City of Chattanooga

Department of Economic Development

Division of Housing and Community Investment

(HCI)



**Application Instructions**

**Community Development Block Grant (CDBG)**

**FY 2024-2025 Funding**

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| Application Deadline:February 23, 2024**No Later Than 11:59 p.m**.**Submit One (1) Electronic Version to:**hci@chattanooga.gov and copy rpartap@chattanooga.gov  |

**Application Instructions for FY 2024-2025 CDBG**

**Please read the instructions and review the application carefully before completing and submitting. Some items have changed.**

A separate application must be completed for each different project/program/activity. Applications received after the deadline **will not** be considered for funding. Failure to submit complete, required documents may also result in the request being disqualified. If an item is not applicable, please indicate with “N/A.”

To be considered for funding, all required documents must be completed and one (1) electronic copy submitted no later than Tuesday, February 23, 2024, by 11:59 pm.

NO AGENCY IS GUARANTEED FUNDING. EACH YEAR’S REQUEST IS EVALUATED SOLELY ON ITS OWN MERIT. THE LEVEL OF AWARD IS SUBJECT TO THE AVAILABILITY OF FUNDS. Past funding is not a guarantee the City will fund a program or service in the future. The City reserves the right to increase or decrease any or all funding requests to maximize effectiveness or to satisfy budget parameters.

## Required Documents:

## 1. A Cover Letter specifying:

1. The name and address of the non-profit organization;
2. The agency’s mission;
3. The funding amount being requested, name of program/project/activity, and specific, proposed use of funds;
4. The name, address, and telephone number of a specific contact person within the organization that can be contacted for additional information, if necessary.

## 2. Completed Application Form, including Application Checklist

## 3. Required Attachments/Supplemental Information:

1. Agency-wide, board approved most recent Annual Operating Budget
2. Charter of the non-profit organization filed with Tennessee Secretary of State. If the Name on the Charter does not match the Agency’s current name, please ensure any amendments or merger documents filed with the State are provided;
3. Document indicating Non-Profit Tax Exemption Status for the non-profit organization under the Internal Revenue Code, such as an IRS Determination Letter;
4. Most recent IRS Form 990 as filed with the IRS;
5. The most recent **Annual Audit** (if applicable) of the non-profit organization, prepared by an independent Certified Public Accountant in accordance with Generally Accepted Auditing Standards. Fiscal Year 2021-22 Audited Financial Statements are preferred. If 2022-23 annual audit is not yet available, then please provide the most recent audit (2021-22), as well as an engagement statement noting when the 2022-23 audit will be completed and submitted to the City.
6. If the agency is not required to file Form 990 with the IRS or have an independent audit report due to other funding requirements, annual financial statements prepared by the agency or compiled by an accountant must be submitted with request.
7. Provide a list of full time, part time, and contract employees associated with the project/program; staff biographies/resumes, description of their roles in the project/program; and job descriptions.
8. List of the Board of Directors, including position, contact information, and number of years served;
9. Board approval for application submittal for the specified project(s);
10. If project involves construction, project write-up and a certified cost estimate from qualified contractor, engineer, or architect – as applicable;
11. Certification regarding debarment; and
12. Certification of Conflict of Interest

**Under item 3 above, (Required Attachments/Supplemental Information), for City of Chattanooga and Hamilton County government, only a, g, and j are applicable and a departmental/project budget is acceptable.**

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## Electronic Copy

1. By the submission deadline, agencies must also submit the entire application, via email, to: **hci@chattanooga.gov** and copying **rpartap@chattanooga.gov**. Please put “(Agency Name) FY 2024-25 CDBG Request” in the subject line. (**Example:** ABC Organization FY 2024-25 CDBG Request #2).

Please submit the electronic copy in PDF, organized in the order of the Application Checklist. If the entire file is too large and has to be divided, separate by submitting the Cover Letter & Completed Application (items under 1 & 2) as one file and Attachments/Supplemental Information as one file. Name file(s) using the following format:

<Agency Name> <FY 2024-25 CDBG Request><Grant and Program Name>. **Example**: ABC Organization FY 2024-25 CDBG Request 1 Homebuyer Program

If submitting as two separate files name attachment file as follows: <Agency Name> <FY 2024-25 CDBG Request><Grant and Program Name><ATTACHMENTS>. **Example**: ABC Organization FY 2024-25 CDBG Request 1 Homebuyer Program ATTACHMENTS

 **If submitting more than one application, complete an application for each proposed program/project.**

**Technical Assistance Sessions**

Technical assistance sessions are available, by appointment, during the pre-submittal period. Appointments can be scheduled with HCI staff for times between 9:00 a.m. and 3:30 p. m. Please call (423) 643-7330 to schedule an appointment.

# Available Funding, Priorities, and Application Guidelines

## I. Available Funding

The City anticipates\* having approximately $1,535,380 available for projects/programs as follows:

**CDBG Allocation $1,548,118**

**Program Income 371,107**

**Total $1,919,225**

**Less: CD Admin (383,845)**

**Estimated Funding To Be Available $1,535,380**

**\*Amounts are estimates based on previous years’ data**

## II. Priorities

City’s Goals to Address Housing & Community Investment Needs

* Increase supply of affordable rental housing and housing for homeownership available to the City’s low-to-moderate income households;
* Preserve existing affordable housing stock;
* Provide housing and services to special needs populations;
* Improve/increase opportunities for citizens to access/retain affordable housing;
* Support neighborhood stabilization and development through public improvements in strategic coordination with housing activities, and;
* Promote economic development activities in the City.

Reductions in federal funding has reduced the number and range of projects the City can consider for funding using CDBG funds. The funds must be targeted to activities/programs that can deliver the most to the community with the least amount of subsidy. To ensure the funds are targeted/utilized in the most efficient, effective and impactful manner, the City will strategically focus Fiscal Year 2024-2025 on housing and projects and programs in support of housing.

The City of Chattanooga is seeking to partner with eligible non-profit agencies to carry out activities that benefit low- and moderate-income City of Chattanooga residents that fall within two eligible categories:

1. Housing projects, including emergency and minor home repair and

2. Programs/projects in support of housing.

The City will only consider proposals in support of programs/projects for housing and housing related activities that contribute to:

1. Preserving housing (rehab) to address health and safety, code violations, or accessibility\*,
2. Increasing inventories (development),
3. Improving/providing access (down payment assistance, counseling, education)
4. Preventing the loss of housing or access to housing (education, counseling),
5. Stabilizing and/or re-housing families or individual who are homeless or at risk of becoming homeless (education or supplemental assistance), or
6. Neighborhood stabilization and development through public improvements/blight elimination in strategic coordination with housing activities.

III. Eligible Programs/Activities

Eligible programs/activities include the following:

* Homeownership Assistance
* Rehabilitation and Reconstruction of Rental and Homeowner Housing
* Conversion of Existing Structures for Housing
* Housing Counseling
* Housing Services
* Fair Housing Activities
* Community/Neighborhood Stabilization
* Public Improvements/Blight Elimination

### Housing Activities

*Homeownership Assistance* - Allows for direct assistance to facilitate and expand homeownership for low- and moderate-income households. Funds may be used to subsidize interest rates and mortgage principal amounts to make loan payments affordable, including the making of grants to reduce the effective interest rates charged on the loans. Low- or no-interest subordinate loans can also be used to reduce overall loan repayment amounts to make the price more affordable.

*Rehabilitation and Reconstruction* - Supporting the preservation of affordable housing for rental and homeownership, CDBG funds may be used to rehabilitate and reconstruct housing. CDBG funds may be used in a variety of ways to rehabilitate publicly and privately-owned buildings for residential purposes as well as convert existing non-residential structures to residential use.

### Activities in Support of Housing

Some activities/programs under this category are subject to the 15 percent expenditure cap governing public service activities. The following are some examples of activities in support of housing that may be funded with CDBG.

#### Housing Counseling

The objective of housing counseling is to expand access to affordable housing opportunities. Programs should be designed to provide information, advice, and assistance to homebuyers, homeowners, and/or renters with the goal of preventing loan defaults, foreclosures, or non-payment of rents. It is important to be able to track performance against these measures. These programs should complement local “bricks and mortar” programs that provide units.

* Pre-purchase Housing Counseling which generally consists of information on financial responsibilities, budgeting, housing needs, housing quality, maintenance requirements, and other costs associated with a home purchase.
* Homeownership counseling emphasizing financial management, debt management, and maintenance needs along with default counseling, foreclosure prevention counseling, and relocation counseling.
* Renter Counseling. Counseling for delinquent renters, for tenants facing eviction, for educating landlords and tenants on respective rights and responsibilities.

#### Housing Services

A critical component of addressing the needs of homeless families and individuals is the availability of affordable housing opportunities for those who are homeless or at risk of homelessness. The priority for the use of CDBG in this area is to assist supportive services/programs with the primary goals of preventing homelessness and/or moving families and individuals to self-sufficiency and permanent housing through rapid re-housing.

#### Neighborhood Stabilization and Community Improvements

Activities in this category are limited to public improvements or the elimination of blight that are in strategic coordination with housing activities.

IV. Eligible Applicants

* Governmental entities (City and County government)
* Non-profit entities with a designated 501(C)(3) status and having been in existence for a minimum of two years as of January 1, 2024.

Each applicant must have the authority to submit the application and to carry out the proposed project/activity pursuant to its charter and by-laws.

***V. Funding Duration, Reporting Requirements and General Regulatory Compliance***

Project funding will be available on or about July 1, 2024. All projects should be designed to begin immediately and conclude within twenty-four months. The City does not want to grant funds to projects that are not ready to start at the expense of another project/program that is prepared to so.

Housing and Community Investment programs are operated on a reimbursement basis. Projects do not receive advance funds. Agencies committing or expending funds prior to July 1, 2024, will not be reimbursed. **No project may begin, or funds expended, prior to an environmental review being conducted. Please ensure that you budget for environmental review costs if your project requires it. To find out if your project will require environmental review costs, please contact Regina Partap at rpartap@chattanooga.gov.**

All projects must comply with the federal regulations applicable to the individual project activities. These regulations could include (but are not limited to): Environmental Review, federal procurement standards, Fair Housing and Equal Opportunity regulations, lead-based paint regulations, Davis-Bacon, and federal fiscal/audit standards. Projects are monitored through technical assistance, site visits, and formal file reviews.

Regulations specifically related to CDBG can be found at: https://www.hudexchange.info/programs/cdbg/ and under 24 CFR Part 570.

VI. Completing Application and Components

A complete application will contain:

* 1. Cover Letter
	2. Application Checklist
	3. Application Form
	4. Attachments/Supplemental Information

The application is fillable (insert requested information/data) in the spaces provided. Do not rearrange the information/tables. Information should be provided as requested. If an item is not applicable, please indicate with “N/A”. Incomplete information may result in the application not being reviewed. Keep responses to narrative questions as brief, concise, and complete as possible. Do not include attachments or supplemental information that is not pertinent to request.

Cover Letter – should be on agency letterhead and include:

1. The name and address of the non-profit organization;
2. The funding amount being requested, name of program/project/activity, and specific, proposed use of funds;
3. The program Federal Objective/Outcomes
4. The name, address, and telephone number of a specific contact person within the organization that can be contacted for additional information, if necessary.

Application Checklist - the application checklist should be completed last, ensuring that all requirements are met.

Application Form

Insert requested information where indicated. Guidance/explanations are being provided, for some sections, to assist applicant with submitting the correct information.

1. Section I – self explanatory
2. Section II - ***Objectives, Outcomes, Results Areas***

Recipients of these funds are required to clearly define the project/program/activity, establish and track measurable goals and assess the outcomes. To be eligible for funding, at minimum, the project/program/activity must eligible and must:

1. Meet a National Object;
2. Address a Federal objective/outcome; and
3. Address a goal/objective identified in the City’s Five-Year Consolidated Plan,

***National Objective*** – check the applicable National Objective from the first row and the applicable sub-category

1. Activities Benefiting L/M income persons – activities that provide direct benefit to persons or households (programs, services)

1. Area Benefit (LMI Census Tract only) – program/services are for L/M citizens living in a specified LMI Census Tract
2. L/M Limited Clientele – program/services will only be available to a specified group of LMI persons or households
3. L/M Housing – housing activities for LMI households
4. L/M Jobs - Create/Retain – programs/services providing economic opportunities/training to LMI persons

2. Prevention/Elimination of Slums or Blight

1. Slums and Blight Area Basis – projects designed to address blight over a targeted, specified, eligible area (i.e. clearing out an entire block of blighted structures in a L/M Census Tract)
2. Slums and Blight Spot Basis – activities that eliminate a blighting issues scattered throughout an eligible area (demolishing a sub-standard structure/condemned house in a neighborhood)
3. Slums or Blight in an Urban Renewal Area – addressing blight in an area officially designated as an Urban Renewal Area

***Type Program/Project/Activity*** – check the one that is applicable to your proposal.

**Geographic Area –** Self explanatory

**Consolidated Plan Goals and Objectives –** (1) Select one of the four goals that corresponds to your activity/program, from the first column (2) from the second column, select the need that will be addressed, and (3) provide the goal outcome indicators in the third column.

1. ***Section III - Budget and Funding Information***

The budget should, clearly, provide sufficient details for the reviewer to be able to quickly ascertain the amount of funding that is being requested, exactly which costs the request will cover, other funding in the project, and the source of the other funds. In **Section V**, additional details should be included, i.e. when and how CDBG funds, and any other funds, will be utilized. **Please include any environmental review costs expected with your project.**

1. **Section IV – Project Beneficiary Statistics**

This section captures a summary of proposed and past accomplishments, if applicable, for the activity/project/program.

1. **Section V – Program/Project/Activity Details – Narrative –** self-explanatory, provide information requested.

## VII. Application Evaluation Process and Timeline

### Evaluation and Scoring Criteria - The City will use the following criteria in evaluating applications:

1. The program or service must conform to CDBG requirements.
2. The program or service must be consistent with the City’s CDBG priorities and Consolidated Plan objectives.
3. The program or service will be evaluated for program efficiency, including the number of residents assisted, per dollar of CDBG funding, the extent to which CDBG funds will leverage funding from other sources, the avoidance of program duplication, and the intended outcomes.
4. The applicant’s ability to meet administrative requirements, including demonstrating the capacity to undertake proposed project/program, complete it in a timely manner, and expend awarded funds within twelve months.
5. The following score sheet will be used in assessing and ranking applications.

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| **Housing and Community Investment Application Review and Scoring Form****FY 2024-2025**  |
| **Project/Program Eligibility** |
| **1. Does entity meet the requirements to be an eligible applicant?** [ ]  Yes [ ]  No |
| **If no, brief explanation:** |
| **2. Is proposed project/activity eligible for funding?** [ ]  Yes [ ]  No |
| **If no, brief explanation:** |
| **Note: An answer of “No” to either of the above will result in the application not be reviewed for funding considerations.** |
| **Organizational Capacity** |
| 1. Years entity has been in operations: (< 1 yr.- 0 points) (1 yr.- 1 point) (< 4 yrs. - 2 points) (>4 yrs. – 5 points) |  |
| 2. Prior experience managing Federal or other grants?: ( No – 0 points) (Yes – 5 points) |  |
| 3. Proposed project addresses a priority in the Consolidated Plan? ( No – 0 points) (Yes – 5 points) |  |
| 4. Organization has a favorable history pertaining to ECD-HUD funded projects. (0 – 5) |  |
| 5. Agency has no known issues that could affect its ability to manage federal grants. (No -1 point) (Not sure – 0 points) |  |
| **Sub-Total** | **0** |
| **Entity appears to have:** |
| 6. Adequate staff capacity for activity/program/project.   (0-5 points) |  |
| 7. Sound organization and management structure. (0-5 points) |  |
| 8. Sound financial management system. (0-5 points) |  |
| 9. Structured Board providing oversight. (0-5 points) |  |
| 10. Prior experience in carrying out proposed activity. (0-5 points) |  |
| 11. Adequate resources to remain an ongoing entity. (0-5 points) |  |
| **Sub-total** | **0** |
| **Total Organizational Capacity** | **0** |
| **Application Completeness and Project Feasibility**  |
| 12. Provides a clear description of need/problem. (0-5 points) |  |
| 13. Provides clear objectives and outcomes. (0-5 points) |  |
| 14. Request is consistent with needs and objectives. (0-5 points) |  |
| 15. Tasks are clearly identified and described. (0-5 points) |  |
| 16. Cost estimates and budget are reasonable - certified/reliable source. (0-5 points |  |
| 17. Project/activity/program appears to be financially sound. (0-5 points) |  |
| 18. Project/activity/program is leveraged with other funding. (0-5 points) |  |
| 19. Proposed schedule is realistic. (0-5 points) |  |
| 20. Applicant has a plan for future continuity of project without CD funding. (0-5 points) |  |
| 21. If funded, is activity/project/program sustainable without future CD -HUD funds? (No – 0 points) (Yes – 5 points) |  |
| 22. Is the proposed activity/program/project an unnecessary duplication of an existing program? (Yes – 0 points) (No – 5 points) |  |
| 23. Through proposal, does applicant demonstrate local collaboration without duplication of efforts? (No – 0 points) (Yes – 5 points) |  |
| **Total for Application Completeness and Project Feasibility** | **0** |
| **Total Application Points** | **0** |

### Timeline

As outlined in the Allocation Calendar, Housing and Community Investment staff will review proposals and make recommendations to City Council at a public hearing in April. Applicants will be contacted if there are questions about their proposal. Funding approvals/denials are expected to be known by May 2024. The timeline is tentative and predicated on HUD funding announcement.

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| **Housing and Community Investment****Allocation** |
| **2024-2025** |
| **Tentative Allocation Calendar** |
| **January 8, 2024** | **Publications announcing Application/Allocation/Funding Process &   Workshop for Community Development Block Grant (CDBG)** |
| **January 15, 2024** | **Applications Available** |
| **January 25, 2024** | **In-person Application/Allocation Workshop for Community Development Block Grant (CDBG)** |
| **January 29, 2024** | **Virtual Application/Allocation Workshop for Community Development Block Grant (CDBG)** |
| **January 15 – February 22, 2023** | **Application Technical Assistance** |
| **February 23, 2023** | **Applications Due** |
| **February 26 – March 8, 2024** | **Review of Applications** |
| **March 11-15, 2024** | **Meeting with Advisory Committee to discuss recommendations** |
| **March 18, 2024** | **Publication/Announcement of Public Meeting and Public Comment** |
| **March 26, 2024** | **Presentation of Recommendations to Council** |
| **March 18 - April 17, 2024** | **30 - Day Comment Period for Funding Recommendations** |
| **April 4, 2024** | **Public Meeting - Action Plan - Outlining Funding and Activities** |
| **April 23, 2024** | **City Council Approval - Resolution** |
|  **April 24, 2024** | **Award/Rejection Notifications** |
| **May 12, 2024** | **Submit Action Plan to HUD** |
| **June 2024** | **Contracts written and approved** |
| **TBD** | **Subrecipient Training and Contract Signing** |
| **July 2024** | **Contracts sent to Mayor for Signature** |

**Current Income and Rent Limits**

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| **Income Limits and Fair Market Rents for Chattanooga** |
| **Income Limits (Effective June 15, 2023) 2023 Median Family Income: $90,700** |
|  |  |  |  |
| **Family Size** | **Moderate (80% AMI)** | **Low (50% AMI)** | **Very Low (30% AMI)** |
| 1 person | $44,600 | $27,900 | $16,750 |
| 2 person | $51,000 | $31,850 | $19,150 |
| 3 person | $57,350 | $35,850 | $21,550 |
| 4 person | $63,700 | $39,800 | $23,900 |
| 5 person | $68,800 | $43,000 | $25,850 |
| 6 person | $73,900 | $46,200 | $27,750 |
| 7 person | $79,000 | $49,400 | $29,650 |
| 8 person | $84,100 | $52,550 | $31,550 |
|  |  |  |  |
| **Fair Market Rents (Effective June 15, 2023)** |
| **0 BR** | **1 BR** | **2 BR** | **3 BR** | **4 BR** |
| $ 910 | $ 919 | $ 1,067 | $ 1,372 | $ 1,619 |

## Supplemental Data

### Low – Mod Income Census Tracts

