

FFY 2023
Community Development Block Grant Program (CDBG)
Small Cities Program
Request for Proposals (RFP)

- A. Name of grant program:** Small Cities CDBG Program
- B. Purpose of the grant:** To meet one of the three national program objectives set forth in the Housing and Community Development Act of 1974, as amended. Such objectives include:
1. to undertake community development activities that principally benefit persons of low and moderate income;
 2. to prevent or eliminate slums and blight;
 3. to meet urgent community development needs for which no other resources are available.
- C. Available funding:** The SFY 2024 available funding is **\$11,444,400**. Of this amount, \$6,444,400 is available for Public Facility, Innovative Development and Housing Rehabilitation awards; and \$5,000,000 is available for Lead-Based Paint Remediation/Abatement.
- D. Maximum amount of award:** The maximum Public Facility award per applicant (town/county) is **\$400,000**. The maximum Innovative Development award per applicant (town/county) is **\$400,000**. The maximum municipal Housing Rehabilitation award is: **\$200,000** per municipality; **\$300,000** for a multi-jurisdictional program; and **\$400,000** for a county-managed program. The maximum award for an Emergency Housing Repair grant is **\$20,000**.
- E. Eligible entities:** All eligible units of local government (see link to Small Cities section of the DCA Consolidated Plan)
- F. Target populations:** Households of persons of low and moderate (below 80% Area Median Income) income. <https://www.nj.gov/dca/dhcr/offices/cdbg.shtml>.
- G. Distribution of Funds:**

Emergency Housing Repair Fund	\$40,000 (set-aside in the HR budget)
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The Emergency Housing Repair Fund has been established to correct emergency conditions in owner-occupied housing where the owner is income-eligible and unable to obtain assistance from any other public or private source. Assistance will be provided

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on a first-come, first-served basis to the extent funding is available. Only eligible units of local government may apply on behalf of the homeowner.

The maximum grant award in this category will be **\$20,000**. However, the DCA will consider exceeding this ceiling if the applicant presents compelling reasons to do so. Prospective applicants are required to contact the Small Cities CDBG Program before submitting a proposal for assistance.

Innovative Development Fund \$800,000

The Innovation Development Fund (IDF) dedicates resources for new, innovative, and/or timely community development projects that fall outside the traditional funding categories such as housing rehabilitation or public facility improvement projects.

This category is specifically designed to fund innovative, small-scale pilot projects such as Entrepreneurship (Small Business) Development, Alternative Energy Sources, Energy Conservation or other initiatives that provide cost savings measures and efficiencies or generate additional revenue directly to the community. While units of local governments (ULG) may only apply to the Small Cities Program, the IDF was established to encourage ULGs to partner with non-profit organizations that have the service area and capacity to implement these projects.

The basic threshold of a proposed IDF project is that it must be a CDBG eligible activity, meet a CDBG national objective and be designed in accordance with the CDBG Citizen Participation Plan. Grants may not exceed **\$400,000** unless compelling reasons for exceeding that amount are set forth by the applicant and accepted by the DCA.

Housing Rehabilitation Fund \$1,200,000

The Housing Rehabilitation fund will be used for housing rehabilitation activities that improve the condition of affordable housing in New Jersey. County-managed programs may be awarded up to \$400,000. Multi-jurisdictional programs may receive grants of up to \$300,000. Awards to programs serving only one municipality may not exceed \$200,000. The fund is designed to rehabilitate only single-family owner-occupied housing.

- ❖ **Lead-Based Paint Remediation/Abatement** – a total of \$5,000,000 in American Rescue Plan funds is available to address lead-based paint in housing units identified for housing rehabilitation. These funds will be used to identify and address lead-based paint hazards through encapsulation, remediation or abatement. Eligible costs are remediation (up to \$13,000 per house) and lead-based paint abatement (up to \$25,000

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per house, including relocation costs for up to 14 days). The request for the lead funds will be a separate program component in the Small Cities application.

Public Facilities Fund \$4,444,400

The Public Facility fund is established to assist units of local government to construct or improve essential public facilities that will primarily benefit people of low and moderate income. The maximum grant awarded in this category will be \$400,000. However, this maximum may be exceeded if compelling reasons are presented and accepted by the DCA.

Reallocation of Funds: The DCA reserves the right to transfer funds (including those recaptured from cancellations or closeout balances and program income) between funding categories outlined in the Plan based on demand for assistance demonstrated by the number of applications received.

H. Eligible activities: Activities assisted under the Small Cities CDBG Program are limited to the following:

1. Acquisition of real property that is blighted, appropriate for rehabilitation, appropriate for preservation as a historic site, or used for provision of public works or other public purposes.
2. Acquisition, construction, reconstruction, or installation of public works or facilities (except buildings for the general conduct of government) and site and other improvements.
3. Code enforcement in deteriorated or deteriorating areas in which such enforcement may arrest the area's decline.
4. Clearance, demolition, removal, and rehabilitation of buildings.
5. Special projects directed to the removal of architectural barriers that restrict the accessibility of the elderly and handicapped.
6. Payments to housing owners for losses of rental income incurred in holding units for relocated individuals and families displaced by activities under the program.
7. Disposition of real property acquired pursuant to the program.
8. Provision of public services if the local government has not provided such services during the 12-month period immediately preceding implementation of the program.
9. Payment of the non-Federal share required in connection with a federal grant-in-aid program undertaken as part of this program.
10. Payment of the cost of completing a project funded under Title I of the Housing Act of 1949.

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11. Relocation payments for displaced individuals, families, businesses, and organizations as a result of activities under the program.
12. Activities necessary to develop a comprehensive community development plan and to develop a policy-planning-management capacity to enable the recipient to more effectively administer the program.
13. Payment of reasonable **administrative costs**. Maximum allowances per grant are limited to the following:

Public Facilities and Innovative Development Grants

12% of programmatic costs for engineering or design (including inspection services); and 6% of the grant award for a full administrative consultant services agreement (including preparing the Environmental Review Record and other compliance documents and reports to the Department; assuring labor standards compliance and participating in monitoring visits by the Department). Credit towards matching funds can be granted for compliance items and related administration costs (limits set by the Program) that have been incurred before an award date if the application is funded.

Housing Rehabilitation Grants

The program allows \$3,000 per unit for case management and housing inspection services. A maximum of \$14,850 may be used to cover administrative consultant services. Those services include the preparation of all compliance items including the Environmental Review Record, the Rehabilitation Policy & Procedures Manual, all Public Participation requirements, the preparation of quarterly program and fiscal reports, the coordination of monitoring visits, and the preparation of the Final Performance Report.

Note: Lead evaluation and clearance fees are considered programmatic costs (at least two proposals shall be obtained).

The program will consider allowing a credit towards matching funds for compliance items (e.g., Environmental Review, Public Hearings, etc.) and administration costs (limits set by the Program) for cost incurred before an award date if the application is funded.

14. Activities carried out by public or private non-profit organizations which may include: planning, acquisition, construction, reconstruction, rehabilitation, or installation of public facilities (except for buildings for the general conduct of government), site improvements, and utilities and commercial or industrial buildings or structures.

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15. Assistance to non-profit organizations serving non-entitlement areas, local development corporations or entities organized under the Small Business Investment Act of 1985 to carry out a neighborhood revitalization or community economic development or energy conservation projects, including the development of shared housing opportunities for the elderly (other than by construction of new facilities).
16. Activities necessary to the development of a comprehensive community-wide energy-use strategy.
17. Assistance to private, for-profit entities, when the assistance is appropriate to carry out an economic development project.
18. Rehabilitation or development of housing assisted under Section 17 of the United States Housing Act of 1937.
19. Assistance to facilitate the substantial reconstruction of housing owned and occupied by low- and moderate-income persons.
20. Technical assistance to increase the capacity of public or non-profit entities to carry out eligible neighborhood revitalization or economic development activities.
21. Housing services designed to assist homeowners, tenants, and others seeking to participate in eligible housing activities.
22. Assistance to institutions of higher education capable of implementing eligible activities.
23. Assistance to public and private organizations (for-profit as well as non-profit) to facilitate the development, stabilization, and expansion of micro-enterprises.
24. Assistance to facilitate and expand homeownership by subsidizing interest rates, financing acquisition, guaranteeing mortgages, paying up to 50% of down payments, or paying reasonable closing costs for income-eligible people.
25. Activities necessary to repair and operate housing units acquired through tax foreclosure to prevent abandonment and deterioration.

I. Ineligible activities:

- Construction of new housing
- Purchase of construction equipment
- Acquisition of vehicle(s)
- On-going income payments (i.e., tenant's rent or household mortgage)
- Local government units staff salaries

J. Eligible Applicants/Qualifications Summary:

Units of local governments (municipalities/counties) that do not participate in an entitlement program are eligible to apply for this grant opportunity. Successful applicants shall have experience and the capacity to successfully undertake the proposed activities. Incomplete

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applications will not be considered for funding. Selection criteria include:

- **Municipal Distress:** The relative need of an applicant will be evaluated by using the Statewide Municipal Revitalization Index (MRI), which appears in the Small Cities Action Plan. The indices are used by State agencies in allocating need-based assistance to municipalities. Points are awarded on a sliding scale and applicants may receive up to 20 points as follows: **20 points** for MDI scores that are below 100, **15 points** for MDI scores from 101 to 200, **10 points** for MDI scores from 201 to 300, **5 points** for MDI scores from 301 to 400, and no **(0) points** for MDI scores of 401 and above.
- **Community Development and Housing Need Statement:** Each application is required to submit a Community Development and Housing Need Statement. This statement must include at least three components – community development needs, housing needs, and status of applicable land use plans. The proposed project must specify in detail how it will address one of the needs identified in the community development statement. Maximum score is **20 points**.
- **Readiness to Proceed:** NJ DCA requires all CDBG projects to be completed within the two years of an award. An application will be evaluated and scored based upon an applicant's readiness to proceed with the proposed project. The evaluation is as follows: Housing Rehabilitation - applications that include a list of five or more income-eligible households with completed/approved work write-ups and a copy of the resolution to implement a property maintenance code will receive a maximum of **5 points**. Public Facilities and Innovative Development - applications that include biddable plans and specifications will receive a maximum of **10 points**.
- **Balance Ratio:** Applicants will be rated on the remaining balance of grant awards received in a funding category over a three-year period, including all open grants at the time of application deadline- December 7, 2023. Applicants with ratios of .50 or less will receive **10 points** and applicants with ratios above .50 will receive **zero points**.
- **Program Impact:** A public facility application having a project which serves 29 or less low- and moderate-income people will receive zero (0) points, 30 to 99 low- and moderate-income people will receive 10 points. An application having a project which serves 100 or more low- and moderate-income people will receive **20 points**.
- **Past Performance:** Past performance will affect an applicant's overall rated score. A past performance rating of "Good" indicates that the grantee submits timely reports, spends grant funds on schedule, completes the project within the two-year grant term and has no "administrative findings" during monitoring visits. However, multiple instances of poor performance in managing grants, e.g., where concerns and findings

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were documented as a result of monitoring visits and failure to adhere to reporting requirements and policies will lower the overall rated score. Range of **Score 0 to 10 Points**

- The Department reserves the right not to fund an application based on past grant performance, competency and experience of the management team including the project coordinator, which may be an employee or consultant. Slow progress, multiple and repetitive instances of noncompliance with program requirements will affect in the scoring of the applications.

K. Length of time benefitting low- and moderate-income population

1. Innovative Development- Funds must provide benefit indefinitely or at least for the term of the loan. However, the term of the benefit can be determined by the life of the improvement. Projects that do not provide a low/mod benefit during the term of loan must return funding.
2. Housing Rehabilitation- Applicants have the option of providing assistance in the form of a 100 percent loan (non-forgivable life-time lien that is due upon sale or transfer of the property), or a lesser percentage. To be considered for funding all applicants must establish or identify a revolving loan fund to perpetuate the program.

L. Qualifications of applicants: in order to be considered for funding under grant program: Successful applicants will have the experience and capacity to successfully undertake the proposed activities.

- Experience with providing similar services and assistance
- Experience with working with the target population
- Successfully managed other program grants as demonstrated by the following:
 - Achieved prior grant objectives within the established time frame
 - Provided accurate cost estimates of the proposed work
 - Expended grant awards correctly and in a timely manner and
 - Produced and submitted performance and financial reports correctly and on-time
 - Have no unresolved audit findings with DCA
 - Demonstrate the financial capacity to operate the project.

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M. Application Process:

All applicants must complete the electronic SAGE application and submit supporting documentation as outlined in the Small Cities Grant application process.

Proposed Project Budget (including other funding sources that are dedicated to the project) Budget can be elaborated upon in SAGE by categories that are specific to the project.

Budget Category	DCA Funds Requested	Agency matching Funds	Total
ADMINISTRATIVE COSTS			
PROGRAMMATIC COSTS			

Refer to Section H, paragraph 13.

PROGRAMMATIC COSTS include purchased services and other consultants such as engineering, program development, and construction of public facilities.

N. Required Attachments and Documents: (applicable items may vary according to project)

- Service Area and Project Location Map
- Income Survey forms and Evaluation (Public Facilities only)
- Certification of Deficiencies from an independent entity
- Engineer’s cost estimate
- Recaptured Funds Statement
- Last three years of audited financial statements
- Citizens Participation Plan and Council Resolution
- Public Hearing Display Advertisement and Proof of Publication
- Fair Housing and Civil Right Resolution
- Matching Funds Certification
- Grant Management Plan
- Copies of Professional Services Agreement
- Environmental Review Record
- Policy and Procedures Manual (Housing Rehabilitation only)
- Cooperative Agreement (Innovative Development only)
- Housing Rehabilitation- List on income eligible housing units and work write ups
- Public Facilities only - Biddable plans and specifications

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- Schedule G- Debarment and Suspension
- Schedule H- Certification regarding Lobbying
- Schedule I- Governing Body Municipal/County Resolution
- Commitment Letters – Operating Budget Part II
- Evidence of Ownership (site control)
- Verification of zoning approval
- Structural Conditions report (Public Facility only)
- Appraisal (for acquisitions only) Incorporation documents (By-Laws)
- Staff resumes
- Letter of Support – County/Municipal Welfare Agency
- Copy of valid residential license from state regulatory agency
- Valid SAMS and DUNS numbers

- **Address to which proposals must be submitted:**

The proposal must be submitted via SAGE. Application threshold attachments (list above) must be uploaded. Corresponding documents with original signatures should follow via mail to:

Small Cities Program, 5th Floor
 New Jersey Department of Community Affairs
 Division of Housing and Community Resources
 101 South Broad Street
 P.O. Box 811
 Trenton, NJ 08625-0811

O. The deadline by which applications must be submitted:

Applications for Small Cities CDBG Housing Rehabilitation, Lead-Based Paint Remediation/Abatement, Public Facilities and Innovative Development Grants must be submitted to the Department electronically, via DCA SAGE, by Thursday, December 21, 2023. One hard-copy application (original with original signatures, stamps, etc.) must also be submitted to the Department no later than Thursday, December 21, 2023. Failure to meet both deadlines will disqualify an application for the fall 2023 funding round.

Small Cities Emergency Housing Repair applications are accepted throughout the year on a first-come first-serve basis. Units of Local Governments that are considering applying on behalf of eligible homeowners are encouraged to first contact the Small Cities Administrator prior to submitting a pre-application.

- **DCA will make funding announcements by February, 2024**

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P. Other Program Requirements:

- All applicants (municipalities and County governments) must be registered with the on-line with the federal System for Award Management (SAM) in order to receive CDBG funding. The registration must be current and can be found at SAM.gov.
- Fidelity bonding with a limit of liability of at least \$50,000 maintained until all financial transactions under the grant are completed
- Fiscal Status Reports (payment request) are accepted quarterly, with a minimum request of \$20,000. A Quarterly Performance Report must accompany the Fiscal Status Report in order to receive payment.
- Funds may not be shifted between Programmatic and Administrative Cost Categories.
- Within major budget cost categories, there is a maximum allowable budget line-item flexibility of 10%.
- Program Income, if any, is returned to NJ-DCA. All Program Income must be recorded in accordance with HUD guidelines: 24 CFR 570.503(a), (b) (3) and (7).
- Grantee must complete the project within the two-year term of the grant agreement.
- There will be no advancement of funds.
- The Small Cities CDBG Program is subject to Division G, Title IX of the “Infrastructure Investment and Jobs Act”, known as “Build America Buy America”. As such, iron and steel used in funded projects will need to be domestically sourced. Further guidance will be given regarding related documentation and reporting requirements.

● **Reporting requirements:**

Quarterly Performance Reports	
Report Period	Report Due Date
2/1/2024 – 6/30/2024	7/15/2024
7/1/2024 – 9/30/2024	10/15/2024
10/1/2024 – 12/31/2024	1/15/2025
1/1/2025 – 3/31/2025	4/15/2025
4/1/2025 – 6/30/2025	7/15/2025
7/1/2025 – 9/30/2025	10/15/2025
10/1/2025 – 12/31/2025	1/15/2026

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