

# **New Jersey Department of Community Affairs Community Development Block Grant Program CDBG-R Small Cities**

## **Plain Language Memorandum**

New Jersey will receive approximately \$28.6 million through the American Recovery and Reinvestment Act's (ARRA) additional funding for the Community Development Block Grant Program (CDBG). The CDBG program has existed since 1974 and is administered by the U.S. Department of Housing and Urban Development (U.S. HUD). In New Jersey, U.S. HUD distributes the funds in two distinct ways: directly to the more populous municipalities and counties, and to the New Jersey Department of Community Affairs (NJDCA) for distribution to projects in the less populous locales.

The ARRA allocates \$26,744,109 for U.S. HUD to distribute to local municipalities and counties. These entitlement grantees include 55 county and local public entities in New Jersey and are typically metropolitan cities with populations of at least 50,000; or qualified urban counties with a population of 200,000 or more (excluding the populations of entitlement cities). The U.S. HUD is solely responsible for the administration and oversight of these funds.

The remaining funds, \$1,945,374, will be allocated to the New Jersey Department of Community Affairs (NJDCA) to distribute to non-entitlement communities through its NJ Small Cities CDBG program. The NJ Small Cities CDBG program is the federally approved vehicle for the disbursement of CDBG funds to municipalities that do not qualify for direct funding from U.S. HUD. The program works to ensure decent affordable housing, to provide services to the most vulnerable in our communities, and to create jobs through the expansion and retention of businesses.

The NJDCA will submit a request to the US HUD to fund five economic and community development projects through the NJ Small Cities Community Development Block Grant – Recovery (CDBG-R) program. All of the selected projects were chosen from a list of 2008 CDBG applications that were not funded through the regular 2008 grant award process due to lack of funds. The Recovery Act funds for the CDBG program represent special funding outside of the annual allotments made by U.S. HUD.

### **NJ Small Cities CDBG Program Overview:**

The Small Cities Community Development Block Grant is guided by federal rules and regulations adopted by the U.S. HUD. Principal among these are three national program objectives set forth in the Housing and Community Development Act of 1974:

- to benefit persons of low and moderate income;
- prevent or eliminate slums and blight; and
- meet urgent community development needs for which no other resources are available.

All projects and each activity must meet at least one of the above objectives. Funds may be used for public facilities, community revitalization, housing rehabilitation or innovative development leveraging private investments.

### **Small Cities CDBG Project Descriptions:**

**Public Facilities Projects:** This 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 is \$500,000. However, this maximum may be exceeded if compelling reasons are presented and accepted by the NJDCA.

**Housing Rehabilitation Projects:** This fund is used for activities that improve the condition of affordable housing in New Jersey. County-managed programs may be awarded up to \$500,000. Multi-jurisdictional programs may receive grants of up to \$350,000. Awards to programs serving only one municipality may not exceed \$200,000.

**Innovative Development Projects:** This fund provides assistance for activities that meet one of the three national objectives of the program, but that do not qualify for consideration under any of the other Small Cities Funds. Examples include land acquisition in support of housing rehabilitation and site improvements and assistance to first-time homebuyers that principally benefit low and moderate income people. Innovative Development Projects (IDP) must consist of more than one eligible activity (excluding administration or planning). The activities proposed must be carried out within the same time period and must be directly related to the implementation of a locally approved redevelopment strategy. Grants may not exceed \$450,000 unless compelling reasons for exceeding that amount are set forth by the applicant and accepted by the NJDCA.

**NJ Small Cities CDBG Program Eligibility:**

All non-entitlement towns and counties are eligible to apply. This generally includes towns with less than 50,000 people and counties with a population of less than 200,000 excluding the populations of entitlement cities. The table that lists the eligible local governments is updated annually and can be found on the program's website at <http://liberty.state.nj.us/dca/divisions/dhcr/offices/cdbg.html>. For the NJ Small Cities Program, the NJ DCA uses the following objectives to rank projects:

1. To support housing rehabilitation programs that maintain the supply of safe, decent and affordable housing;
2. Support and encourage efficient patterns of community development, redevelopment, and capital funding by giving priority to proposals that address documented health and safety concerns and further the policies set for in the State Development and Redevelopment Plan;
3. Encourage innovative proposals that combine job creation, housing improvement, and other eligible activities to renew designated revitalization areas;
4. Encourage the development of facilities needed to support welfare to work programs such as job training and child elder care;
5. Support and encourage neighborhood revitalization efforts identified in locally development plans and strategies;
6. Improve the availability and adequacy of essential public facilities, and remedy serious deficiencies in areas that principally serve people of low or moderate income;
7. Ensure that municipalities have the capacity to implement community development programs and maintain community development; and
8. Support community development projects of particular urgency where existing conditions pose a serious and immediate threat to the health or welfare of the community, and where other financial resources are unavailable.

The full list of eligible activities, evaluation criteria, including the application threshold requirements and the rating criteria that are used to rank applications are also listed on the program website in the Final Plan for Administration of the Small Cities CDBG Program.

The NJ DCA's most recent CDBG application round concluded on October 3, 2008 when the Department received 31 Small Cities requests for \$10,790,000. On April 2, 2009, awards were made to 21 municipalities and counties totaling more than \$7.2 million. Ten applications requesting \$3.4 million were not funded; but remain active. The U.S. HUD guidelines for the

CDBG program suggest that states consider applications from the previous round of funding that were not accepted due to funding constraints to be eligible for the CDBG-R funds.

**CDBG-R Award Review Process:**

The NJ Small Cities Unit followed the federal CDBG-R guidelines and considered those applications that did not receive funding in response to the Department's 2009 RFP (HUDFY2008 funding) due to the lack of available funds. Of the ten active applications, the Small Cities staff recommended five that are worthwhile and "shovel ready." The need for projects to be able to begin quickly is clearly defined in U.S. HUD guidelines and in the ARRA itself.

Below is the breakdown of funding for the NJ Small Cities CDBG-R program:

<b>Activity Name</b>	<b>Activity Description</b>	<b>CDBG-R Project Budget (\$)</b>	<b>Other Leveraged Funding (\$)</b>	<b>Total Activity Budget</b>
<b>Egg Harbor City IDP Downtown Revitalization Project</b>	Reconstruction of Properties for Affordable Housing - the City of Egg Harbor will be reconstructing properties in the Downtown Redevelopment Area for affordable housing.	\$500,000	\$2,500,000	\$3,000,000
<b>Cape May City Public Facility ADA</b>	Beach Walkway and Ocean view Accessibility improvements - to improve beachfront access for the disabled by extending modular wooden walkways, installing ocean overviews, providing 5 beach wheelchairs, constructing ADA-compliant ramps	\$271,912	\$82,000	\$354,000.00
<b>Lower Township PF Storm Water Project</b>	Villas Storm Water Beach Outfall Project - to eliminate flooding in the Villas Neighborhood through extension and reconstruction of seven storm water beach outfalls	\$262,388	\$78,717	\$341,105.00
<b>Burlington City Mechanic St. Project</b>	Mechanic Street Project- acquire and demolish nine parcels of blighted property on Mechanic Street located within the historic Yorkshire Neighborhood and replace them with new public infrastructure including sidewalks, lighting and green	\$400,000	\$330,000	\$730,000.00

	space.			
<b>Commercial Twp PF Battle Lane Project</b>	Battle Lane Phase III - to install new sidewalks, curbing, drainage, lighting and ADA requirements on a portion of Battle Lane	\$400,000	\$40,000	\$440,000.00
<b>2009 CDBG - R Administration 10%</b>	The U.S. HUD guidelines permit 10% of total program funding to be retained by the DCA to provide for proper administration and oversight.	\$194,537	Not Applicable	\$194,537
<b>Recaptured Small Cities Funds</b>	Amount of 2009 CSBG funds needed to fully fund all 5 NJ Small Cities CDBG-R recommended projects.		\$83,463 (2009 CDBG Funds)	<b>\$83,463</b>