects.

If an ER cannot be completed prior to application submittal, the ER Release will be listed as an Award Condition. Communication with the VCDP Environmental Team and Division of Historic Preservation throughout the application process will ensure a successful and efficient review.

The **National Environmental Policy Act of 1969, 42 U.S.C § 4321 et seq. ("NEPA**"), and related regulations, apply to all CDBG-DR funded projects. An Environmental Review is required to determine the entire project's impact on the environment. All activities involved in a project must be assessed; those funded with CDBG-DR funds as well as those funded with other resources. This assessment must be completed, and the ER Release Letter must be received before any non-program delivery project funds are obligated or expended. Only expenditures for grant administration/project management can be incurred. For instance, a construction contract cannot be executed, and construction cannot commence prior to receiving the ER release. For detailed guidance on the Environmental Review Process please see the Environmental Review webpage. For additional information and guidance, please contact Grace Vinson, the Environmental Officer in our Grants Management Division (802-622-4236).

Historic Preservation

One important component of the ER is the requirements included in Section 106 of the National Historic Preservation Act, as amended (54 U.S.C.§ 306108). The process seeks to accommodate historic preservation concerns with the needs of federal undertakings or projects. The goals of consultation are to identify historic properties potentially affected by the project, assess the effects, and seek ways to avoid, minimize or mitigate any adverse effects.

Historic properties are any district, site, building, structure, or object that is eligible for or listed in the National Register of Historic Places. To begin the Historic Preservation portion of the ER, a Section 106 Preliminary Review Form (PRF) needs to be submitted to the Vermont State Historic Preservation Officer (SHPO) for every project. VCDP highly recommends submission of the PRF as soon as project planning commences.

The SHPO will has a 30-day review period once provided with adequate documentation to provide an initial determination of effect. If the SHPO determines that there is the potential for adverse effects to historic properties, SHPO will request that a VCDP Approved Historic Preservation Consultant be hired to help avoid, minimize, or mitigate adverse effects. Your Historic Preservation Consultant will conduct a review and offer findings and recommendations.

Fair Labor Standards & Davis Bacon Wage Rates

Any housing project of more than seven units, or any construction project of more than $2,000, where federal funds are all or part of the project funding, triggers the requirements of the Davis Bacon Act, the Copeland anti-Kickback Act, and the Contract Work Hours and Safety Standards Act. These federal laws impose considerable record keeping obligations and impose requirements on your contractors and subcontractors. Please refer to Fair Labor Standards and Davis-Bacon section of the VCDP Grants Management Guide on our website for more information. To ensure that workers receive no less than the prevailing wage rate for similar work in each specific locality, the communities if awarded must secure the Wage Rates at SAM.gov (prior to publishing any Request for Bids (RFB).

Procurement Obligations

With public funds come the obligations to follow and document a full and open competitive process. If you have any concerns or questions regarding federal procurement requirements, be certain to contact your DR Analyst. Otherwise, you may create a situation where VCDP cannot consider funding the project. Please refer to the Procurement section of the VCDP Grants Management Guide on our website for detailed guidance before you enter into any arrangements for the procurement of goods or services for your project (e.g., architects, consultants, engineers, construction contractors). For instance, you must ensure and document that all prime contractors and subcontractors are not on the HUD Debarment List or State Debarment List.

In addition, the Grantee or Administrator must verify and document that the prime contractor has been certified and registered with the Vermont Secretary of State's Office.

For further information and guidance with respect to Fair Labor Standards, the Davis-Bacon process, Procurement and Contracts, please contact your DR Analyst.

Build America Buy America Requirements

CDBG-DR funds are exempt from Build America Buy America Act (BABA) Provisions. However, if your project uses other federal funds that trigger BABA requirements, the entirety of the project, including CDBG-DR, State, and private funding must follow those requirements. Please consult with other federal funders regarding BABA requirements.

Program Policies & Requirements

Consortium Guidelines

When more than one municipality or other entity applies for and receives a grant from the Vermont Community Development Program, and the purpose of the grant is to provide infrastructure or other governmental service, the grant is treated as a single award to the municipalities, severally and collectively. Each municipality is responsible for the entire grant. However, to have several municipalities administer one grant can be unwieldy. Therefore, VCDP policies provide for a collaborative arrangement termed a "Consortium." Under this arrangement, one municipality serves as the "Lead" and serves as the agent for all of the other municipalities, which are considered "Joint Applicants". The specifics of this arrangement are set out in a "Consortium Contract". Be aware that there is specific public hearing requirements for consortiums.

There are several possible arrangements for providing non-governmental services outside of a municipality's jurisdiction:

- One municipality provides services to a region or sub-region such as a community applying on behalf of an organization that wants to establish a county-wide program, in a county or wants to conduct an accessibility survey for all municipalities within a county wanting to participate.
- A consortium provides services within their municipal limits such as two abutting municipalities working together on housing or an industrial park project that is on a parcel(s) of land located within both municipalities, or
- A consortium provides services to a region or sub-region such as two or more municipalities in two different counties (other than NVDA's three county region or FCIDC's two county region) working together to establish a multiple county-wide program. Using the same examples as above, this could be a home share program or an accessibility survey for municipalities within several counties.
- Prospective applicants must determine whether it makes sense for municipalities to act together to accomplish the project's objectives. Your DR Analyst can assist you in making this determination. The number and membership of a consortium will depend on the proposed project and the relevant characteristics of the region. CDBG-DR requires that:

- A consortium must be formed and must include all the municipalities being served where the proposed project is for a customary municipal service, such as a water or sewer line and is to serve more than one municipality;
- A consortium of at least one municipality per region must be formed when more than one region is served by the proposed project. For example, if a project proposed providing services to more than one region or a planning study covered more than one region, a consortium is required. An exception is if a community public facility such as a shelter for troubled teenagers or a parent/child center draws beneficiaries to it from more than one region; and
- No consortium would be required, though the applicants may choose to form one, when the proposed project will provide services directly to individuals in more than one municipality in one region. In addition, an application by a community on behalf of an already established Non-profit Community Development Organization (NCDO) serving more than one region does not need to submit a consortium application if the project is simply a continuation of the NCDO's work.

For purposes of CDBG-DR, the Agency has defined a "region" as either the service area of one of the Agency's block grant partners (a regional planning commission and a regional development organization), or a county. A "sub-region" is an area that is a portion of a block grant partner's service area, or a portion of a county. Regional programs must meet the consortium guidelines as described above. In addition, it is important to demonstrate in the application that there is support within the region being served when a consortium is not required. This can be in the form of monetary contributions, letters of support, etc.

Fraud, Waste, and Abuse

All CDBG-DR grantees will be required to attend an in-person training facilitated by HUD to increase awareness of procedures and protocols in service of the prevention of fraud, waste, and abuse when handling federal funds. More information will be provided to grantees that are selected to receive CDBG-DR awards when it becomes available.

Municipal Plan

To be eligible for CDBG-DR funds, a municipality must have in place a municipal plan adopted in accordance with 24 V.S.A. Chapter 117, Subchapter 5, “Municipal Development Plan”. The plan must identify the municipality’s community development needs including housing and economic development as well as the needs of low and moderate-income persons and the activities to be undertaken to meet such needs. A project must be consistent with the applicable plan.

Keep in mind, if applying as a consortium application, each applicant of the consortium must have an adopted municipal plan.

Budget

Scope

Your project budget should include funds adequate to perform all activities required to achieve the proposed benefit that meets the National and State Objectives.

Sources

CDBG-DR expects all applicants to vigorously explore all funding sources. This includes all available grants, loans, conventional financing, local capital campaigns, income generated from previous CDBG or HUD-direct grants, and community tax dollars (where appropriate). These efforts will bear on the competitiveness of an application. A revolving loan fund (RLF) controlled by an applicant must be considered as a funding source, and any decision not to access such funds for the project must be explained. The RLF funds cannot sit idle or be held as an endowment or trust only to earn interest.

If a community has an inactive CDBG/HUD funded Revolving Loan Fund (RLF) as defined by Agency Procedures (see definition below), at least 20% of the RLF balance on hand must be committed to the project when applying for CDBG funds. The required RLF funds may be provided in the form of a loan or a grant to the project.

Definition of inactive: CDBG funds in an RLF, where the average annual disbursement excluding any amount expended for Administration & Management Costs, does not exceed 25% of the total balance over a 3-year period.

In addition, communities are expected to provide financial support in the way of donated general administrative or program management services, waiving or reducing connection or local permit fees, or other cash-in-kind contributions relevant to the project – or must explain why such support is not possible. A community is generally not expected to go to its taxpayers for funds unless it is a municipally owned community public facility, or the project is vital to its downtown or village center.

Program Delivery

The amount of federal funds used for program delivery of the grant must be "necessary and reasonable" for the proper and efficient performance and administration of the CDBG-DR award. In order to be charged to the CDBG-DR grant, all Program Delivery costs must comply with requirements set forth in the Universal Notice and Disaster Recovery Action Plan.

All administrative services and professional services contracts between Grantees and Program Administrators must comply with the VCDP "**Sample Contract for Administrative and Professional Services**" contained in the Grant Agreement and Award Conditions section of the Forms and Sample Documents webpage. Payment under such contracts may only be made for "necessary and reasonable" costs that are invoiced and supported by appropriate documentation that identifies the specific personnel, time worked for each project, and rate being charged.

Program Delivery: These are costs relating to the overall management of the CDBG-DR grant. These activities typically are common to any VCDP grant and include the following: financial management, progress reports, requisitions, procurement, and final program reports/closeout single audit costs, clerks of the works, compliance with Davis-Bacon requirements, permit compliance, engineering, design, and architectural services, among others. The cost of performing Program Delivery is a good way for a community with in-house capacity, to provide a cash-in-kind commitment, even if only a partial contribution, to demonstrate support for the project. Any organization that cannot perform this responsibility as a cash-in-kind contribution should be certain to adequately budget this cost.

Please be aware that any unexpended Program Delivery funds may not be used for other grant agreement budget line items and must be returned to the Agency.

Pre-Award Costs

Applicants who receive an award may be reimbursed through the Grant Agreement for pre-award costs such as the fees charged by professionals (environmental consultants, architects, engineers, archeologists, lawyers, etc.) in the preparation of the applications. Such costs will not be reimbursable to applicants who do not receive an award. These costs must be clearly identified in the application and are subject to Agency approval. It is critical to remember that proper procurement processes must be adhered if the costs are to be eligible for reimbursement.

Real Estate Appraisals

Real estate appraisals are required when the project includes acquisition of real property in fee simple, a real estate lease where renewal options allow for extensions of 50 years or more, or permanent easements. An appraisal will not be required where the owner is donating the property interest, or the property interest is determined to have a market value of less than $2,500 and the determination is documented and has been made by a person familiar with the local real estate market.

Appraisals must be conducted within six (6) months of the execution of the Option Agreement, Purchase and Sales Agreement or other document committing to a purchase. Real estate appraisals must be conducted independently and impartially by a qualified appraiser and must be supported by analysis of relevant market information. This is not a threshold but is required. In other words, an application will be accepted without the completed appraisal, but a funding decision without one is unlikely. All appraisals for potential property acquisition or buyout will be based on pre-disaster valuation.

Please Note: applicants considering acquisition of real property MAY NOT enter into a purchase and sales agreement. A HUD-compliant option agreement must be executed instead to avoid making the proposal ineligible for HUD funding. For more information, contact your DR Analyst.

Housing

For housing projects utilizing the bond (4%) or the allocated (9%) Low Income Housing Tax Credit through the Vermont Housing Finance Agency (VHFA), a market study meeting VHFA standards must be submitted with an application (this is a threshold requirement). All other housing projects should also submit a market study. However, based on specific project circumstances, VCDP will consider waiving this requirement.

Housing projects seeking bond 4% or allocated 9% Low Income Housing Tax Credits through the Vermont Housing Finance Agency (VHFA) are more competitive if they have either received funding approval from VHFA before the Community Development Board considers the CDBG-DR application or have been underwritten by VHFA staff in preparation of a VHFA Board meeting.

The Department reserves the option to contract with a credit analyst to perform a financial analysis of housing applications.

Thresholds

These criteria must be met for the application to be accepted for consideration. They are “tickets for admission” to the competition for funds; they are not competitive criteria for selection. With the application being an online system, these thresholds must be met to allow the application to be submitted via the web, so be sure none have been overlooked.

Pre-Application

All applicants must submit an electronic pre-application through GEARS before being granted access to the full application. The pre-application form can be initiated and completed by the following roles within an organization in the GEARS system: Municipal Authorizing Official (MAO), Administrator, Administrator/Financial Officer, and Writer. Once created, complete the requested information.

When applying for disaster recovery funds the only grant types eligible for CDBG-DR are Disaster Recovery – Implementation and Disaster Recovery – Planning. CDBG-DR must be selected under the program funds requested. All CDBG-DR applications must indicate if the project is in HUD-MID or State-MID.

The only eligible National Objectives that qualify for CDBG-DR funds are Low/Moderate Income (LMI) or Urgent Need (UN). The only eligible State Objectives that qualify for CDBG-DR are Housing and Public Facility.

Under Project Descriptions you must indicate the CDBG-DR activity(ies) for which the project will be utilizing funding.

Application

VCDP accepts CDBG-DR applications on a rolling basis. However, it is recommended that an application is submitted prior to the listed due dates on the CDBG-DR CD Board Meetings & Awards webpage.

The Municipal Authorizing Official (MAO), or Authorizing Officials (AO) – Mayor, City/Town/Village Manager, Town Administrators, Members of City Council, Select Boards, Village Trustees, CEO – are the only individuals that can **submit** an application electronically - in essence signing and certifying the application on behalf of the Municipality.

For more information on gaining access to Online Grant Electronic Application and Reporting System (GEARS), please contact your DR Analyst. If you do not already have a user account or organizational profile, one will need to be created for you.

Completeness: Forms and Certifications

CDBG-DR funds may be awarded to local governments, state agencies, public or non-profit organizations, private developers, and community housing development organizations (CHDOs). Whether a municipality or other type of organization, submission of a Resolution acknowledging the obligations which the applicant will assume if awarded CDBG-DR funds is required. For more information regarding this requirement, please contact your DR Analyst.

(a) **Legislative Body or Organization Resolution**: To be certain that the subrecipient understands the obligations it will assume if the application is successful, the appropriate Resolution for CDBG-DR Grant Application Authority must be adopted by the applicant, signed by the legislative body or board of directors or authorizing official and uploaded to the application. Financial Staff must be informed of the submission of the application, and a **Unique Entity Identification number** must be obtained and active on SAM.gov**.** The Applicant's adoption of the Resolution certifies and assures compliance with required laws, rules, executive orders and regulations spelled out in Attachment E to the Grant Agreement and explained in the Grants Management Guide.

There are four resolutions but all three are never needed for one application.

1. Resolution for a Single Applicant (Municipality)
2. Resolution for the Lead Applicant in a consortium
3. Resolution for the Participating Applicants in a consortium
4. Resolution for a Non-Municipal Applicant

(b) **Certification of Income:** Where a municipality has received grants in the past from VCDP or from HUD, and these grants have produced Program Income or Unrestricted Revenue, VCDP expects that this income will be considered as a funding source for the new project. VCDP expects timely and thoughtful re-use of limited resources.

(c) **Municipal Plan:** As described above, the applicant (and all joint applicants in a consortium) must have a duly adopted and current Municipal Plan under 24 V.S.A. Chapter 117, Subchapter 5. See above for more detailed information.

(d) **Corrective Action Plan for Brownfield Projects:** If a project includes a request for brownfield redevelopment activities, a Corrective Action Plan (CAP) must be submitted as part of the application, unless determined not applicable by the Agency. Be sure to obtain this determination prior to submitting the application.

Public Hearing

Proper Warning: The Applicant must hold at least one public hearing to provide residents with an opportunity to learn about the proposal and an opportunity to comment. The Federal Act requires that the development of projects carried out in whole or in part with CDBG-DR funds, must involve citizen participation, especially low- and moderate-income citizen participation.

The public hearing must be held at least five days before the application is submitted to the Agency and the hearing notice must appear in a newspaper of general circulation in the area at least fifteen days prior to the date the hearing is held (10 V.S.A. § 684). So long as a physical location is provided for attendees and one member of the public body is present, public hearings may occur as virtual/physical meetings wherein members of the public and/or public body attend in person or digitally.

The Public Hearing Notice forms are included within the online application. Please be sure to properly estimate the amount of CDBG-DR funds you will be seeking. VCDP will require a new notice and hearing if the application amount is more than 10% higher than the warned amount. Complete the information called for in the application and send this to the newspaper(s). The CDBG-DR Application Instructions provide detailed information on how to complete the public hearing notice. Be sure to allow for the time it may take to have it published. Have the newspaper send a tear-sheet to verify the date of publication and to be submitted with the application. The date of publication must be visible on the tear-sheet.

It is vital that the notice show that the hearing is being warned by the applicant's Legislative Body or Board of Directors or Authorizing Officials (of the lead applicant, in the case of a consortium).

Re-submittal of an Application: Applicants resubmitting an application for funding under this program should be aware of the following:

A new public hearing is required if 1) more than six months has lapsed between the date of the last public hearing and the date you submit your application, 2) the project is significantly different from what was previously proposed, and/or 3) the amount requested, if increased, is more than 10% higher than the amount in the public hearing notice.

If your application is unsuccessful and you want to reapply in a future meeting, please contact your DR Analyst

Minutes of the Public Hearing: A copy of the minutes kept at the hearing(s) must be submitted. The minutes may be draft ones not yet formally adopted by the Legislative Body. The minutes should indicate the date, time, and place of the hearing, the list of attendees, a brief description of what was presented and of any discussion that took place. If any written comments were received, this should be noted, and copies submitted. If comments were made objecting to the project, a response to the objections must be provided as part of the application. The minutes should be dated and signed by the recorder. The CDBG-DR Application Instructions will guide you through the process of uploading/attaching this document(s) to your application.

Public Hearing Process Specifics for Consortia: Each applicant municipality must hold a public hearing to allow its citizens to learn about the proposed project, ask questions and express their views. Consortium municipalities may hold their own hearing or combine meetings and notices with other consortium members, provided that doing so will comply with the spirit of the requirement and all citizens involved have adequate notice of the hearing and convenient access to its location. All potential member municipalities should be included in the notices even if some are unsure if they will ultimately become members of the consortium.

National and State Objectives

National Objectives

Each proposed CDBG-DR activity must meet a National Objective established in the Universal Notice. The National Objective claimed must be fully supported and, in some cases, the Agency should pre-approve your approach for meeting the objective. The approved National Objectives are:

- LMI - Provide a benefit primarily to persons with Low and Moderate Incomes.
- Urgent Need – Meet a condition that recently became an urgent need.

State Objectives

As stated above, each proposed CDBG-DR activity must meet at least one state objective as set forth in the Disaster Recovery Action Plan:

- Housing - Conserve, expand, and improve housing.
- Public Facilities - Improve public facilities in support of housing or disaster recovery activities, or where there is a threat to public health and safety.

Thresholds Which Apply Only to Particular Grants

Site Control

Applications for any Implementation Grant where site control is necessary for the activity to be undertaken must include evidence of site control such as ownership (title) or a purchase option agreement in compliance with HUD's requirements. Any purchase option agreement must be signed by all parties and must remain valid during the application, award and grant agreement development process. A Purchase and Sales Agreement executed <u>after</u> the Environmental Review Release Date is also acceptable.

Applications for a planning grant where site control is necessary for the project to be undertaken must include acceptable documentation for site access to do the planning work and availability of the site to implement the results of the planning if found feasible. This typically would be actual site control or a letter from the property owner that a) demonstrates support for the study's scope of work, b) allows access for whatever work must be done on the property for the study, c) ensures that the property is available during the timeframe needed to complete the study so the project, if found feasible, can move to implementation, and d) provides a willingness to sell the land at the appraised value (if applicable). Contact your DR Analyst if you need clarification