

STATE OF INDIANA

STATE COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) PROGRAM (CFDA: 14-228)

INDIANA OFFICE OF COMMUNITY AND RURAL AFFAIRS FY 2025 PROGRAM DESIGN AND METHOD OF DISTRIBUTION

GENERAL BACKGROUND INFORMATION AND NATIONAL CDBG OBJECTIVES

The State of Indiana, through the Indiana Office of Community and Rural Affairs (OCRA), assumed administrative responsibility for Indiana's Small Cities Community Development Block Grant (CDBG) Program in 1982, under the auspices of the U.S. Department of Housing and Urban Development (HUD). Per 570.485(a) and 24 CFR Part 91, the State must submit a Consolidated Plan to HUD by May 15th of each year following an appropriate citizen participation process according to 24 CFR Part 91.325, which prescribes the State's Consolidated Plan process as well as the proposed method of distribution of CDBG funds for 2024. **The State of Indiana's anticipated allocation of federal Community Development Block Grant (CDBG) funds for FY 2025 is \$30,689,455.00.**

This document applies to all federal Small Cities CDBG funds allocated by HUD to the State of Indiana, through OCRA.

The primary objective of Indiana's Small Cities CDBG Program is to assist in the development and re-development of viable Indiana communities by using CDBG funds to provide a suitable living environment and expand economic opportunities, principally for low- and moderate-income persons.

Indiana's program emphasizes making Indiana communities a better place in which to reside, work, and recreate. Primary attention is given to activities that promote long term community development and create an environment conducive to new or expanded employment opportunities for low- and moderate-income persons.

OCRA pursues the goal of investing CDBG funds wisely and aligns with all applicable strategic priorities by distributing CDBG funds in a manner that promotes the exploration of all alternative resources (financial and personnel) when making funding decisions regarding applications for CDBG funding.

PROGRAM AMENDMENT POLICY

OCRA reserves the right to transfer up to twenty-five percent (25%) of each fiscal year's available allocation of CDBG funds between the programs described herein to optimize the use and timeliness of distribution and expenditure of CDBG funds, without formal amendment of this Annual Action Plan.

OCRA will provide citizens and general units of local government with reasonable notice and opportunity to comment on any substantial change to be made in the use of CDBG funds for any open grant year. "Substantial Change" refers to the transfer of more than twenty-five percent (25%) of the total allocation between programs for each fiscal year's CDBG allocation. The twenty-five percent (25%) threshold does not account for the reallocation of reverted funds. OCRA, in consultation with the Indianapolis office of HUD, determines which actions may be considered a "substantial change." OCRA will submit any Consolidated Plan, Annual Action Plan, or other related documents to HUD prior to implementing any changes outlined in the document and before making the final version available to the public.

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ELIGIBLE ACTIVITIES/FUNDABILITY

All activities, which are eligible for federal CDBG funding under Section 105 of the Federal Housing and Community Development Act of 1974, as amended, (Federal Act), are eligible for funding under the OCRA's CDBG program. However, OCRA maintains the right to prioritize funding for eligible activities. In determining these funding priorities, OCRA will allocate federal CDBG funds to activities and projects that yield tangible benefits for low- and moderate-income individuals in Indiana. OCRA will adopt a competitive approach for all programs to distribute funds to proposed projects that effectively align with the objectives of this Action Plan and HUD's overarching goals. Funding decisions will be made using criteria and rating systems, which are used for the State's programs and are subject to the availability of funds. It shall be the policy under the state program to give priority to using CDBG funds to pay for actual project costs and not to local administrative costs. **The State of Indiana certifies that not less than seventy-percent (70%) of each fiscal year's CDBG funds will be expended for activities principally benefiting low- and moderate-income persons, as prescribed by 24 CFR 570.484, et. seq.**

ELIGIBLE APPLICANTS

1. All Indiana counties, cities, and incorporated towns which do not receive CDBG entitlement funding directly from HUD or are not located in an "urban county" or other areas eligible for "entitlement" funding from HUD.
2. All Indian tribes meeting the criteria outlined in Section 102 (a)(17) of the Federal Act.

To be eligible for CDBG funding, applicants must not be under suspension from any CDBG-funded programs or from OCRA due to issues or irregularities with prior CDBG grants, such as overdue reports, late responses to monitoring inquiries, overdue closeout documents for current grants, or

any other factors that may cast doubt on their capacity to comply with all requirements of the State's CDBG program. Applicants may be suspended from participating in state CDBG-funded projects that are administered by the Indiana Housing & Community Development Authority (IHCDA).

All applicants must fully expend all CDBG Program Income as defined in 24 CFR 570.489(e) before, or as a part of the proposed CDBG-assisted grant, to be eligible for further CDBG funding from the State.

Other specific eligibility criteria is outlined in the **General Selection Criteria** provided herein.

FY 2025 FUND DISTRIBUTION

Wastewater Drinking Water Program (WDW)	\$12,500,000.00
Stellar Pathways Program	\$ 4,000,000.00
Stormwater Improvements Program (SIP)	\$ 3,500,000.00
Owner Occupied Rehabilitation Program (OOR)	\$ 3,000,000.00
Public Facilities Program (PFP)	\$ 2,500,000.00
Blight Clearance Programs (BCP)	\$ 1,500,000.00
Main Street Revitalization Program (MSRP)	\$ 1,952,389.00
Preserving Mainstreet Program	\$ -
Needs Responsive Fund	\$ -
Urgent Needs Funds	\$ -
Planning Grant Program	\$ 1,000,000.00
Technical Assistance	\$ 200,000.00
Administration Costs	\$ 537,066.00
Total Amount	\$30,689,455.00

PROGRAM INCOME POLICY

The State of Indiana via the Office of Community and Rural Affairs (OCRA) does not project receipt of CDBG program income for the period covered by this Annual Action Plan. In the event the Office of Community and Rural Affairs (OCRA) receives CDBG Program Income, such funds will be placed in an existing program based on current needs, as determined by OCRA, to make additional grants under that program. Reversions of other years' funding will also be allocated based on current needs as determined by OCRA. OCRA will allocate and expend all CDBG Program Income funds received before drawing additional CDBG funds from the US Treasury. However, the following exceptions shall apply:

1. This policy shall not apply to housing-related grants made to applicants by the Indiana Housing & Community Development Authority (IHCDA), a separate agency, using CDBG funds allocated to IHCDA by OCRA.

2. In accordance with 24 CFR 570.489(e)(2), program income does not cover funds generated by grantees and/or subrecipients from CDBG grants awarded by OCRA that are \$35,000 or less during a calendar year. In such cases, OCRA may allow local governments to keep the funding that doesn't exceed the \$35,000 threshold established by this policy.
3. This policy shall not apply to program income generated by locally administered revolving loan funds to carry out specific activities. Grantees are not required to use the program income generated before drawing down grant funds awarded by OCRA for a different CDBG funded activity. However, program income in the revolving loan fund must be used before drawing down additional grant funds for other revolving fund activities in accordance with 24 CFR 570.489(f).
4. Any interest earned, above the threshold in accordance 24 CFR 570.489(e)(2)(iv)(C), on a deposit of CDBG grant funds before disbursement of those funds for an eligible CDBG activity will be considered CDBG program income by OCRA. Interest earned should subsequently be used as a credit toward additional claims submitted, reducing the payment of a future claim by the amount of interest earned.

Program Income Generated by a Units of General Local Government

In accordance with 24 CFR 570.489(e)(2), program income does not cover funds that are \$35,000 or less during a program year. In such cases, OCRA may allow local governments to keep the funding that doesn't exceed \$35,000.

Program income generated by grantees and/or subrecipients from CDBG grants awarded by OCRA must be returned to OCRA if such amounts are equal to or greater than \$35,000 per calendar year according to 24 CFR 570.489. If a local government or its subrecipients receive program income, it must be reported to OCRA annually. This income retains its CDBG federal identity in accordance with 24 CFR 570.489.

All obligations of CDBG program income by grantee require prior approval by the OCRA. This includes the use of program income as matching funds for CDBG-funded grants from IHCD. Applicable parties should contact the CDBG Program staff for guidance on the use of program income before the obligation of such funds.

Local governments that have been inactive in using their program income are required to return their program income to OCRA. Local governments that have been approved to use their program income to fund at least one project in the previous twelve (12) months will be considered active.

Furthermore, US Department of Treasury regulations require that CDBG program income cash on hand balances be expended on any active CDBG grant being administered by a grantee before additional federal CDBG funds can be requested from OCRA. These US Treasury regulations apply to projects funded both by IHCD and OCRA. Eligible applicants with CDBG program income should strive to close out all active grant projects presently being administered before seeking additional CDBG assistance from the OCRA or IHCD.

Revolving Loan Fund (RLF) Program Income by a Units of General Local Government

If OCRA permits Units of General Local Government to establish locally administered revolving loan funds to carry out specific activities in accordance with 24 CFR 570.489 (f), program income generated by the RLF shall refer to the repayment of CDBG funds received by borrowers including principal and any interest earned without regard to the amount collected.

Local revolving fund balances must be held in an interest-bearing account in accordance with 24 CFR 570.500(b).

Program income collected by Grantees should only be maintained in a local revolving loan fund account for a short period of time before they are awarded back out to new local applicants. Units of General Local Government must ensure any RLF funds held are revolved in order for the account to be considered active by OCRA in accordance with 24 CFR 570.489(f).

It is OCRA's policy that grantees with local revolving loan funds must report on any program income earned and the RLF's activity on a quarterly basis. This report should be governed by guidelines provided by OCRA to its grantees in order to ensure the timely and proper reporting of any RLF program income generated.

Local governments who do not forgive loans issued as part of a CDBG funded RLF program will continue to generate program income and must continue to report on in perpetuity on each loan made until all payments have been paid in-full, forgiven, or written off.

At closeout of a HUD funded award including, but not limited to, CDBG, CDBG Disaster Recovery (CDBG-DR), CDBG Cares Act (CDBG CV), and the Neighborhood Stabilization Program (NSP), program income on hand or subsequently received by a grantee or subrecipient generated by that award may become program income of OCRA's CDBG formula grant program. Grantees may transfer any amount of program income collected to OCRA. Program income generated by a grantee or its subrecipients that is transferred to OCRA continues to be subject to all CDBG requirements as outlined in 24 CFR 570.504(b)(3), even after closeout is achieved, until all program income is fully expended.

The transfer of program income generated by other HUD funded awards must comply with CPD 14-02: Closeout Instructions for Community Development Block Grant (CDBG) Programs Grant. OCRA will assess the best use of any program income transferred to CDBG based current needs and any applicable HUD guidance. Grantees must maintain an inventory of acquired real property and equipment and must properly report any new program income generated as instructed by HUD.

METHOD OF DISTRIBUTION

The choice of activities on which the State's CDBG funds are expended has been determined through a robust review that engaged a variety of stakeholders and considered comments from the public. The eligible activities enumerated in the following Method of Distribution are eligible activities as provided for under Section 105(a) of the Federal Act, as amended.

All projects/activities funded by the OCRA will be made on a basis which addresses one (1) of the three (3) national objectives of the Small Cities CDBG Program as prescribed under Section 104(b)(3) of the Federal Act and 24 CFR 570.483 of implementing regulations promulgated by HUD. CDBG funds will be distributed according to the following Method of Distribution (program descriptions):

A. Wastewater Drinking Water Program

Allocation: OCRA will allocate \$12,500,000 of its FY 2025 CDBG funds for the Wastewater Drinking Water (WDW) Program.

Eligible Activities: Assistance provided under this program will meet the national objectives of Benefits Low and Moderate-Income (LMI) 24 CFR 570.483(b). CDBG funds may be used for eligible activities. CDBG funds may be used to support wastewater and drinking improvements.

Funding Cycle: Applications will be accepted in rounds and awards will be made on a competitive basis.

Other Requirements: The specific threshold criteria and basis for scoring are provided in Attachment C and D hereto.

Maximum Award per Beneficiary: WDW shall have a maximum grant amount based on present combined user rates (water, wastewater, and stormwater) as shown in the matrix below. The amount of CDBG funds granted will be limited to \$5,000 cost per project beneficiary.

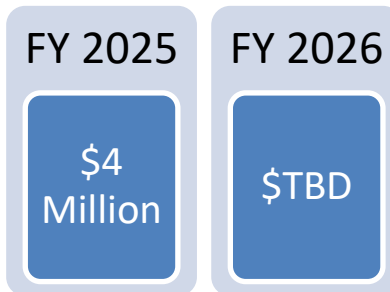
Maximum Grant Amounts	Rates for 4,000 gallons		
	User Rates (Over \$50)	User Rates (\$30 to \$50)	User Rates (Under \$30)
Projects over \$1 million in total project cost	\$750,000	\$700,000	\$650,000
Projects under \$1 million in total project cost	\$700,000	\$650,000	\$600,000

Matching Funds: Matching funds of at least 20% of the total project cost are required for this program.

Local Administrative Costs: 8% of the CDBG grant amount is eligible for local administrative expenses

B. Stellar Pathways Program

Allocation: OCRA will allocate \$4,000,000 of its FY 2025 CDBG funds for Stellar Pathways. Funds will be allocated in the Action Plan for the fiscal year an applicant is selected. Here is a breakdown of the Stellar allocation for FY 2025, and projected allocation for FY 2026:



Eligible Activities: Assistance provided under this program will meet the national objectives of Benefits Low and Moderate-Income (LMI) 24 CFR 570.483(b), Slum and Blight 24 CFR 570.483(c) CDBG funds may be used for eligible activities under 24 CFR 570.201, 24 CFR 570.202(a), 24 CFR 570.202(d), 24 CFR 570.202(e) including acquisition, disposition, public facilities and improvements, clearance and remediation activities, privately owned utilities, rehabilitation and preservation activities, historical preservation, renovation of closed buildings. OCRA reserves the right to evaluate the eligibility of additional proposed activities that are not listed in this section for consideration under this program.

All projects funded by IHCD with HOME, ESG and/or HOPWA funds will meet the specific requirements set forth by those programs.

Other Requirements: Indiana's Stellar Pathways Program is a collaborative effort of the Office of Community and Rural Affairs (OCRA) and other state, philanthropic or private partnerships.

The Stellar Pathways Program seeks to engage four (4) regions to achieve a holistic, three-year revitalization strategy that will leverage unified state investment and other available funding from the partnering agencies to complete transformational projects. In the revitalization strategy, selected finalists will identify areas of interest and types of projects along four pathways following robust community outreach and engagement and through facilitated, pathway-specific focus groups. The resultant Strategic Investment Plan (SIP) will produce a schedule to complete projects, cost estimates, identify local match amounts and additional funding resources needed, indicate the level of community impact, and describe the significance each project will have on the overall comprehensive revitalization of the region. Each partner will choose catalyst projects to fund from each SIP, setting communities along a path to become Stellar upon completion of all selected projects.

Evaluation and selection of the final regions to the Stellar Pathways Program will be based on:

- Letter of Intent submitted
- Completion of all outlined requirements of the Stellar Pathway Finalist designation.
- Document the level of need and significance of each project in overall community revitalization efforts.
- Capacity of the applicant to complete all activities and to administer the funds;

Maximum Award: No more than two (2) designees will be selected to participate in the program. The Stellar Pathway Program will set aside \$4,000,000 each selected designees for eligible projects that meet the CDBG program requirements. OCRA reserves the right to select the projects that will be funded with CDBG funds.

Local Administrative Costs: 8% of the CDBG grant amount is eligible for local administrative expenses for each submitted application.

C. Stormwater Improvements Program (SIP)

Allocation: OCRA will allocate \$3,500,000 of its FY 2024 CDBG funds for the Stormwater Improvements Program (SIP).

Eligible Activities: Assistance provided under this program will meet the national objectives of Benefits Low and Moderate-Income (LMI) 24 CFR 570.483(b) for activities that improve stormwater systems

Other Requirements: The specific threshold criteria and basis for scoring are provided in Attachment C and D hereto.

Funding Cycles: Applications will be accepted in rounds and awards will be made on a competitive basis.

Maximum Award Per Beneficiary: The Stormwater Improvement Program shall have a maximum grant amount of \$750,000. The amount of CDBG funds granted will be limited to \$5,000 cost per project beneficiary.

Matching Funds: Matching funds of at least 10% of the total project cost are required for this program.

Local Administrative Costs: 8% of the CDBG grant amount is eligible for local administrative expenses.

D . Owner Occupied Rehabilitation Program (OOR)

Allocation: OCRA will allocate \$3,000,000 of its FY 2025 funds for OOR.

Eligible Activities: Assistance provided under this program will meet the national objectives of Benefits Low and Moderate-Income Households (LMH) 24 CFR 570.483(b)(3). CDBG funds may be used for eligible housing activities under section 105(a) of the HCDA. The following list of housing activities may be considered under the program. Rehabilitation of Owner-Occupied Housing Units.

Other Requirements: OCRA will award such grants that meet the minimum scoring criteria outlined in Attachments C and D.

Funding Cycles: The OOR program will have a funding cycle that includes up to three rounds each year, with the possibility of a fourth round depending on funding availability.

Maximum Award Per Beneficiary: The OOR program shall have a maximum grant of \$350,000 for cities or towns, and \$500,000 for counties to establish or support a local Owner-Occupied Rehabilitation Program. Individual grants to homeowners will be capped at \$25,000.

Matching Funds: Matching funds of at least 10% of the total project cost is required for participation in this program.

Local Administrative Costs: 8% of the CDBG grant amount is eligible for local administrative expenses.

E. Public Facilities Program (PFP)

Allocation: OCRA will allocate \$2,500,000 of its FY 2025 CDBG funds for the Public Facilities Program (PFP).

Eligible Activities: Assistance provided under this program will meet the national objectives of Benefits Low and Moderate-Income (LMI) 24 CFR 570.483(b) or Slum and Blight 24 CFR 570.483(c). CDBG funds may be used for eligible activities under 24 CFR 570.201 (a), 24 CFR 570.201 (b), 24 CFR 570.201 (c), 24 CFR 570.201 (d), 24 CFR 570.202, 24 CFR 570.202(d), 24 CFR 570.202(e) including acquisition, disposition, public facilities and improvements, clearance and remediation activities, rehabilitation and preservation activities, historical preservation, renovation of closed buildings. OCRA reserves the right to evaluate the eligibility of additional proposed activities that are not listed in this section for consideration under this program.

Funding Cycles: Applications will be accepted in rounds and awards will be made on a competitive basis.

Other Requirements: The specific threshold criteria and basis for scoring are provided in Attachment C and D hereto.

Maximum Award Per Beneficiary: The Public Facilities Program shall have a maximum grant amount of \$750,000. The amount of CDBG funds granted will be limited to \$5,000 cost per project beneficiary.

Matching Funds: Matching funds of at least 10% of the total project cost are required for this program.

Local Administrative Costs: 8% of the CDBG grant amount is eligible for local administrative expenses.

F. Blight Clearance Program (BCP)

Allocation: OCRA will allocate \$1,500,000 of its FY 2025 CDBG funds for the Blight Clearance Program (BCP).

Eligible Activities: Assistance provided under this program will meet the national objectives of Slum and Blight 24 CFR 570.483(c), CDBG funds may be used for eligible activities under 570.201(d)) and 24 CFR 570.201(a) including acquisition, clearance and remediation activities of non-residential and residential structures.

Other Requirements: OCRA will award applications that meet the minimum scoring criteria outlined in Attachment D on a competitive basis.

Maximum Award Per Beneficiary: The Blight Clearance Program shall have a maximum grant amount of \$500,000. The amount of CDBG funds granted will be limited to \$5,000 cost per project beneficiary.

Matching Funds: Matching funds of at least 10% of the total project cost are required for this program.

Local Administrative Costs: 8% of the CDBG grant amount is eligible for local administrative expenses.

G. Main Street Revitalization Program

Allocation: OCRA will allocate \$1,952,389 of its FY 2025 CDBG funds for the Main Street Revitalization Program (MSRP).

Eligible Activities: Activities that support Indiana communities with streetscape and alley activation intended to revitalize their downtown area will be funded under this program.

Other Requirements: Each applicant must meet the following prerequisites:

- 1) Have a designated Indiana Main Street Organization that:
 - a. is Nationally accredited, or
 - b. is an Indiana Accredited Main Street that is at least three (3) years old;
- 2) The Main Street Organization is in good standing and has met all the reporting requirements;
- 3) The Main Street Organization has met their education requirement with the Indiana Main Street Program during past calendar year;
- 4) The Main Street organization is functioning within the Main Street 4 Point Approach of Organization, Design, Economic Vitality, and Promotion and Nationally Accredited Main Streets are using a Transformation Strategy.

- 5) The Main Street organization has current Work Plans for each of its Committees that have been submitted to Indiana Main Street;
- 6) The Community has completed a downtown revitalization plan within the past five (5) years that meets OCRA's Minimum Plan Requirements. If a community has an alternative plan that meets OCRA's Minimum Plan Requirements for a downtown revitalization plan, they can use that alternative plan with approval from the CDBG Program Director.
- 7) The local Indiana Main Street Organization has been involved in the project development process for the application and there is a plan for their continued involvement if awarded.

Funding cycle: Applications will be accepted in rounds and awards will be made on a competitive basis. The specific threshold criteria and basis for scoring are provided in Attachment C and D hereto.

Maximum Award per Beneficiary: The MSRP shall have a maximum grant amount based on the total project cost as shown in the table below. The amount of CDBG funds granted will be limited to \$5,000 cost per project beneficiary.

Project Amount	Award Maximum
Projects over \$2 million in total project cost	\$600,000
Projects under \$2 million in total project cost	\$500,000

Grantees must ensure that local Indiana Main Street Organization remains in good standing with OCRA until the completion of the project. If the local Indiana Main Street Organization falls out of good standing then de-obligation or repayment of CDBG funds is possible.

Matching funds: Matching funds of at least 20% of the total project cost are required for all streetscape projects in this program.

Local Administrative Costs: 8% of the CDBG grant amount is eligible for local administrative expenses.

H. PreservINg Main Street

Allocation: OCRA will allocate \$0 of its FY2025 CDBG funds for PreservINg Main Street

Eligible Activities: All projects funded must meet a national objective of the Federal Act under 24 CFR 570.208 and 24 CFR 570.483 of applicable HUD regulations.

Funding Cycles: PreservINg Main Street will support one or up to two Nationally Accredited Main Street (NAMS) or Indiana Accredited Main Street (IAMS) communities in their historic preservation and economic revitalization efforts over a period of two years.

Applications from NAMS and IAMS communities with registered downtown historic districts will be accepted in a single round every other program year and awards will be made on a

competitive basis. The selected community will be eligible to set aside funds to implement downtown preservation projects based on a two-year preservation and revitalization strategy for their downtown historic district.

Other Requirements: The Main Street organization, along with the community foundation and LUG, will be responsible for raising a 10% match (\$200,000) for the project, which could include a mix of private and local funds. The total match must be raised before the end of the 2-year pilot.

Of that 10%:

- 50% will be put in a permanent endowment/revolving loan fund for downtown projects
- 50% will be supplied to the Main Street organization for long-term sustainability.

For example, this could be used for two years of funding a staff position and thus elevating an IAMS community to a NAMS within those two years

Additionally, Indiana Landmarks will work with the Main Street organization and local building owners to provide training and conditions assessments for preservation projects downtown. The

LUG will develop and adopt a local preservation ordinance, lead the formation of a local preservation commission, and pursue designation of a downtown local historic district within the first 18 months.

The Main Street organization will also implement two humanities-based programs and activities focused on historic preservation using Indiana Humanities funding distributed in two tranches. The selected Main Street organization will also attend training provided by Indiana Humanities.

I. Urgent Need Fund

Allocation: OCRA will allocate \$0 of its FY2025 CDBG funds for the Urgent Need Fund.

Eligible Activities: These activities must be eligible for funding under the “urgent need” national objective of the Federal Act and requirements of 24 CFR 570.208 and 24 CFR 570.483 of applicable HUD regulations. The eligibility of any project is at the full discretion of the Office of Community and Rural Affairs.

Funding Cycles: The Urgent Need Fund will be available to eligible applicants on a continuing basis.

Other Requirements: The Urgent Need Fund will be available to eligible applicants to meet an imminent threat to the health and safety of local populations. The grants may be funded as made available through the Public Facilities Program or reversions when not budgeted from the annual allocation. Special selection factors include need, proof of recent threat of a catastrophic nature, statement of declared emergency and inability to fund through other means. Projects will be developed with the assistance of the Office of Community and Rural Affairs as a particular need arises.

To be eligible, these projects and their activities must meet the “urgent need” national objective of Section 104(b)(3) of the Federal Act. Generally, projects funded are those which need immediate attention and are, therefore, inappropriate for consideration under OCRA’s regular

programs. The types of projects, which typically receive funding, are municipal water systems (where the supply of potable water has been threatened by severe weather conditions) and assistance with demolition or cleanup after a major fire, flood, or other natural disaster. Although all projects will be required to meet the "urgent need" national objective, the Office of Community and Rural Affairs may choose to actually fund the project under one of the other two national objectives, if it deems it expedient to do so. Applicants must adequately document that other financial resources are not available to meet such needs pursuant to Section 104(b)(3) of the Federal Act and 24 CFR 570.483 of HUD regulations.

Only that portion of a project, which addresses an immediate need, should be addressed. This is particularly true of municipal water or sewer system projects, which tend to need major reinvestment in existing plants or facilities, in addition to the correction of the immediate need.

Maximum Award per Beneficiary: The amount of grant award is determined by the individual circumstances surrounding the request for emergency funds.

Matching Funds: A community may be required to provide a match through cash, debt or provision of employee labor.

J. Needs Responsive Fund

Allocation: OCRA will allocate \$0 of its FY 2024 CDBG Funds to the Needs Responsive Fund.

Eligible Activities: The purpose of this fund is to allow OCRA flexibility to respond to the needs of eligible communities. Specifically, this program will allow OCRA to fund projects that are eligible activities under CDBG but are not covered by other programs.

Other Requirements: OCRA will award such grants that meet the minimum scoring criteria outlined in Attachment D throughout the program year.

Maximum Award per Beneficiary: The Needs Responsive Fund shall have a maximum grant amount of \$1,000,000. The amount of CDBG funds granted will be limited to \$5,000 per project beneficiary.

Matching Funds: Matching funds of at least 10% of the total project cost are required for this program.

Local Administrative Costs: 8% of the CDBG grant amount is eligible for local administrative expenses.

K. Planning Grant Program

Allocation: OCRA will allocate \$1,000,000 of its FY2025 CDBG funds for planning-only activities.

Eligible Activities: OCRA will make planning-only grants to units of local government to carry out planning activities eligible for eligible planning activities under 24 CFR 570.205. A list of

eligible plans and their specific maximum grant amounts is available on OCRA's CDBG policies website. The Office reserves the right to prefer one type of plan over other types of plans when making awards.

Funding Cycles: The Planning program will have a funding cycle that includes up to three rounds each year, with the possibility of a fourth round depending on funding availability

Other Requirements: The specific threshold criteria and basis for scoring Planning Grant are provided in Attachment C and D hereto. OCRA will award applications that meet the minimum scoring criteria outlined in Attachments C and D. CDBG-funded planning costs will exclude final engineering and design costs related to specific activities which are eligible activities/costs under 24 CFR 570.201-204.

Maximum Award per Beneficiary: The Planning Grant program shall have a maximum grant amount of \$90,000. The amount of CDBG funds granted will be limited to \$5,000 per project beneficiary.

Matching Funds: Matching funds of at least 8% of the total project cost are required for this program.

Local Administrative Costs: A flat fee for local administrative expenses is established at a maximum of \$7,000.

L. Technical Assistance: \$200,000

Pursuant to the federal Housing and Community Development Act (Federal Act), specifically Section 106(d)(5), the State is authorized to set aside up to one percent (1%) of its total allocation for technical assistance activities. The amount set aside for Technical Assistance in the State's FY 2025 Action Plan is \$200,000, which constitutes less than one-percent (1%) of the State's FY 2025 CDBG allocation. The State of Indiana reserves the right to set aside up to one percent (1%) of open prior-year funding amounts for the costs of providing technical assistance on an as-needed basis.

The amount set aside for the Technical Assistance Program will not be considered a planning cost as defined under Section 105(a)(12) of the Federal Act or an administrative cost as defined under Section 105(a)(13) of the Federal Act. Accordingly, such amounts set aside for Technical Assistance will not require matching funds by the State of Indiana. OCRA reserves the right to transfer a portion or all of the funding set aside for Technical Assistance to another program herein as deemed appropriate by the Office of Community and Rural Affairs, in accordance with the "Program Amendment Policy."

The Technical Assistance Program is designed to provide, through direct Office of Community and Rural Affairs staff resources or by contract, training and technical assistance to units of general local government, nonprofit and for-profit entities relative to community and economic development initiatives, activities and associated project management requirements. The Technical Assistance Program will also be used by the Office to conduct pilots of new programs or adjustments to current programs.

1. Distribution of the Technical Assistance Program Set-aside: Pursuant to HUD regulations and

policy memoranda, the Office of Community and Rural Affairs may use alternative methodologies for delivering technical assistance to units of local government and nonprofits to carry out eligible activities, to include:

- a. Provide the technical assistance directly with Office of Community and Rural Affairs or other State staff;
- b. Hire a contractor to provide assistance;
- c. Use sub-recipients such as Regional Planning Organizations as providers or securers of the assistance;
- d. Directly allocate the funds to non-profits and units of general local governments to secure/contract for technical assistance.
- e. Pay for tuition, training, and/or travel fees for specific trainees from units of general local governments and nonprofits;
- f. Transfer funds to another state agency for the provision of technical assistance; and,
- g. Contracts with state-funded institutions of higher education to provide the assistance.

2. Ineligible Uses of the Technical Assistance Program Set-aside: The 1% set-aside may not be used by the Office of Community and Rural Affairs for the following activities:

- a. Local administrative expenses not related to community development;
- b. Any activity that cannot be documented as meeting a technical assistance need;
- c. General administrative activities of the State not relating to technical assistance, such as monitoring state grantees, rating and ranking State applications for CDBG assistance, and drawing funds from the Office of Community and Rural Affairs; or,
- d. Activities that are meant to train State staff to perform state administrative functions, rather than to train units of general local governments and non-profits.

M. Administrative Cost: \$537,066.00

The State (Office of Community and Rural Affairs) will set aside up to \$537,066.00 of its FY 2025 CDBG funds for payment of costs associated with administering its State Community Development Block Grant (CDBG) Program (CFDA Number 14.228). This amount constitutes less than two (2%) percent of the State's CDBG allocation.

The administrative cost is subject to the \$1-for-\$1 matching requirement of HUD regulations, \$100,000 is not subject to state match per HUD regulations. These funds will be used by the Office of Community and Rural Affairs for expenses associated with administering its State CDBG Program, including direct personal services and fringe benefits of applicable Office of Community and Rural Affairs staff, as well as direct and indirect expenses incurred in the proper administration of the state's program and monitoring activities respective to CDBG grants awarded to units of local government (i.e. telephone, travel, services contractual, etc.). These administrative funds will also be used to pay for contractors hired to assist the Office of Community and Rural Affairs in its consolidated planning activities.

PRIOR YEARS' METHODS OF DISTRIBUTION

This Annual Action Plan and statement of Method of Distribution is intended to amend all prior Consolidated and Action Plans for grant years where funds are still available to reflect the new

program designs. The Methods of Distribution described in this document will be in effect commencing with 2025 Round 2, unless subsequently amended, for all FY 2025 CDBG funds as well as remaining residual balances of previous years' funding allocations, as may be amended from time to time subject to the provisions governing "Program Amendment Policy" herein.

In the case that prior years' funds should become available, they will be placed in any of the currently open programs and become subject to the requirements and allowances set forth in this plan. Non-expended funds, which revert from the financial settlement of projects funded from other programs, will be placed in any open program for use in that ongoing program.

APPLICATION PROCESSES

Planning Grant applications and Owner-Occupied Rehabilitation (OOR) applications will have a funding cycle that includes up to three rounds each year, with the possibility of a fourth round depending on funding availability. Eligible local governments must contact their regional Community Liaison to express their interest in the program. Notification must be done within 15 days after the opening of the application in order to be eligible to submit an application for that round. This notification must be specific to the funding cycle from which the community is seeking funding assistance. Then, an application can be submitted for scoring. This is a single stage competitive application process.

Stellar Pathways Program is a single competitive application process. Interested applicants submit a Letter of Intent from which up to four (4) finalists are selected by the partner organizations. Finalists take part in numerous capacity-building, teamwork, and planning activities throughout the year as they build their Strategic Investment Plan (SIP). Each finalist must complete an SIP. The Stellar Teams will review completed plans for Catalyst Projects. Each partner then allocates funding to projects within the SIP based on alignment with the requirements of each funding source and will work collaboratively to have fundable projects for each community identified as a finalist.

PreservINg Main Street is a single competitive application process held every other year. Interested applicants submit a Letter of Intent from which up to one (1) will be selected to participate by OCRA the partnering organizations.

The application process for the Blight Clearance Program (BCP), Public Facilities Program (PFP), Stormwater Improvements Program (SIP), the Main Street Revitalization Program (MSRP), and the Wastewater Drinking Water (WDW) will be a two-stage competitive application process held twice each calendar year with a third-round possible.

For grant programs with a two-stage process, Eligible local government must contact their regional Community Liaison to express their interest in the program. Notification must be made within 15 business days from round opening to be eligible to submit a proposal for that round. This notification must be specific to the funding cycle from which the community is seeking funding assistance. Applicants must submit an initial proposal that must demonstrate a completion rate of 95%. After submitting a proposal, proposed projects will be evaluated for threshold issues and initial project design factors. Eligible projects that comply with the Federal Act and have minimum threshold and project design factors issues will be invited to submit a final application. For each program, the full application will be reviewed and evaluated for fundability. OCRA, as applicable, will provide technical assistance to the communities in the development of full

applications and require an in-person site visit with the applicant prior to the submission of a final application.

An eligible applicant may submit only one application at a time. OCRA reserves the right to deny applications lacking credible readiness to proceed.

OTHER REQUIREMENTS

While administrative responsibility for the Small Cities CDBG program has been assumed by the State of Indiana, the State is still bound by the statutory requirements of the applicable legislation passed by Congress, as well as federal regulations promulgated by the U. S. Department of Housing and Urban Development (HUD) respective to the State's CDBG program as codified under Title 24 of the Code of the Federal Register, and with consideration to non-regulatory guidance from HUD. HUD has passed on these responsibilities and requirements to the State and the State is required to provide adequate evidence to HUD that it is carrying out its legal responsibilities under these statutes.

As a result of the Federal Act, applicants who receive funds through OCRA's selection process will be required to maintain a plan for minimizing displacement of persons as a result of activities assisted with CDBG funds and to assist persons actually displaced as a result of such activities. Applicants are required to provide reasonable benefits to any person involuntarily and permanently displaced as a result of the use of assistance under this program to acquire or substantially rehabilitate property. The State has adopted standards for determining reasonable relocation benefits in accordance with HUD regulations.

CDBG Program Income may be generated as a result of grant implementation. The State of Indiana may enter into an agreement with the grantee in which program income is retained by the grantee for eligible activities. Federal guidelines require that program income be spent prior to requesting additional draw downs. Expenditure of such funds requires prior approval from the Office of Community and Rural Affairs (OCRA). The State (Office of Community and Rural Affairs) will follow HUD regulations set forth under 24 CFR 570.489(e) respective to the definition and expenditure of CDBG Program Income.

All statutory requirements will become the responsibility of the recipient as part of the terms and conditions of grant award. Assurances relative to specific statutory requirements will be required as part of the application package and funding agreement. Grant recipients will be required to secure and retain certain information, provide reports and document actions as a condition to receiving funds from the program. Grant management techniques and program requirements are explained in the OCRA's CDBG Handbook, which is posted on the Office's website.

Revisions to the Federal Act have mandated additional citizen participation requirements for the State and its grantees. The State has adopted a written Citizen Participation Plan, which is available for interested citizens to review. Applicants must certify to the State that they are following a detailed Citizen Participation Plan which meets Title I requirements. Technical assistance will be provided by the Office of Community and Rural Affairs to assist program applicants in meeting citizen participation requirements.

The State has required each applicant for CDBG funds to certify that it has identified its housing and

community development needs, including those of low and moderate income persons and the activities to be undertaken to meet those needs.

INDIANA OFFICE OF COMMUNITY AND RURAL AFFAIRS (OCRA)

The Indiana Office of Community and Rural Affairs intends to provide the maximum technical assistance possible for all of the programs to be funded from the CDBG program. Lieutenant Governor heads OCRA. Principal responsibility for the CDBG program is vested in the Executive Director of OCRA. OCRA also has the responsibility of administering compliance activities respective to CDBG grants awarded to units of local government through a partnership with the Grant Services Division of the Lieutenant Governor's business office.

Primary responsibility for providing "outreach" and technical assistance for the Stellar Regions Program, Main Street Revitalization Fund, Stormwater Improvement Program, Wastewater Drinking Water Program, Public Facilities Program, Owner Occupied Rehabilitation Program and Planning Grants process resides with OCRA.

The LG's Business Office will provide internal fiscal support services for program activities. The OCRA has the responsibility for the development of the Consolidated Plan and the CAPER, CDBG program management, compliance and financial monitoring of all CDBG programs. The Indiana State Board of Accounts pursuant to 2 CFR 200 will conduct audits. Potential applicants should contact the OCRA with any questions or inquiries they may have concerning these or any other programs.

Information regarding the past use of CDBG funds is available at the:

**Indiana Office of Community and Rural Affairs
CDBG Program Director
One North Capitol, Suite 600
Indianapolis, Indiana 46204-2288
Telephone: 1-800-824-2476
FAX: (317) 233-6503**

DEFINITIONS

Low- and Moderate-Income - is defined as 80% of the median family income (adjusted by size) for each county. For a county applicant, this is defined as 80% of the median income for the state. The income limits shall be as defined by the U. S. Department of Housing and Urban Development Section 8 Income Guidelines for “low-income families.” Certain persons are considered to be “presumptively” low and moderate-income persons as set forth under 24 CFR 570.208(a)(2); inquiries as to such presumptive categories should be directed to the CDBG Program Director.

Matching funds - is defined as public funds (federal, state or local) or private sector in-kind services, or debt allocated to the CDBG project. The required level of local matching funds for CDBG projects varies by program. This percentage is calculated by adding the proposed grant amount to the local matching amount, then divide the local matching funds amount by the total of these two sums. The definition of match includes a maximum of 5% in pre-approved and validated in-kind contributions. Any in-kind contributions exceeding the specified 5% can be counted as local effort. Other funds provided to applicants by OCRA are not eligible as matching funds.

Proposal – is defined as a document submitted by a non-entitlement unit of local government which outlines the proposed project, includes the principal parties involved, details the project budget, and explains how the proposed project aligns with the goals of the Federal Act. The proposal represents a 95% completion of the required documentation and information intended for the final application submission.

Reversions – is defined as funds placed under contract with a non-entitlement unit of local government but not expended for the granted purpose because expenses were less than anticipated and/or the project was amended or canceled, and such funds were returned to OCRA upon financial settlement of the project.

Regional - is defined as territories that encompass two or more distinct communities—such as a county, municipality, city, town or township. Joined territories with coordinated efforts, shared resources, or unified governance designed to serve a broader geographic area, often to enhance efficiency or strategic impact.

Slums or Blight - an area/parcel which: (1) meets a definition of a slum, blighted, deteriorated, or deteriorating area under Indiana Code 36-7-1-3 or local law and (2) meets the requirements for “area basis” slum or blighted conditions pursuant to 24 CFR 570.208(b)(1) and 24 CFR 570.483(c)(1), or “spot basis” blighted conditions pursuant to 24 CFR 570.208(b)(2) and 24 CFR 570.483(c)(2). More specifically, OCRA defines blight as:

An area possessing a substantial amount of buildings (public or privately owned), and or public improvements which demonstrate:

1. General deterioration, seen through:
 - a. Neglect or lack of maintenance on the property; or
 - b. Facilities of plumbing, heating, sewage, and/or others that have been disconnected, destroyed, removed, or rendered inadequate; or
 - c. Impaired structural condition, making the building(s) unsafe to a person or

- property (IC 36-7-9-4); or
- d. Any combination of these factors
- 2. Significant noncompliance with current building code, safety code, health code, fire code, state statute, or local ordinance, as seen by:
 - a. Excessive vacancy and/or abandonment of properties; or
 - b. Environmental hazards; or
 - c. Fire hazards; or
 - d. Lack of ventilation, light, or sanitary facilities; or
 - e. any combination of these factors
- 3. Building(s) are conducive to ill health, transmission of disease, infant mortality, juvenile delinquency, increased criminal activity compared to other areas, and detrimental to public health, safety, , or welfare through any of the following conditions:
 - a. Age; or
 - b. Dilapidation; or
 - c. Overcrowding of structures and/or high density population; or
 - d. Excessive land coverage; or
 - e. Impairment of overall economic vitality of community through declines in property value, substantially lower property value than surrounding community areas; or
 - f. any combination of these factors

Urgent Need - is defined as a serious and immediate threat to health and welfare of the community. The Chief Elected Official must certify that an emergency condition exists and requires immediate resolution and that alternative sources of financing are not available. An application for CDBG funding under the “urgent need” CDBG national objective must adhere to all requirements for same set forth under 24 CFR 570.208(c) and 24 CFR 570.483(d).

DISPLACEMENT PLAN

1. The State shall fund only those applications, which present projects and activities, which will result in the displacement of as few persons or businesses as necessary to meet the goals and objectives of the state and local CDBG-assisted program.
2. The State will use this criterion as one of the guidelines for project selection and funding.
3. The State will require all funded communities to certify that the funded project is minimizing displacement.
4. The State will require all funded communities to maintain a local plan for minimizing displacement of persons or businesses as a result of CDBG funded activities, pursuant to the federal Uniform Relocation and Acquisitions Policies Act of 1970, as amended.
5. The State will require that all CDBG funded communities provide assistance to all persons displaced as a result of CDBG funded activities.
6. The State will require each funded community to provide reasonable benefits to any person involuntarily and permanently displaced as a result of the CDBG funded program.

GENERAL SELECTION CRITERIA

The Office of Community and Rural Affairs (OCRA) will assess applications based on the criteria outlined below. While projects will be evaluated against these criteria during the proposal stage, not meeting them at this point does not automatically disqualify a project. Instead, applicants will be notified of any issues identified during the threshold review at their required site visits. Applicants must resolve these deficiencies before submitting a final application for funding consideration. OCRA reserves the right to invite or exclude an applicant from submitting a final application.

The proposal stage and site visit are applicable only to programs with a two-stage application process. Programs that involve a single-stage application must submit a complete application for consideration. Communities must address and rectify any identified deficiencies prior to submitting a final application for the project to be considered for funding. The proposal review stage applies only to programs that have a two-stage application process. All proposals and applications will be evaluated for threshold criteria, ensuring each submission demonstrates a sufficient level of readiness to proceed upon grant approval.

A. General Criteria (all programs - see exception for program income):

1. The applicant must be a legally recognized non-entitlement local unit of government.
2. The applicant must have the legal capacity to implement the proposed program.
3. If the applicant partners with a non-profit to conduct eligible project activities, that organization must be able to provide documentation of its non-profit status from the U.S. Internal Revenue Service, the Indiana Department of Revenue, and the Indiana Secretary of State.
4. At the time of the application submission, the applicant must not have any overdue or outstanding semi-annual reports, closeout reports, State Board of Accounts audit findings, or unresolved monitoring issues from OCRA/IHCDA. The determination of what constitutes “overdue” is entirely at the discretion of the Indiana Office of Community and Rural Affairs.
5. The applicant must clearly demonstrate how the proposed project will fulfill one of the three national CDBG objectives and meet the criteria outlined in 24 CFR 570.483.
6. The applicant must show that the proposed project is an eligible activity under Title 1 of the Housing and Community Development Act of 1974.
7. The applicant must first encumber/expend all CDBG program income receipts before applying for additional grant funds from the Office of Community and Rural Affairs.
8. The applicant may only submit one proposal or application per round per program. Counties may submit either for their own project or an “on-behalf-of” application for projects of other eligible applicants within the county. However, no application will be

invited from an applicant where the purpose is clearly to circumvent the “one application per round” requirement for other eligible applicants.

9. At the time of application submission, an applicant must not have more than three (3) open CDBG grants or pending awards (for cities and incorporated towns) or four (4) open CDBG grants or pending awards (for counties)
 - a. For applicants with an open Preserving, Stellar or any other capacity building program as stipulated by OCRA must have closeout the grant successfully before the deadline set by OCRA for receiving funding applications.
 - b. For applicants with an open MSRP, WDW, PFP, SIP, or BCP, a “Notice of Release of Funds and Authorization to Incur Costs” must have been issued for the construction activities under the open MSRP, WDW, PFP, SIP or BCP contract, and a contract for construction of the principal (largest funding amount) construction line item (activity) must have been executed prior to the deadline established by OCRA for receipt of applications for funding.
10. To be eligible to apply at the time of application submission, an applicant must not have any unresolved complaints filed against the applying party with the Indiana Civil Rights Commission or any other local human relations commission with jurisdiction (collectively “Commissions”).
11. The cost/beneficiary ratio for all CDBG funds will be maintained at \$5,000.
12. Required leveraging based on program must be proposed. The Indiana Office of Community and Rural Affairs may rule on the suitability and eligibility of such leveraging.
13. The application must be complete and submitted by the announced deadline.

GRANT EVALUATION CRITERIA 700 POINTS TOTAL

The following evaluation criteria apply only to two-stage and one stage application programs. To be eligible for an award, applications must attain a minimum score of 450 points out of a total of 700 points.

The scoring framework includes

- National Objective Score (100 points),
- Community Distress factors (175 points),
- Local Match Contribution (75 points),
- Project Design Factors (300 points), and
- Program Specific Points (50 points).

Applications that complete the Bonus Point section can receive up to an additional 40 points towards their application total.

If the point reduction policy applies, 50 points will be deducted out of the total score achieved.

NATIONAL OBJECTIVE SCORE (100 POINTS):

Each proposed project submitted for funding must meet one of the three National Objectives including:

National Objective = Benefit to Low- and Moderate-Income Persons: 100 points maximum awarded according to the percentage of low- and moderate-income individuals to be served by the project. The total points given are computed as follows: National Objective Score = % Low/Mod Beneficiaries X 1

National Objective = Benefit to Low- and Moderate -Limited Clientele: 51 points minimum awarded according to the percentage of low- and moderate- income individuals to be served by the project.

National Objective = Benefit to Low- and Moderate- Housing: 100 points maximum. Documentation of the income verification form to be used is required to qualify for these points.

National Objective = Prevention or Elimination of Slums or Blight: 100 points maximum awarded based on the characteristics listed below. The total points given are computed as follows:

¹

For Historical Preservation: National Objective Score = (Total of the points received in each category below)¹

¹ The criteria for the Blight Clearance National Objective will be revised to facilitate the rehabilitation and restoration of historic buildings through the Public Facilities Program

- Applicant has a Slum/Blight Resolution for the project area that is no more than 10 years old. (50 pts.)
- The building is a historical building (10 pts.)
- The project site is a brownfield* (10 pts.)
- The building or district is listed on or is eligible for listing on the Indiana or National Register of Historic Places (10 pts.)
- The building is on the Historic Landmarks Foundation of Indiana's "10 Most Endangered List" (20 pts.)

* The State of Indiana defines a brownfield as an industrial or commercial property that is abandoned, inactive, or underutilized, on which expansion or redevelopment is complicated due to actual or perceived environmental contamination. Points are awarded for sites listed on the IFA Brownfield registry which indicates prior involvement of the Indiana Brownfield Program or a letter is provided from the IFA Brownfield program that states the site is a brownfield.

For Demolition or Clearance: National Objective Score = (Total of the points received in each category below)

- Applicant has a Slum/Blight Resolution for the project area that is no more than 10 years old. (50 pts.)
- The project site is a brownfield* (25 pts.)
- The building or site has completed a Phase I ESA (15 pts.)
- The building received a condemnation order that its at least 3 years old (10 pts.)

* The State of Indiana defines a brownfield as an industrial or commercial property that is abandoned, inactive, or underutilized, on which expansion or redevelopment is complicated due to actual or perceived environmental contamination. Points are awarded for sites listed on the IFA Brownfield registry which indicates prior involvement of the Indiana Brownfield Program or a letter is provided from the IFA Brownfield program that states the site is a brownfield.

Project may either be listed on **or eligible for listing on the Indiana or National Register of Historic Places. Both cannot be checked.

COMMUNITY DISTRESS FACTORS (175 POINTS):

Various factors are used to determine the distress of a community. OCRA has partnered with Stats Indiana, an Indiana University entity, to analyze and calculate the distress of Indiana's small cities, towns, counties and townships. Factors used to calculate the Community Distress points used for CDBG scoring include:

Poverty Rate
Median Household Income
Unemployment Rate
Non-seasonal Housing Vacancy Rate
Housing Cost Burden
Population Change (10-year % Change)

Local government scores, which are updated and published annually, can be found at: www.stats.indiana.edu.

LOCAL MATCH CONTRIBUTION (75 POINTS):

A maximum of 75 points based on the percentage of local funds devoted to the project. This total is determined as follows: Total Match Points = % Eligible Local Match X 1

The points total is capped at 75 points or 75% match, i.e., a project with 75% match or greater will receive 75 points. Below 75% match, the formula calculation will apply.

Eligible local match can be local cash, debt or in-kind sources. Federal, state, and local government grants are considered eligible match. In-kind sources may provide eligible local match for the project, but the amount that can be counted as local match is limited to 5% of the total project budget or a maximum of \$25,000. Use of in-kind donations as eligible match requires approval from the CDBG Program Staff by the deadline. Date of deadline will be announced each round.

PROJECT DESIGN FACTORS (300 POINTS):

A maximum of 300 points awarded according to the evaluation in three areas:

Project Description – Is the project clearly defined as to determine eligibility? – 50 points

Project Need - Is the community need for this project documented and compelling? – 125 points

Financial Impact - Why is grant assistance necessary to complete this project? – 125 points

The points in these categories are awarded by the OCRA Scoring Committee when evaluating the projects. Scoring questions for these categories are defined for each round and are provided as part of the round opening. The questions are subject to change each round. **Applicants should refer to the application instruction, scoring guide and other resources to address all questions present.** Applicants are required to work with their OCRA Community Liaison to identify ways to increase their project's competitiveness in these areas and of the application as a whole.

PROGRAM SPECIFIC POINTS (50 POINTS):

- **Blight Clearance Program (BCP) IFA Registry** - A maximum of 25 points awarded for sites registered with the IFA Brownfield program which indicates prior involvement of the Indiana Brownfield Program or a letter is provided from the IFA Brownfield program that states the site is a brownfield.
- **Site Development Plan** - A maximum of 25 points will be awarded for projects that have a site development plan for the future use of the Brownfield site.

Owner Occupied Rehabilitation (OOR)

- **Targeted Populations:** A maximum of 25 points will be awarded to applicants whose program design parameters prioritize funding assistance to households that belong to at least one of the targeted population groups listed below.
 - Individuals with Disabilities Households with at least one individual living in the home with a disability using the Fair Housing definition of disabled as defined by HUD.
 - Aging in Place Households with at least one elderly individual, as defined by HUD Glossary, living in the home. Repairs made to the home must address accessibility and/or livability.
 - Veterans Households with at least one veteran individual, as defined in HUD, living in the home.
 - Single Parent Head of Household Households with a single parent, grandparent, or guardian head of household.

Household(s) must be the primary residence for qualifying individual(s). Individuals or households that meet the criteria for two or more categories (i.e. a veteran with a disability or a single parent household with a child with a disability) may only be counted for one of the categories in which they qualify.

- **New Administrator Experience:** A maximum of 15 points will be awarded to applicants who are working with administering entities who can demonstrate prior experience in construction management, rehabilitation of built structures, and/or prior CDBG OOR experience through a different funding agency. Applicants must provide a written narrative explaining previous relevant experience and a third-party reference of experience in the above-mentioned fields to receive these points.
 - Less than 3 years – 10 Points
 - Between 3 to 5 years – 15 points
 - Greater than 5 years – 25 Points
- **Green Infrastructure:** A maximum of 10 points for the inclusion of green infrastructure elements in the project.

Planning Grant Program (PL)

- **Supplemental Input and Community Engagement** – A maximum of 25 points will be awarded to communities that exceed the basic requirements of submitting letters of support, surveys, and holding two public hearings to document public engagement and input. These additional points recognize those that demonstrate meaningful public engagement and collaboration, indicating they took additional steps to solicit feedback from the community. This can involve activities such as community workshops, promotion, meetings with key stakeholders, citizens participation in committees and other methods to ensure broad participation towards the community's application process.
 - 0 points- no additional engagement methods
 - 10 points- 1 to 2 additional engagement methods
 - 25 points- 3 or more additional engagement methods
- **Connection to Previous Planning Efforts and Implementation** – A maximum of 25 will be awarded to communities that effectively demonstrates their engagement with previous planning initiatives. This includes providing documentation indicating how the current plan relates to a previous planning effort of the community applying or documenting the successful execution of a previous planning grant.
 - 0 points- no previous planning efforts or documentation of execution of previous planning grant
 - 25 points- previous planning efforts or documentation of execution of previous planning grant

Public Facilities Program (PFP)

- **Philanthropic Contributions** - Points are assigned based on philanthropic contribution to the project (match) as a percentage of total project costs.
 - Less than 1% - 0 points
 - 1-1.99% - 5 points
 - 2-2.99% - 10 points
 - 3-3.99% - 15 points
 - 4%+ - 20 points

- **Project Sustainability** - A maximum of 20 points for the establishment of a (or documentation of existing) permanent Community Facility Fund, to be used for ongoing operation and maintenance activities of the project.
0 points – Less than \$3,000
10 points - \$3,000-\$5,000
20 points – More than \$5,000
- **Green Infrastructure** – A maximum of 10 points for the inclusion of green infrastructure elements in the project.

Public Facilities Program (PFP) for Historical Preservation Projects

- **Local Government Incentives** – A maximum of 25 points will be awarded for local government that have establish and documented their own incentives, such as property tax abatements or reductions for historic properties, to encourage homeowners and businesses to maintain and restore historic structures.
- **Local Grant Funding Program**- A maximum of 25 points will be awarded for local historical preservation grants programs that are made available to support local restoration and preservation projects.

Main Street Revitalization Program (MSRP)

- Community is designated as a Nationally Accredited Main Street Organization (10 points)
- Documentation of active and continued involvement in the application and project by the Main Street organization (10 points)
- The Main Street Organization has provided proof of philanthropic match for the project (Maximum of 10 pts)
- The project has unique design elements or is part of a community branding effort. (Maximum of 10 points)
- The project design includes green infrastructure elements (Maximum of 10 points)

Wastewater Drinking Water (WDW)

- **Financial Gap** – A maximum of 10 points per each \$1 in financial gap. The result of the OCRA Gap Calculation Worksheet is the amount that your community would have to increase the monthly utility rate charged to each customer without grant assistance. This is the “gap,” which is the amount by which grant funds will reduce or “buy down” your utility rates. This amount added to the actual rates anticipated with OCRA grant funds will give you the rates needed “without OCRA grant funds”. (Maximum 10 points)
- **Green Infrastructure** – A maximum of 15 points for the inclusion of green infrastructure elements in the project. (Maximum of 15 points)
- **Project Sustainability** - A maximum of 25 points for the establishment of, or documentation of existing combined utility rate for the ongoing operation and maintenance activities of the wastewater and drinking water systems.
0 points – Less than \$55 combined user rates
10 points – \$55-\$100 combined user rates
25 points – More than \$100 combined user rates

Stormwater Improvement Program (SIP)

- **Financial Gap** – A maximum of 10 points per each \$1 in financial gap. The result of the OCRA Gap Calculation Worksheet is the amount that your community would have to increase the monthly utility rate charged to each customer without grant assistance. This is the “gap,” which is the amount by which grant funds will reduce or “buy down” your utility rates. This amount added to the actual rates anticipated with OCRA grant funds will give you the rates needed “without OCRA grant funds”. (Maximum 10 points)

- **Green Infrastructure** – A maximum of 15 points for the inclusion of green infrastructure elements in the project. (Maximum of 15 points)
- **Project Sustainability** - A maximum of 25 points for the establishment of, or documentation of an existing stormwater utility rate for the ongoing operation and maintenance activities of the storm system.
 - 0 points – under \$3 monthly Stormwater utility user rate
 - 10 points – \$3-\$5 monthly stormwater utility user rate
 - 25 points – \$5 or higher monthly stormwater utility user rate

BONUS POINTS POLICY:

OCRA's policy is to promote and enhance the resilience of rural communities while assisting those with limited financial resources in addressing unmet needs. As a result, the Community Resilience Index and designated disaster areas will be utilized to evaluate bonus points. Applicants may submit requests for bonus points under both options outlined below to receive up to 40 additional points towards their application. Applicants must submit the required documentation to the CDBG Program Manager by the deadline, which will be announced each round.

- 1) **Community Resilience Index:** Grant application will receive a maximum of 25 points for the submission of a community resilience improvement plan and their corresponding point awarded value from the Community Resilience improvement plan Index as provided by Stats Indiana.

Community Resilience Improvement Plan & Community Resilience Index Points: The Chief Elected Official must schedule a meeting with the Community Liaison to discuss how the proposed CDBG project or plan will increase the community's resilience score. The Chief Elected Official must submit a community resilience improvement plan clearly describing how the project benefits the community short term and increases the community resilience in the long term. The community resilience improvement plan must explain how the project will increase the community's resilience score in the next five years in the following metrics:

- **Structure of the local economy / Industry diversity**
- **Entrepreneurship**
- **Human capital (Education attainment and Labor force participation)**
- **Labor force participation**
- **Social Network/Social Connectivity**
- **Broadband**
- **Wealth Gap**
- **Homeownership (an indicator of community attachment)**

The community resilience improvement plan specified above must be submitted to the CDBG Program Manager approximately by the deadline, which will be announced each round or quarterly

A formula will be used to convert the Community Resilience Score Index into a straightforward point awarded system. This system will assign a point value based on the Community Resilience Index calculated by Stats Indiana. Community Resilience Index scores below 110, the points awarded will be determined using the formula: $\text{Slope} * \text{Community Resilience Score} - \text{Intercept}$.

The points awarded value are provided to grant applications that submit the required community resilience improvement plan as part of the application program specific review process.

Community Resilience Index scores, which are updated and published annually, can be found at: <https://www.stats.indiana.edu/topic/cdbg.asp>.

- 2) Designated Disaster Areas:** Communities designated as disaster areas with a Presidential Disaster within the last three years from round opening, which have been approved for individual assistance and public assistance categories A-G, are eligible to receive an additional 15 points if documentation is provided.

POINTS REDUCTION POLICY:

It is the policy of OCRA not to fund more than one phase or component of the same project or planning in different funding rounds. This applies to all project and planning types, *except OOR*, although it is particularly relevant to utility projects and utility study plans. If a community needs to phase a project in order to complete it, they should consider which phase would be most appropriate for CDBG assistance. Even if a community does not intend to phase its project, OCRA will consider previous awards for the same project or planning type. A Community that has previously been awarded a grant for the same project or planning type will likely not be competitive and will be subject to the follow point reduction. This applies to all project and planning types, but it is especially significant for utility-related initiatives.

0 – 5 years since previous funding – -50 points

1st Example: Community submits and is awarded a Wastewater Drinking Water (WDW) grant in 2020. When applying for a WDW grant in 2025, they would be subject to a point reduction of 50 pts. In 2026 they would have no point reduction.

2nd Example: A community submits and is awarded a utility study grant in 2020 for a single utility study. When applying for another planning grant for a single, two, or master utility study in 2025, they would be subject to a point reduction of 50 pts. In 2026, they would have no point reduction for a single, two, or master system utility.

***For OCRA funded OOR projects, eligible communities may reapply to receive additional OOR funding after all prior OOR grants awarded to them by OCRA have achieved closeout.**

CITIZEN PARTICIPATION PLAN

INDIANA OFFICE OF COMMUNITY AND RURAL AFFAIRS (STATE) The Citizen Participation Plan (CPP) herein is the CPP established for the State of Indiana's Five Year Consolidated Plan for Housing and Community Development, covering program years 2020-2024. The CPP was developed around a central concept that acknowledges residents as stakeholders and their input as key to any improvements in the quality of life for the residents who live in a community.

Each program year affords Indiana residents an opportunity to be involved in the process. Citizens have a role in the development of the Consolidated Plan, annual Action Plans, and Consolidated Annual Performance and Evaluation Reports regardless of age, gender/sex, race, ethnicity, national origin, disability, familial status, religion, and economic level.

Purpose of the Citizen Participation Plan

The Citizen Participation Plan (CPP) describes the process the state uses to collect public input and involve the public in development of the Five Year Consolidated Plan. The CPP also addresses how the state obtains public comment on its Annual Action Plan and Consolidated Annual Performance and Evaluation Report (CAPER). This CPP was developed in accordance with Sections 91.110 and 91.115 of HUD's Consolidated Plan regulations.

The purpose of the CPP is to provide citizens of the State of Indiana residents residing in communities eligible to receive housing and community development funds from the state maximum involvement in identifying and prioritizing housing and community development needs in the state, and responding to how the state intends to address such needs through allocation of the following federal grants:

- Community Development Block Grant (CDBG);
- HOME Investment Partnerships Program funding (HOME);
- Emergency Solutions Grant (ESG);
- Housing Opportunity for Persons with AIDS (HOPWA) funding; and
- National Housing Trust Fund (NHTF) funding.

This Consolidated Plan typically covers a five-year timeframe. The state's Consolidated Plan is a comprehensive strategic plan for housing and community development activities. The purpose of programs and activities covered by this Consolidated Plan is to facilitate provision of decent housing, a suitable living environment, and growing economic opportunities, especially for low to moderate income residents.

Subrecipient requirements. Applicants must certify to the State that they are following a detailed Citizen Participation Plan which meets Title I requirements. Technical assistance will be provided by the Office of Community and Rural Affairs to assist program applicants in meeting citizen participation requirements. The State has required each applicant for CDBG funds to certify that it has identified its housing and community development needs, including those of low and moderate income persons and the activities to be undertaken to meet those needs.

Encouraging citizen participation. The state recognizes the importance of public participation in both defining and understanding current housing and community development needs and prioritizing resources to address those needs. The state's CPP is designed to encourage citizens of Indiana equal access to become involved each year.

Development of the Plans and Performance Reports

This document outlines how residents and stakeholders of the State of Indiana may participate in the development and review of the state's Five Year Consolidated Plan, each annual Action Plan, each CAPER, and any substantial amendments to a Consolidated Plan and/or Action Plan. The State of Indiana's program year begins July 1 and ends June 30.

The Indiana Office of Community and Rural Affairs (OCRA) and the Indiana Housing and Community Development Authority (IHCDA) are responsible for implementing and reporting on all aspects of the Consolidated Plan process. The following schedule provides an approximate timeline for the Consolidated Plan, annual Action Plan, and the CAPER.

Annual schedule. Annually, the preparation of the Action Plan, stakeholder consultation, and citizen engagement approximates the following. This schedule can change based on the timing of funding allocations from HUD, HUD guidance or directives, and/or states of emergency that affect report submissions.

July:

Begin Consolidated Annual Performance and Evaluation Report (CAPER) process

September:

15th: Begin 15-day Public Comment period for CAPER

30th: CAPER submitted to HUD

November through February:

Develop narrative of Annual Action Plan or Five Year Consolidated Plan

Plan community meetings and public hearings

Create and launch surveys

Conduct stakeholder consultation

January—February—March:

Conduct public participation process for Consolidated Plan including options discussed below

Draft Consolidated Plan or Action Plan, funding allocation plans/method of distribution (MOD), and policies for public comment

Update funding allocation plan and policies based on stakeholder consultation

March – April:

Hold public hearings

April:

Finalize plan based on stakeholder consultation and public comment

May:

15th: Consolidated Plan and Action Plan submitted to HUD

June:

End of annual Action Plan year

Citizen participation and stakeholder consultation. Annually, the state will choose from the following options for citizen participation and stakeholder consultation into the Plans. These techniques incorporate alternative methods of public process that encourage a broad spectrum of participation and a review of program performance.

Resident survey. A survey of Indiana residents could be conducted during the research phase of the Five Year Consolidated Plan in order to gather additional information on housing and community development needs and priorities for the Consolidated Plan. The survey would be available online using software that is Section 508 compliant. A variety of sampling and distribution methods may be used including a “snowball” sampling technique in which the survey is distributed to housing and community development partners who then circulate the survey to their clients/members. The survey would also be available on agency websites, as part of social media, and in email notifications (e-notifications). The survey would be available in the languages required of the state’s LAP. Special accommodations for persons with disabilities would be made upon request.

Stakeholder survey and elected official survey. An online stakeholder survey may be administered to community development organizations, economic development officials, local government leaders and staff, housing developers, housing providers, social service providers, and advocacy organizations, among others. During some Consolidated Plan and Action Plan years, the survey may be conducted in the form of key informant interviews from a voluntary sample of stakeholders from throughout the state.

Focus groups. Focus groups may be held with local government leaders and staff, Regional Planning Commissions, advocates for persons with disabilities, Continuum of Care funding recipients, Community Action Agencies and Human Rights Councils, and residents, to gather in-depth information on the challenges Indiana residents face in accessing housing and services in their communities, community and economic development needs, and policy and program changes to address needs.

Stakeholder interviews. A series of interviews may be conducted with key persons or groups who are knowledgeable about housing and community development needs in the state.

Public hearings. A public hearing will always be conducted during the 30 to 45-day public comment period in virtual formats in five to six locations across Indiana. This meeting will occur at least one month prior to submission of the Plan, generally during the months of March or April. Alternatively, the State may choose to conduct in-person hearings in three to four locations throughout the state. These will occur on different days to encourage maximum participation.

Written comments. Written comments will always be accepted at any time during the Consolidated Plan and Action Plan processes in email or in hard copy. Instructions on how to provide comments will be part of public notices and described during the public hearings.

Consolidated Plan

The draft will provide information that includes the amount of assistance the state expects to receive and the range of activities that may be undertaken, including the estimated amount that will benefit persons of low- and moderate-income, if available, and the plans to minimize displacement of persons and to assist any persons displaced.

A reasonable notice—generally two calendar weeks—is given to announce to the public the availability of the draft Consolidated Plan. Availability of the draft Plan is advertised through e-notifications that reach community development organizations, economic development officials, local government leaders and staff, housing developers, housing providers, social service providers, and advocacy organizations, among others, and is posted on OCRA and IHCD websites. The state’s current Language Access Plan (LAP) determines the languages in which notice is provided.

A 30 to 45-day public comment period is provided to receive written comments on the draft Plan. The 30 to 45-day comment period usually begins in March or April and ends in April or early May. The draft Plan can

be reviewed at OCRA and IHCD websites; emailed or hard copies can be provided upon request. All written comments provided during the Consolidated Plan process will be considered in preparing the final Consolidated Plan. A summary of the comments received and a summary of the state's reasons for not accepting any comments will be included in the final Consolidated Plan. The state considers these comments before taking final action on the Consolidated Plan.

The final Consolidated Plan is submitted to HUD no later than May 15 each year, unless extensions are granted (e.g., for federal budget allocation delays, in the case of emergency response needs, etc).

Annual Action Plan

Each year the state must submit an annual Action Plan to HUD, reporting on how that year's funding allocation for the CDBG, HOME, ESG, HOPWA, and NHTF grants will be used to achieve the goals outlined in the Five Year Consolidated Plan. The CPP for preparation of the Action Plan is as follows:

The draft Action Plan will be available for 30 to 45 days to gather public comment on the proposed spending allocation. The state will hold at least one public hearing to describe the state's proposed allocation of the program year's funding allocation during the 30 to 45-day public comment period. The availability of the draft Plan and public hearings will be publicized on OCRA and IHCD websites and circulated through e-notifications to housing and community development partners. In addition, OCRA and IHCD will collaborate with stakeholder associations to further distribute the notice of the draft plan to their memberships and networks.

The public hearing will be conducted virtually and broadcast to several locations across the state. Alternatively, the state may choose to conduct in-person hearings in three to four locations throughout the state. These will occur on different days to encourage maximum participation.

During the hearing a facilitator will describe the proposed funding allocation, discuss funding priorities and how they were derived, and instruct attendees on how to submit comments on the draft Plan. In addition, participants will be given an opportunity to provide feedback or comment on the draft Plan. A summary of the public hearing comments will be included in the final Action Plan.

The state will review and consider all written public comments. The final Action Plan that is submitted to HUD will include a section that summarizes all comments or views in addition to explanations of why any comments were not accepted.

Consolidated Annual Performance and Evaluation Reports

Before the state submits a Consolidated Annual Performance and Evaluation Report (CAPER) to HUD, the state will make the proposed CAPER available to those interested for a comment period of no less than 15 days. The availability of the draft Plan and public hearings will be publicized on OCRA and IHCD websites and circulated through e-notifications to housing and community development partners. In addition, OCRA and IHCD will collaborate with stakeholder associations to further distribute the notice of the draft plan to their memberships and networks.

The state will consider any comments from individuals or groups received verbally or in writing. A summary of the comments, and of the state's responses, will be included in the final CAPER.

Substantial Amendments

Occasionally, public comments warrant an amendment to the Consolidated Plan. The conditions for

whether to amend are referred to by HUD as “Substantial Amendment Criteria.” The following conditions are considered to be Substantial Amendment Criteria:

1. A substantial change in the described method of distributing funds to local governments or nonprofit organizations to carry out activities. “Substantial change” shall mean a reallocation of funds among program categories of programs of more than 25 percent of the total allocation for a given program year’s block-grant allocation.

Elements of a “method of distribution” are:

- Application process for local governments or nonprofits;
 - Allocation among funding categories;
 - Grant size limits; and
 - Criteria selection.
2. An administrative decision to reallocate all the funds allocated to an activity in the Action Plan to other activities of equal or lesser priority need level, unless the decision is a result of the following:
 - There is a federal government recession of appropriated funds, or appropriations are so much less than anticipated that the state makes an administrative decision not to fund one or more activities;
 - The governor declares a state of emergency and reallocates federal funds to address the emergency; or
 - A unique economic development opportunity arises wherein the state administration asks that federal grants be used to take advantage of the opportunity.

Citizen participation in the event of a substantial amendment. In the event of a substantial amendment to the Consolidated Plan, the state will conduct at least one additional public hearing. This hearing will fall during a comment period of no less than 30 days, during which the proposed Plan amendment will be made available to interested parties. Either IHCD or OCRA will post information regarding the hearing on their website(s) and send out a notice via their distribution list.

In the event of substantial amendments to the Consolidated Plan, the state will openly consider all comments from individuals or groups submitted at public hearings or received in writing. A summary of the written and public comments on the amendments and the state’s acceptance or rejection of each comment will be included in the final Consolidated Plan.

Changes in Federal Funding levels

Any changes in federal funding level after the Consolidated Plan’s draft comment period has expired, and the resulting effect on the distribution of funds, will not be considered an amendment or a substantial amendment.

Availability and Access to Records

The state provides reasonable and timely access for citizens, public agencies, and other organizations to access information and records relating to the state’s Consolidated Plan, annual Action Plan, CAPERs, substantial amendment(s), the Citizen Participation Plan, and the state’s use of assistance under the programs covered by the plan during the preceding five years.

The Indiana Office of Community and Rural Affairs webpage is www.in.gov/ocra and the Indiana Housing and Community Development Authority webpage is <https://www.in.gov/ihcda/4048.htm> for citizens interested in obtaining more information about state services and programs or to review the plans and

CAPERs. A reasonable number of free copies will be available to citizens that request it. Upon request, these documents will be provided in a reasonable form accessible to persons with disabilities.

Citizen complaints

The state will provide a substantive written response to all written citizen complaints related to the Consolidated Plan, Action Plan amendments and the CAPER within 15 working days of receiving the complaint. Copies of the complaints, along with the state's response, will be sent to HUD if the complaint occurs outside of the Consolidated Planning or Action Plan process and, as such, does not appear in the Consolidated Plan.
