

Community Development Block Grant – Bulldoze Build and Beautify Activity

The Governor's Office of Economic Development ("GOED") is pleased to announce the details for the Bulldoze, Build, and Beautify ("BBB") activity under the Community Development Block Grant ("CDBG") program. GOED has set aside \$1 million of its FY 2017 CDBG award to support this activity. To determine your eligibility for a CDBG grant to address blighted properties in your community and understand the application process and timeline, please review the following information carefully. Your regional Planning District will also provide support and answer questions as you prepare.

Eligibility Requirements

All interested communities should work through their regional Planning District for support in completing the application process described below, as well as for the administration of awards.

- Property Type
 - o Residential dwellings only; may be single- or multi-family
 - o Mobile homes are eligible, provided they are replaced by a permanent structure
- Property Condition
 - o Must be in a blighted, dilapidated, or abandoned condition
 - o Must be unoccupied and not used for another activity (e.g., a business)
- Ownership
 - o Must be owned by a county, city, or local non-profit organization (e.g., economic development corporation, housing development corporation)
 - o Title must be clear of any prior liens
 - o If not owned, the county, city, or local non-profit must have an enforceable contract giving it the option to purchase the property within 18 months of the grant award
- Site Work
 - o Blighted structure must be demolished and removed completely from the lot
 - o Lot must be restored to a build-ready state, including necessary utilities (water, sewer, electric, and if applicable natural gas) to at least the property line
 - o Foundation/basement concrete must be removed and filled, unless it has been certified by an engineer for reuse within three months for a replacement property on the site
 - o Site work for demolition/removal must be completed within 18 months of award date
- Replacement Housing
 - o Residential dwellings only; may be single- or multi-family
 - o No cost limits, but must either show it will be affordable based on the general wage level for the community's workforce or priced to meet a specific need identified by a business in the community (e.g., housing for key employee)
 - o Award recipient must commit to replace the demolished unit within two years of demolition and removal (three years for Class 3 municipality); failure to do so may result in obligation to repay CDBG funding
- Match and Limitation on Awards
 - o Local match must be made at a minimum of 1:1 with CDBG funds, based on total project cost (i.e., inspection and remediation (if applicable), demolition/burning, landfill disposal, site fill and prep).
 - o Properties in which asbestos or other environmental issue is encountered after an approved project moves forward will be dealt with on a case-by-case basis.
 - o Local match may be in-kind; in-kind contributions will be valued at the FEMA rate
 - o No limit on the number of units applied for; no lifetime limit on awards to a community; GOED may limit or partially fund applications if demand exceeds available funds

Application Process

Phase 1 – July 12-August 18

Interested cities or counties should submit an “Intent to Apply” package to GOED through their regional Planning District including the basic information described below in the Intent to Apply Questionnaire and any supporting documentation by August 18, 2017. Although the operational work on the project may fall to a local non-profit organization, all “Intent to Apply” packages must be filed by either a county or municipality otherwise eligible for the CDBG program. Depending on the number of communities and structures identified through Phase 1, GOED may elect to limit applications in Phase 2 to those communities with the highest scores. In that event, communities not invited to apply during Phase 2 will remain eligible for future participation in the BBB program.

Phase 2 – Applications Accepted on an Ongoing Basis Beginning August 28

To file an application during Phase 2, the community must have filed an Intent to Apply package during Phase 1 and subsequently received an invitation from GOED to apply during Phase 2.

Phase 2 will consist of a full CDBG application, which in addition to the regular requirements of the CDBG program application will also include finalizing the following:

- Identification of lead community organization;
- Identification of partnering organizations;
- Identification of the community’s targeted structures and evidence of control over the site;
- Contractor estimates for demolition, disposal, and site prep/leveling;
- A specific redevelopment plan and timeline for each of the cleared sites, including:
 - o Type of infill housing (e.g., Governor’s House, modular, built-on-site, etc.);
 - o Intended beneficiaries, if known, and whether they are low- to moderate-income;
 - o Participating businesses, if any;
 - o Whether housing will be sold or leased; if leased, entity responsible as landlord
- Sources of matching funds or in-kind contribution and evidence of firm commitment;
- Documentation of public meetings to solicit community input;
- Other requirements GOED believes necessary for the project.

Please note that because federal CDBG funding is being used, interested applicants that all federal grant requirements, such as environmental review and Davis Bacon requirements, must be met. Both the applicant and any contractors to be used must be registered in the System for Awards Management (SAM). For more information, please contact your Planning District office.

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Intent to Apply Questionnaire

County or Municipality Name: _____

Names of Community Organizations Participating (identify lead organization with an asterisk (*))

1. _____

2. _____

3. _____

Please list additional organizations, if any, on separate attachment

Blighted Property Information

Please indicate the number of abandoned/blighted residential structures for which you seek funding:

1. ☐ 2. ☐ 3. ☐ 4. ☐ 5. ☐ 6 or more (#) _____

Number owned by county/municipality/local non-profit: _____

Number with purchase option by county/municipality/local non-profit: _____

Number of structures local fire department is assisting with burning: _____

Do you have firm plans to construct new workforce housing on-site? (circle one) YES NO

Project Narrative

Please include a project narrative document of no more than three pages addressing the following:

- General overview of the project;
- Description of work done by the community to identify workforce housing needs (e.g., housing study, business letters, etc.);
- Overview of process used to develop proposed project, including any public meetings;
- Description of the properties, ownership status, and condition (include photographs);
- Description of site work proposed for each property along with an estimated site budget;
- Description of planned replacement housing and status of preparatory work;
- Description and status of proposed matching funding;
- Full project budget.

Supporting Information

- Please include evidence of ownership/option, housing study or business support statements, construction estimates, match commitments, or other documents, such as commission or council minutes, you believe are relevant in support of your initial application for funding.

Certification and Submission

I certify that the information contained in this questionnaire is true and accurate and will be used to evaluate this project for possible funding. I understand that submission of this questionnaire does not guarantee funding, and that all final applications and awards will be administered under the requirements of the CDBG program.

Name

Title

County or Municipality

Scoring Factors

Intent to Apply applications will be scored on a 1-100 point scale using the following criteria:

- Number of units to be demolished (1-10 points)
 - o 1 unit = 1 point
 - o 2 units = 3 points
 - o 3 units = 5 points
 - o 4-5 units = 7 points
 - o Greater than 5 units = 10 points
- Ownership status (1-10 points; more units owned = higher score)
- Demonstrated plan for redevelopment (1-30 points; more definite plans = higher score)
 - o Factors include status of contractor (i.e., committed, still discussing, have not yet discussed), pending orders for Governor's House or similar (if any), demonstrated resources available for redevelopment activity (e.g., bank loan, organization's cash, new homeowner equity)
- Match availability (1-20 points; more secured up front = higher score)
- Demonstrated need (1-30 points; more evidence = higher score)
 - o Factors include whether community has done a housing study (SD Housing or other), local business letter stating specific workforce housing need or expectation, or other evidence of community's specific need
 - o Extent to which the number of units and redevelopment plan meet the demonstrated need is an additional factor

Example 1 – Most Competitive Application

Sunnydale, South Dakota, recently conducted a housing study that identified a need for 5-10 workforce housing units in the community over the next five years. In addition, two local businesses, a manufacturer and the local co-op, have written to the city expressing their interest in expanding if suitable housing for their workers is available in the community. Sunnydale would like to demolish five blighted structures, all of which are owned by a local non-profit ("Housing First, Inc.") participating in the project and clear of any prior liens. Housing First has engaged a contractor, which will not only demolish the structures, but also build four replacement single family homes over the next two years. Another home, a Governor's House, is already on order. Housing First plans to use a combination of its own cash, contributions from local businesses, as well as a bank loan from a supportive community bank to finance this redevelopment. Housing First has firm commitments for all of its match and can show it has the resources to begin building the new homes soon after demolition and removal is complete.

Scoring

Number of Units:	7 (based on scoring table)
Owned vs. Optioned:	10 (full credit for fully controlling all properties)
Redevelopment Plan:	30 (full credit for detailed plan with committed parties)
Match:	20 (full credit for all available match at the ready)
Need:	30 (full credit for housing study validated by specific business needs)
Total	97

Example 2 – Competitive Application

Farmdale, South Dakota, knows it must address its workforce housing situation. A large employer in the community has told the city that its ability to expand depends on seeing 3-7 additional workforce housing units in the community over the next five years. The City already owns one blighted property outright, and the local non-profit economic development corporation (“FARMCO”) has an option to purchase two additional properties within 18 months. FARMCO is in the middle of getting a contractor for demolition and removal; they are in talks with another contractor to build three single-family homes on the cleared sites. FARMCO and the City have some match identified, including in-kind match through the City, but are still seeking about 30% of their required match. They will use a variety of funding, some already identified, for construction of the new homes.

Scoring

Number of Units:	5 (based on scoring table)
Owned vs. Optioned:	5 (credit for mixed owned/optioned structure)
Redevelopment Plan:	20 (credit for engagement with contractors, still steps to complete)
Match:	12 (credit for identifying most matching funds, still some to go)
Need:	25 (no housing study, but credit for identifying specific business need)
Total	67

Example 3 – Least Competitive Application

Riverdale, South Dakota, has struggled with how to address its workforce housing needs. Riverdale has not done a housing study, and while businesses have stated generally that they need housing for workers, no business has made a specific commitment or demand for housing. A local non-profit development corporation (“RIVCO”) has accepted the challenge of addressing the issue and recently acquired an option to purchase a blighted property in town within the next 18 months. RIVCO has had only general discussions with a contractor about removing the blighted structure, and is unsure whether it will place a yet-unordered Governor’s House on the property or build a new house locally. RIVCO lacks funds, although the City is willing to provide some in-kind support, but no other local entities have yet committed to match funds for the project. RIVCO is still in the early stages of identifying funding for follow-on house construction.

Scoring

Number of Units:	1 (based on scoring table)
Owned vs. Optioned:	3 (credit for option to purchase)
Redevelopment Plan:	10 (credit for initial discussions with contractor, but otherwise indefinite)
Match:	5 (credit for City in-kind match, but lack of other community support)
Need:	10 (credit for general agreement on need, but no study or business demand)
Total	27