

**WEST VIRGINIA
FISCAL YEAR 2011
CONSOLIDATED ACTION PLAN
DRAFT AMENDMENT**

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Fiscal Year 2011 Consolidated Action Plan Executive Summary

This executive summary is being prepared in compliance with 24 CFR 570.91.320(b). The purpose of the executive summary is to summarize the State's method of distributing funds to local governments and organizations to carry out activities (or the activities to be undertaken by the State) using funds that are expected to be received under formula allocations and other HUD assistance received during the program year, including program income. These funds are expected to be made available to address the housing-related needs and non-housing community development needs described in the strategies, priority needs, and objectives section of the five-year consolidated plan. As required by 91.320(b), the State of West Virginia is submitting their FY 2011 Consolidated Action Plan on May 12, 2011. All information noted on the Matters of Advice is included in this amendment to the plan.

COVERED PROGRAMS AND AVAILABLE FUNDS

PROGRAM FUNDS FY 2011

FORMULA ALLOCATIONS:

SMALL CITIES BLOCK GRANT	\$15,383,805
HOME INVESTMENT PARTNERSHIP PROGRAM	8,267,191
EMERGENCY SHELTER GRANT	922,698
HOUSING OPPORTUNITIES FOR PERSONS WITH AIDS	<u>336,134</u>
Total—Formula Allocation	\$24,909,828

Small Cities Block Grant Program (SCBG)

Prior to the receipt of any Small Cities Block Grant (SCBG) funds from the FY 2011 appropriation, the State must prepare a statement of community development objectives and projected use of funds. The projected use of funds shall consist of the method by which the State will distribute the funds to units of local government.

The primary objective of Title I of the Housing and Community Development Act of 1974, as amended, is the development of viable urban communities by providing decent housing and a suitable living environment and expanding economic opportunities, principally for persons of low and moderate income. Consistent with this primary objective, not less than 70 percent of the aggregate of the federal Title I assistance distributed under this FY 2011 program design statement shall be used for the support of activities that benefit persons of low and moderate income in the non-entitlement areas of West Virginia.

In order to facilitate planned improvements to the quality of life and to strengthen and expand the economic base for all West Virginia citizens and communities consistent with the Consolidated Plan, the following SCBG Community Development objectives are stated:

- (1) Support job creation or retention efforts.
- (2) Support local government efforts to provide affordable infrastructure systems to strengthen the foundations for economic growth and alleviate conditions that affect environmental quality, public health, or welfare.
- (3) Support local community development efforts to assist low- to moderate-income citizens to achieve an improved quality of life by supporting locally developed strategies to protect, maintain, and expand access to facilities and services; and to revitalize deteriorating downtown and residential neighborhood areas.

Consistent with these State objectives, Small Cities Block Grant funds may be granted to eligible units of local government if documentation sufficient to ensure that one of the following three national objectives will be met:

- (1) Activities benefiting low- and moderate-income persons;
- (2) Activities which aid in the prevention or elimination of slums or blight;
- (3) Activities designed to meet community development needs having a particular urgency because existing conditions pose a serious and immediate threat to the health or welfare of the community where other financial resources are not available to meet such needs.

HOME Investment Partnership Program

The primary objective of the HOME Investment Partnership Program, or HOME Program, as established under Title II of the National Affordable Housing Act of 1990 (NAHA), as amended, and implemented at 24 CFR Part 92, is to expand the supply of decent, safe, sanitary, and affordable housing, primarily rental housing; to strengthen the abilities of state and local governments to provide housing; to ensure that federal housing services, financing, and other investments are provided to state and local governments in a coordinated, supportive fashion; to expand the capacity of nonprofit community-based housing development organizations; and to leverage private sector participation in financing affordable housing. Consistent with these primary objectives, the HOME funds distributed under this FY 2011 program design statement shall be used to finance housing activities that benefit persons of low and moderate income in the non-consortia areas of West Virginia.

The West Virginia Housing Development Fund (WVHDF), in its capacity as public body corporate and legal instrumentality of the State of West Virginia and by the direction of the Governor, is responsible for the administration of the HOME Program. The HOME Program funds are distributed through three principal subprograms: HOMEownership Opportunities (HO), HOMErent, and Community Housing Development Organizations (CHDO). These subprograms were developed to address the affordable housing needs of the very low- and low-income persons of the rural areas of the State. HOMEownership Opportunities promotes homeownership opportunities for very low- and low-income persons through the HOME Leverage Loan Program (HLLP) and the NewHOME Loan Program. The HOME Leverage Loan Program (HLLP) is a direct homebuyer assistance program that provides closing cost, downpayment assistance, and principal reduction loans to low- and moderate-income persons that have qualified for financial assistance through the WVHDF Mortgage Revenue Bond Program, the USDA Rural Housing Service, Section 502 Loan Program and other private sector lending programs. The NewHOME Loan Program is a direct homebuyer assistance program that provides long-term financing in the form of direct loans and deferred payment loans to finance the acquisition and construction of single-family housing for low- and moderate-income persons. The HOMErent subprogram provides direct financial assistance to support the acquisition and rehabilitation of existing multi-family housing projects in order to preserve the supply of decent, affordable rental residential housing for very low-, low-, and moderate-income persons.

In order to facilitate the State's goal of providing decent, affordable housing for all low- and moderate-income families consistent with the Consolidated Plan, the following HOME Program objectives are stated:

- (1) Expand homeownership opportunities.
- (2) Improve the quality of existing owner-occupied housing.
- (3) Increase the supply of affordable rental housing units.

Consistent with these State objectives, HOME Program funds will also be granted to qualified CHDOs that undertake activities and projects that address the established HOME Program objectives. As required under 24 CFR Part 92.300, the WVHDF will allocate not less than fifteen percent (15%) of the funds for FY 2011 to CHDOs.

Emergency Shelter Grant Program (ESGP)

The Emergency Shelter Grant Program (ESGP) is designed to provide entitlement funds for the rehabilitation, essential services, and program operation costs of buildings intended for the purpose of sheltering homeless persons and their families. In addition, ESGP funds may be used to assist shelters in providing supportive services for operations, utilities, insurance costs, client transportation, medical assistance, crisis intervention, counseling, nutrition, clothing, and homeless prevention assistance.

ESGP funds are made available by the State to cities and local elected governments by competitive proposals. The local elected governments and cities sub-grant these funds to their shelters and community action agencies on a reimbursement basis. Through the linkages provided by the funded shelters, the State of West Virginia is able to reach all 55 counties in West Virginia. In FY 2010-2011, there were 33 shelters funded by the Governor’s Office of Economic Opportunity (GOEO). GOEO, in cooperation with the West Virginia Coalition to End Homelessness and Community Action Partners, has been awarded a HUD grant for the Balance of State Continuum of Care (COC). The regional approach will serve the balance of state not covered by an existing COC. This has resulted in a statewide Continuum of Care for West Virginia.

This plan will benefit the rural homeless and those populations at risk of being homeless. This is vital to Southern West Virginia, which is the most economically deprived area of the State, as well as the area that shows a significant increase in the HIV/AIDS population. The Governor’s Office of Economic Opportunity has also received a Homeless Management Information Systems Grant that enables homeless shelters, service providers, and state agencies to network and report to HUD unduplicated numbers of people served. By linking with faith-based community services, the ESGP is able to act as a conduit for those experiencing homelessness to enter into a Continuum of Care, from shelter to transitional housing and finally self-sufficiency and permanent housing, by providing services necessary to break the cycle of homelessness.

Performance Measures – 91.320(e)

All activities and projects funded by the programs covered in this Action Plan must meet the requirements detailed in the chart below. Training is being provided to all grantees on these requirements.

	<u>Outcome 1:</u> Availability/ Accessibility	<u>Outcome 2:</u> Affordability	<u>Outcome 3:</u> Sustainability
<u>Objective 1:</u> Suitable Living Environment	Enhance Suitable Living Environment Through New/Improved Accessibility	Enhance Suitable Living Environment Through New/Improved Affordability	Enhance Suitable Living Environment Through New/Improved Sustainability
<u>Objective 2:</u> Decent Housing	Create Decent Housing With New/Improved Availability	Create Decent Housing With New/Improved Affordability	Create Decent Housing With New/Improved Sustainability
<u>Objective 3:</u> Economic Opportunity	Provide Economic Opportunity Through New/Improved Accessibility	Provide Economic Opportunity Through New/Improved Affordability	Provide Economic Opportunity Through New/Improved Sustainability

The attached Performance Measurement Tables 2C in Appendix A detail all of the activities proposed in the FY 2011 action plan as well as recap all activities funded for the FY 2008, FY 2009, and FY 2010 program years. All activities will meet the above HUD criteria. Actual accomplishments will be reported in the Integrated Disbursement & Information System (IDIS) as of the 2011 program year. The IDIS provides HUD with current information regarding program activities, including funding data. HUD uses this information to report to Congress and to monitor grantees.

Citizen Participation – 91.320(b)

Housing and community development needs and priorities have been determined through a collaborative process. A significant part of this process included soliciting public comment to collect citizen input and coordinating data and needs with state, local, public and private community, housing, homeless, and social service organizations.

As detailed in the FY 2010-2014 Five-Year Consolidated Action Plan, public hearings were held in three (3) locations throughout the state to initiate input on the FY 2011 Consolidated Action Plan on priority housing and community development needs and barriers. They are as follows: 4/5/11 Martinsburg, Berkeley County Public Library, 4:00 p.m.; 4/6/11 Clarksburg, Harrison County Senior Center, 2:00 p.m.; and 4/8/11 Charleston/South Charleston, South Charleston Public Library, 2:00 p.m., with 30-day public comment period from 4/4/11 to 5/3/11.

In addition to the public hearings, all potential participants (units of local government, homeless providers, and housing providers) were provided access to the action plan through the West Virginia Development Office website at: <http://www.wvcommerce.org/people/communityresources/applicationsanddownloads>. The public was also informed that a paper copy of the FY 2011 Consolidated Action Plan is available from the offices of the West Virginia Development Office, the West Virginia Housing Development Fund, and the Governor's Office of Economic Opportunity.

Allocation Priorities – 91.320(d) – 91.320(f)

The geographic area for the distribution of all of the programs included in this 2011 Consolidated Action Plan is the entire State of West Virginia, with the exception of HOME funds, which are limited to the forty-four (44) non-consortia counties of the State, and SCBG funds, which are limited to the non-entitlement areas. HOME funds will not be made available in the counties of Berkeley, Brooke, Cabell, Hancock, Jefferson, Kanawha, Marshall, Morgan, Ohio, Wayne and Wood, each of which is part of a HOME consortium.

Small Cities Block Grant

The projected use of the SCBG funds reflects the strategy of the State for the development of non-entitlement communities in the state. This strategy is based upon the consolidated plan, the identification of local priorities, and making investments that are consistent with the objectives of the Small Cities Block Grant Program. The method of distribution is designed to permit flexibility in the utilization of other funding sources and the timing of investment decisions.

All applications determined to be eligible and to meet a national objective shall advance and be reviewed for funding consideration. The purpose of the review is to screen applications for competitiveness in relation to the amount of funds available and the objectives as set forth in section 2 of paragraph 2b. To the extent applicable, criteria to be considered during the review will include: (1) the relationship to a national objective and number of low- and moderate-income persons served, (2) the relationship to SCBG program design objectives, (3) the public health, environmental, and economic development benefits of the project, (4) the degree to which the project will correct identified deficiencies or achieve compliance with required standards, (5) the cost effectiveness of the project, (6) the availability of other sources of funding for the project, (7) the degree to which the project achieves state, regional, and local planning goals, (8) the readiness of the project to proceed, if funded, and (9) other SCBG considerations, such as existing open grants, other requests from the same area, applicant's capacity to administer and operate the project and grant, if approved, fair housing initiatives proposed, impact upon minority areas, and the geographical distribution of funds.

HOME

The geographic area for the distribution of HOME Program funds under the HOME Leverage Loan Program (HLLP), NewHOME Loan Program, HOMERent, and CHDO subprograms will be limited to the forty-four (44) non-consortia counties of the State. HOME Program funds under these subprograms will not be made available in the counties of Berkeley, Brooke, Cabell, Hancock, Jefferson, Kanawha, Marshall, Morgan, Ohio, Wayne, and Wood, each of which is part of a consortium.

The projected use of the HOME funds reflects the strategy of the State to promote the development of decent affordable housing throughout the rural areas of the State. This strategy is based upon the consolidated plan, the identification of local priorities, and financing programs and projects that are consistent with the objectives of the HOME Program. The method of distribution is designed to maximize the utilization of other funding sources and promote the development of local delivery systems.

The WVHDF will be responsible for the delivery of the HOMEownership Opportunities Programs through a network of approved nonprofit originators, other governmental agencies, and private lenders. The expanded use of leverage loans will increase the number of low- and moderate-income families that can be assisted through the HOME Program. Applications for the HOME Leverage Loan Program and the NewHOME Loan Program will be processed by the nonprofit originators, other governmental agencies, and private lenders. Loan applications will be processed in accordance with a procedure that is based on a "first ready, first served" concept. Once an applicant is considered eligible for financial assistance under the income guidelines and limited underwriting criteria, the WVHDF will reserve funding under the appropriate HOMEownership Opportunities Loan Program. Upon a determination that the property complies with the applicable property standards, environmental review requirements, and other program requirements, the WVHDF will issue a loan approval or loan commitment. The WVHDF will prepare the final closing documents and issue closing instructions to the approved closing agent, who will be responsible for collecting any compliance documents and closing the loan.

The WVHDF will be responsible for the delivery of the HOMErent Program through the issuance of a Request for Proposals. Nonprofit housing organizations and private sector developers that are interested in acquiring, developing, or rehabilitating existing rental housing for low- and moderate-income persons will be invited to submit a Preliminary Proposal for Financial Assistance directly to the WVHDF. The staff of the WVHDF will review and rank the Preliminary Proposal to determine that the proposal is consistent with objectives of the HOMErent Program. If the Preliminary Proposal is approved, the WVHDF will issue a conditional commitment and reserve financing for the proposed project. The purpose of the review is to screen applications for competitiveness in relation to the amount of funds available and the objectives of the HOME Program. To the extent applicable, criteria to be considered during the review will include: (1) the number of low- and moderate-income persons served, (2) the relationship to the HOME program goals and objectives, (3) the cost effectiveness of the project, (4) the availability and commitment of other sources of funding for the project, (5) the degree to which the project achieves state, regional, and local planning goals, (6) the readiness of the project to proceed, if funded, and (7) other HOME considerations, such as existing open grants, other requests from the same area, the applicant's capacity to undertake and complete the project, if approved, fair housing initiatives proposed, impact upon minority areas, and the geographical distribution of funds.

The WVHDF will be responsible for the delivery of the HOME CHDO Program through the issuance of a Request for Proposals. Nonprofit housing organizations that are interested in developing single-family housing or rental housing for low- and moderate-income persons will be invited to submit a Preliminary Proposal for Financial Assistance directly to the WVHDF. The staff of the WVHDF will review and rank the Preliminary Proposal to determine that the proposal is consistent with objectives of the HOME CHDO Program. If the Preliminary Proposal is approved, the WVHDF will issue a conditional commitment and reserve financing for the proposed project. The purpose of the review is to screen applications for competitiveness in relation to the amount of funds available and the objectives of the HOME Program. To the extent applicable, criteria to be considered during the review will include: (1) the number of low- and moderate-income persons served, (2) the relationship to the HOME program goals and objectives, (3) the cost effectiveness of the project, (4) the availability and commitment of other sources of funding for the project, (5) the degree to which the project achieves state, regional, and local planning goals, (6) the readiness of the project to proceed, if funded, and (7) other HOME considerations, such as existing open grants, other requests from the same area, the applicant's capacity to undertake and complete the project, if approved, fair housing initiatives proposed, impact upon minority areas, and the geographical distribution of funds.

ESGP

The geographic distribution of ESGP funds is the entire state of West Virginia. All funds are going into approved Continuum of Care areas throughout the state, including the Balance of State Continuum of Care. Due to the Continuum of Care system, persons no longer have to leave their community for services.

Obstacles to Underserved Needs

Some of the primary obstacles to addressing underserved needs are as follows:

1. The lack of sufficient funds to serve the needs of all of the citizens in West Virginia. While this fiscal year sees a slight increase in the SCBG allocation, the program has been reduced over 22% in the last five years, while the needs of the state continue to grow. The current federal, state, local, and private funding levels are insufficient to address the documented housing and community development needs throughout the state. This is a problem that realistically may never be overcome and can be assisted only by the actions of Congress and the improvement of the State's economy.
2. Insufficient capacity for delivery of housing services and other needed community services in all areas of need in the state. Nonprofit housing and community development organizations are increasing their capacity to provide assistance to low-income families and individuals. Training and technical assistance will continue to be provided to these organizations so that this obstacle can be overcome with time.
3. Shelter residents struggle to make an income that is sufficient to achieve self-sufficiency. Many homeless families and individuals are unable to leave the shelters or the transitional housing units for any extended time period, and many struggle to leave the system at all. Ongoing and improved supportive service and improved job training programs through the Continuum of Care system can reduce this obstacle, but it will continue to be a struggle for homeless persons and families in West Virginia.

Affordable Housing – 91.320 (g)

The State will focus its HOME Program resources on three areas: (1) HOMEownership Opportunities (HO) with leverage loans and direct loans, (2) Community Housing Development Organizations (CHDOs), and (3) HOMERent with loans to promote the improvement and creation of rental housing opportunities for low- and very low-income families. The West Virginia Housing Development Fund (WVHDF), on behalf of the State, will adjust funding levels between the program areas to recapture and reallocate funds between these program areas to reflect market demands or needs arising from natural disasters as permitted under the regulations.

The State's HOME Program (Program) is operated as a direct program. The WVHDF, the State-designated HOME Program administrator, issues a permanent financing commitment for a project when all Program conditions are met, and the State retains full control of the quality of the loans. In most instances, HLLP and NewHOME loans are closed in the name of the WVHDF as an instrumentality of the State. Nonprofit Housing Providers, approved lenders, or government entities will be responsible for the submission of compliance documents before closing. Closing agents will be responsible for any compliance documents to be prepared or delivered at, or immediately following, the loan closing. CHDOs, as directed by HUD, are the only direct recipients of HOME

Program funding. At least fifteen percent (15%) of the State's allocation will be set aside for CHDO projects.

The Fund will continue to offer leveraging opportunities during FY 2011. Leveraging will be offered to families with incomes up to the 80% area median income. The adoption of the leveraging plan will simultaneously include the implementation of procedures sufficient to ensure full compliance with all necessary regulations.

HOME Program Match Obligation

Any HOME Program match obligation incurred by the State during FY 2011 may be met through eligible State affordable housing activities, including, but not limited to, the following:

- Mortgage Revenue Bond Program
- LAMP Program
- Payment of HOME Originator fees from the general funds of the WVHDF
- Downpayment/Closing Cost Assistance Program
- Eligible Flood Program activities
- Development Financing Program (eligible multi-family project financing)

The State may use additional sources of match to meet any match obligation if it determines that additional sources are necessary and eligible. The State may also request match reductions during FY 2011 for any area in which a federal disaster declaration is made pursuant to the Stafford Act.

Lead-Based Paint Policy

The WVHDF recognizes the severity of lead-based paint (LBP) poisoning, and believes that the existing federally required notification of buyers and renters and the readily available blood testing for elevated lead levels available at local health departments provides adequate warning and protection. The WVHDF has no enforcement or regulatory responsibility under these regulations. OSHA regulates contractors to insure a safe environment for workers dealing with LBP, and the EPA and West Virginia Department of Environmental Protection regulate the disposal of hazardous waste.

The WVHDF has outlined the following policies to guide participants in the programs it sponsors or administers

- 1) Multi-family properties must comply with HUD's LBP regulations. All assessment, enforcement or abatement activities will follow the most recent HUD guidelines and regulations.
- 2) Single-family properties to be eligible for HOME funding will require:
 - i) For pre-1978 Structures:

- (a) The structure must pass a visual assessment by an HQS qualified inspector, i.e., no peeling or flaking paint. If the structure fails, it will **not** be eligible for the Program.
 - (b) Provision of LBP pamphlet, to the borrower, and acknowledgement of the same in the borrower's affidavit.
 - (c) HOME loans cannot be used to finance the acquisition **and** rehabilitation or repair of pre-1978 structures, but can be used to fund purchases of these structures if they pass the initial visual assessment.
- ii) For post-1978 Structures:
- (a) Evidence the structure was totally built after 1978. Even a pre-1978 structure with major renovations after 1978 will not qualify as a post-1978 structure, only new construction

The legal requirements relating to LBP from OSHA, EPA, and HUD apply to all buildings, whether the building or transaction is assisted by the WVHDF or not.

Chronic Homelessness – 91.320(h)

West Virginia is focusing on ending chronic homelessness. The Governor has appointed an Interagency Task Force to ensure West Virginians experiencing homelessness receive assistance in the most streamlined way possible. The task force is made up of agencies such as Education, Veterans Affairs, the West Virginia Department of Human Services, the Governor's Office of Economic Opportunity (GOEO), and the West Virginia Coalition to End Homelessness, which has implemented a balance of state Continuum of Care, as well as other government agencies and members of the community. This will enable homeless persons to receive services without boundaries.

Public Housing – 91.320(j)

The State works closely with all public housing authorities. We review their annual plans and participate in direct funding of initiatives with both SCBG and HOME funds. These include housing reconstruction, the development of transitional housing, and numerous projects for which the public housing authority serves as the loan originator. There are currently no troubled public housing authorities in West Virginia.

Emergency Shelter Grants – 91.320(k)(3)

ESGP funds are made available by the State to cities and local elected governments by competitive proposals. The local elected governments and cities sub-grant these funds to their shelters and community action agencies on a reimbursement basis. Through the linkages provided by the funded shelters, the State of West Virginia is able to reach all 55 counties in West Virginia. In FY 2010-2011, there were 33 shelters funded by the GOEO. The GOEO, in cooperation with the Homeless Coalition and Community Action Partners, was awarded a HUD grant for the Balance of State Continuum of Care.

The regional approach will serve the 44 counties not covered by an existing Continuum of Care. This results in a statewide Continuum of Care for West Virginia. This plan benefits the rural homeless and those populations at risk of being homeless. This is vital to Southern West Virginia, which is the most economically deprived area of the State, as well as the area that shows a significant increase in the HIV/AIDS population.

The Governor's Office of Economic Opportunity contracts with the Balance of State Continuum of Care on the Homeless Management Information System grant. Through this partnership, GOEO has a System Administrator for the HMIS system as well as a full-time HMIS Project Manager. The partnership also enables homeless shelters, service providers, and state agencies to network and report to HUD unduplicated numbers of people served. By linking with faith-based community services, the ESGP is able to act as a conduit for those experiencing homelessness to enter into a Continuum of Care, from shelter to transitional housing and finally self-sufficiency and permanent housing, by providing services necessary to break the cycle of homelessness.

HIV/AIDS – 91.320(k)(4)

The Formula Housing Opportunities for Persons with AIDS (HOPWA) grant is administered by HUD. The State of West Virginia, through the Governor's Office of Economic Opportunity (GOEO), serves as the grantee for this grant. As the grantee, the GOEO is the supervising agent of three project sponsors: Covenant House, Inc., in Charleston; Caritas House, Inc., in Morgantown; and Community Networks, Inc., in Martinsburg.

The project sponsors provide permanent supportive housing, support services, tenant-based rental assistance, mortgage assistance, and resource identification to people living with HIV/AIDS throughout all of West Virginia's 55 counties. This project includes the continued operation and maintenance of five houses for people with HIV/AIDS located throughout the state and the continuation of services to a growing caseload of over 400 persons with HIV/AIDS and nearly 300 affected family members. This program is designed to provide services to persons with HIV/AIDS who elect to live in private homes or living quarters located in safe, clean, and affordable housing, where medical assistance can be available to support them.

The 2011 Housing Opportunities for Persons with AIDS (HOPWA) Formula Funding will also be administered by the Governor's Office of Economic Opportunity as the grantee. The HOPWA formula allocates funds to local governments and states with significant populations of persons with AIDS. Under the statute, HOPWA awards eligibility to the largest cities in metropolitan statistical areas (MSAs) and to states with over 1,500 cumulative cases of AIDS. EMSAs are eligible metropolitan statistical areas that have a population over 500,000 and have at least 1,500 cumulative cases of AIDS. States are eligible if they have 1,500 cumulative cases in the areas outside of the EMSAs. The formula assists grantees in providing housing assistance and related supportive services to low-income persons with AIDS and their families.

This formula funding is a one-year grant instead of the three-year cycle that the State has been operating under since 1994. It is expected that, at the end of the 2008-2011 HOPWA grant, the formula funding will take the place of this three-year grant, thus providing a seamless transition from competitive funding to formula funding. The Governor's Office of Economic Opportunity will continue to partner with our HOPWA service providers and does not expect any change in services to West Virginians with HIV/AIDS. All services provided under the competitive HOPWA funding will be continued in the formula allocation.

Discharge Policy – 91.325(c)(10)

The McKinney-Vento Act (42USC11362) mandates the development and implementation, to the maximum extent practicable and appropriate, of policies and protocols for the discharge of persons from public funded institutions or systems of care, such as health care facilities, foster care facilities, or other youth facilities or correction programs and facilities, in order to prevent such discharge from immediately resulting in homelessness for such persons. The sub-grantee must ensure that ESGP funds are not to be used to assist such persons in place of state or local resources. The ESGP, administered by GOEO, has made the responsibility of following this directive of the discharge policy part of the 2011 contract. GOEO has also met with discharge policy groups to establish one policy and interpretation to be adopted by the shelters.

Amendments

The State shall amend its action plan if the method of distribution contained in the action plan submitted to HUD is to be changed. The State shall determine the necessary changes; prepare the proposed amendment; provide citizens and units of local government with reasonable notice of, and an opportunity to comment on, the proposed amendment; consider comments received; make the action plan available to the public at the time it is submitted to HUD; and submit the amended action plan to HUD before the State may implement changes embodied in the amendment.

Monitoring

The distribution of funds will be reported upon within each program's Annual Performance and Evaluation Report in the form and format as prescribed by HUD. Fulfillment of the certifications made by the State will be monitored by HUD. These certifications include assurances that the distribution of funds under these programs will be used in furtherance of the consolidated plan and will ensure long-term compliance with the program involved, including the comprehensive planning requirements. Individual activities approved for funding by the State shall be monitored in accordance with the regulations governing those programs to ensure sub-grantee compliance with such requirements as may be applicable to that program.

SECTION TWO
SMALL CITIES COMMUNITY DEVELOPMENT
BLOCK GRANT ACTION PLAN

1. PURPOSE:

Prior to the receipt of any Small Cities Block Grant (SCBG) funds from the FY 2011 appropriation, the State must prepare a statement of community development objectives and projected use of funds. The projected use of funds shall consist of the method by which the State will distribute the funds to units of local government.

2. STATEMENT OF OBJECTIVES:

- a. The primary objective of Title I of the Housing and Community Development Act of 1974, as amended, is the development of viable urban communities by providing decent housing and a suitable living environment and expanding economic opportunities, principally for persons of low and moderate income. Consistent with this primary objective, not less than 70 percent of the aggregate of the federal Title I assistance distributed under this FY 2011 program design statement shall be used for the support of activities that benefit persons of low and moderate income in the non-entitlement areas of West Virginia.
- b. In order to facilitate planned improvements to the quality of life and to strengthen and expand the economic base for all West Virginia citizens and communities consistent with the Consolidated Plan, the following SCBG Community Development objectives are stated:
 - (1) Support job creation or retention efforts.
 - (2) Support local government efforts to provide affordable infrastructure systems to strengthen the foundations for economic growth and alleviate conditions that affect environmental quality, public health, or welfare.
 - (3) Support local community development efforts to assist low- to moderate-income citizens to achieve an improved quality of life by supporting locally developed strategies to protect, maintain, and expand access to facilities and services; and to revitalize deteriorating downtown and residential neighborhood areas.
- c. Consistent with these State objectives, Small Cities Block Grant funds may be granted to eligible units of local government if documentation sufficient to ensure that one of the following three national objectives will be met:

- (1) Activities benefiting low- and moderate-income persons;
- (2) Activities which aid in the prevention or elimination of slums or blight;
- (3) Activities designed to meet community development needs having a particular urgency because existing conditions pose a serious and immediate threat to the health or welfare of the community where other financial resources are not available to meet such needs.

d. Performance Measurement System Implementation

The West Virginia Development Office is working with the Governor’s Office of Economic Opportunity and the West Virginia Housing Development Fund to ensure performance measures are being reported. We have established the Objective (Suitable Living Environment), Outcomes (Availability/Accessibility) and Indicators (Public Facility or Infrastructure Activities on page 11477 of the Federal Register) for the Small Cities Block Grant Program. This data is entered in IDIS for each program year as projects are selected for funding. We will continue working with our grantees on the implementation of this new reporting system.

3. AVAILABILITY OF FUNDS:

The State expects to receive \$15,383,805 from the HUD Fiscal Year 2011 appropriation to be distributed as follows:

a.	Projected Use of Funds—FY 2011		\$ 15,383,805
	(1)	State Administration	\$ 407,676
	(2)	Technical Assistance	\$ 153,838
	(3)	Letters of Intent to Fund from FY 2011 Funds	\$ 10,000,000
		Braxton County Commission	Water \$1,000,000
		Town of Delbarton	Sewer \$1,100,000
		Town of Fairview	Water \$1,000,000
		City of Hinton	Sewer \$1,100,000
		Logan County Commission	Sewer \$1,100,000
		Town of Paw Paw	Sewer \$1,000,000
		City of Pennsboro	Sewer \$ 700,000
		Randolph County Commission	Sewer \$ 900,000
		Wayne County Commission	Water \$1,100,000
		Wirt County Commission	Sewer \$1,000,000

NOTE: Projects were partially funded in FY 2010 and will be fully funded based on readiness to proceed.

(4)	Small Cities Block Grant Program	\$ 4,822,291
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Funds accruing to the program from funds not obligated, prior year appropriations, and recaptured, reallocated, program income, or additional appropriations, shall also be added to either of the Community Development pools at the discretion of the Director of the Community Development Division.

- b. **Intent to commit up to \$10,000,000 of FY 2012 Funds.** In order to facilitate the timing of SCBG investments, to encourage timely implementation and expenditure of funds, and to be able to be responsive to projects of opportunity based upon job creation or retention, the State reserves the right to make investments by issuing "Letters of Intent" for future funding based upon the availability of such funds.

The Director reserves the right to adjust these allocations as needed, including increasing this investment up to ten percent.

- c. **Intent to commit up to \$5,000,000 of FY 2013 Funds:** Due to the high obligated fund balance, the Director reserves the right to obligate up to \$5,000,000 of the FY 2013 funds that can be used to fund projects that are not ready to proceed during the FY 2011 and/or FY 2012.

Any amount not obligated for the "Letters of Intent to Fund from FY 2011" allocation shall be added to the "Available for Distribution to Water/Wastewater Systems." Unless a "Letter of Intent" project is terminated, such intent to fund shall be carried forward into the FY 2012 or the FY 2013 program as a "Letter of Intent."

- d. **Program income** is defined in 24 CFR 570.489(e) as gross income received by a unit of local government that was generated from the use of SCBG funds. If less than \$25,000 is received in a single year by a unit of local government, those funds may be treated as miscellaneous income and will not be subject to the requirements of the SCBG program. If \$25,000 or more in program income is received in a single year by a unit of local government, that generated program income will be treated as additional SCBG funds and is subject to all requirements of the SCBG program. This program income will be used to continue the same activity from which it was derived or be subject to recapture by the State.

4. **RANGE OF ACTIVITIES THAT MAY BE UNDERTAKEN:**

An activity may be funded in whole or in part with Small Cities Block Grant funds only if all of the following criteria are met:

- (1) Each activity must be eligible under Section 105 of the Act as summarized in Appendix A.
- (2) Each activity must fulfill one of the three national objectives.
- (3) Each activity must meet environmental review and clearance procedures.

5. **TYPES OF GRANTS, APPLICATION PROCEDURES, AND LIMITATIONS AND CEILINGS:**

a. **General:**

Community Development Program Priority: The State will not refuse to award funds on the basis of the activity selected by a unit of local government as long as they demonstrate compliance with Section 4. However, grant awards will emphasize the State's commitment towards objectives stated in paragraph 2b. Due to reduced funding levels for FY 2011, and further anticipated reductions in FY 2012, the review process will be extremely competitive.

Local financial participation will lend value to the consideration of any proposal. A project may address a single need or address a substantial portion of the identified community development and housing needs. Activities serving different geographic areas must be qualified separately.

The Community Development Division Director reserves the right to work with any eligible unit of local government on a new type of project based on community needs. This may be a pilot project in order to establish guidelines for a future type of application to be included in the program design. These projects must have a documented inability to compete under the categories listed below and assist the State's commitment toward objectives stated in paragraph 2b. The projects will be selected based on the method of distribution established in Section 7 of this program design. The application ceiling will be \$500,000 unless this threshold is waived by the Director of the Community Development Division. The funds will be allocated based upon availability of funds at the time of application. **Self-Help Water applications meet the above criteria. Applications will once again be solicited through the Regional Planning and Development Councils; however, any Self Help Water application will be accepted year-round, based upon the availability of funds.** The Director reserves the right to establish the application deadline based on the specific needs of the project.

b. **Application Categories, Ceilings, and Deadlines:**

NOTE 1: Due to the significant reduction in the CDBG allocation to the State, the Director of the Community Development Division reserves the right to reduce the SCBG amount requested and/or to partially fund a project, if it is determined to be the best use of SCBG funds.

NOTE 2: Due to recent performance measures implemented by HUD, all grantees must identify and measure, in quantitative terms, the proposed outcomes and accomplishments the project is to achieve. Application forms now include a section to address this requirement.

(1) **Water and Wastewater Projects**

- (a) **Application Deadlines:** Applications postmarked or received by March 22, 2011, will be considered for funding during the FY 2011 SCBG program year. A mailing was sent to all units of local government, regional planning and development councils, and project administrators on November 3, 2010, informing them of the application deadline.
- (b) No application for water or wastewater can be submitted for SCBG funds without an Infrastructure and Jobs Development Council (IJDC) review letter. The application should be submitted to the IJDC a minimum of ninety (90) days prior to the applicable application deadline. **(Waiver for FY 2011: Due to the application deadline being moved forward to March 22, 2011, and the challenge that creates, especially for new applications, we have determined that the latest date for submission of a complete application to IJDC was February 10, 2011. This would have ensured IJDC review in March 2011. We will accept applications, but funding consideration will be pending the approval letter from IJDC. Please be aware that it is the applicant's responsibility to provide a copy of the IJDC approval letter to our office during our review period.**
- (c) **Application Ceiling:** Eligible jurisdictions can apply for grant funds of up to **\$1,500,000** of SCBG assistance. The Director of the Community Development Division reserves the right to partially fund a project if it is determined to be the best use of SCBG funds.
- (d) Any eligible water and sewer application can be selected for a design and administration grant. The maximum amount of award will not exceed 70% of the total engineering budget, not to exceed the established cap for that category. It is NOT a commitment of any future funds. Applications for the balance of the funds must be submitted the following year and compete with all other projects.

NOTE: It is anticipated that water and sewer projects will be the focus of the FY 2011 program design.

(2) **Job Creation Projects**

- (a) **Application Deadline:** Applicants seeking funding for a job creation or retention project for which an actual job

creation agreement exists may receive, without competition, a commitment of funds while funds are available. If no funds are available when the applicant successfully completes the application process, that applicant may, at the discretion of the Director of the Community Development Division, receive a “Letter of Intent” to fund the project from FY 2012 funds.

- (b) **Application Ceiling:** The amount of funding allowed for job creation projects is subject to the public benefit standards established by federal regulation. In the aggregate, not more than \$35,000 per net new job created may be made available. For development-type projects (water, sewer, site development, etc.), the limit per project is **\$1,250,000**. The Director reserves the right to partially fund a project if it is determined to be the best use of SCBG funds.

(3) **Other Community and Economic Development Projects**

- (a) **Application Deadline:** Applications postmarked or received by March 22, 2011, will be considered for funding from the FY 2011 SCBG program year.

- (b) **Application Type/Ceiling:**

- (1) **Planning Projects:** Planning applications shall be limited to a maximum of **\$100,000** of SCBG assistance, and a minimum ten percent local cash match will be required. Additional local or other funds may be necessary to perform work in this category.

Joint planning applications shall be limited to an amount not to exceed **\$120,000** regardless of the number of jurisdictions in the joint application.

- (2) **General Community Development:** Eligible jurisdictions may apply for SCBG funds up to **\$500,000**. This category includes eligible projects other than water, wastewater, and job creation/retention projects. Applications for economic development that do not have a job creation/retention agreement (i.e., land development, revolving loan fund proposals) fall under this category. The Director reserves the right to partially fund a project or exceed the identified cap if it is determined to be the best use of SCBG funds.

6. **ELIGIBLE APPLICANTS, THRESHOLD REQUIREMENTS:**

a. **Eligible Applicants:**

Except for those jurisdictions restricted from applying for failure to meet the threshold requirements set forth in paragraph 6b, **all non-entitlement municipal and county governments may submit one grant proposal for consideration from the FY 2011 program year.** In addition, a job creation or retention project may be submitted for consideration from the Community Development funding pool.

Two or more otherwise eligible jurisdictions may submit a joint, combination application that addresses common problems faced by the jurisdictions in combination, the solution of which requires the mutual action of the joint applicants. The project funding limit presented under "Ceilings and Limitations" is applicable for each of the jurisdictions in the combination. The community planning and citizen participation requirements are required for each of the jurisdictions involved, as well as the combination as a whole. **PLEASE NOTE THAT, DUE TO LIMITED AVAILABLE FUNDING, JOINT APPLICATIONS WILL BE DIFFICULT TO CONSIDER.**

b. **Threshold Requirements--Performance Standards:**

The following jurisdictions may not apply for funds unless a waiver is obtained.

- (1) Jurisdictions having active grants from the FY 2007 or earlier program years that have not received an interim closeout may not apply for another project until they are successful in receiving an interim closeout of the active project(s).
- (2) Jurisdictions having active grants from the FY 2008 program year that have not initiated sufficient construction activity to bring the project to completion, may not apply for another project until such time as construction activity is at least 75% complete.
- (3) Jurisdictions holding a FY 2011 "Letter of Intent" may not apply for funds for another project in the same category. For example, if the jurisdiction has a "Letter of Intent" for a water/wastewater project, they cannot submit a water/wastewater application; however, they can still apply for a general community development, planning, and economic development project IF they meet the above threshold requirements. **A waiver request may be submitted; however, significant progress must have been made on the project holding the "Letter of Intent." This will be an extremely difficult waiver to obtain.**

The Director of the Community Development Division will consider requests for a waiver of the above thresholds if the applicant can show that the circumstances surrounding the failure to meet the performance standard were due to circumstances beyond the control of the applicant. If a waiver is granted, the applicant must commit to a strategy to resolve the problem against which future performance will be measured. Failure to meet this new performance standard and subsequent closeout of the project will prohibit future waivers from being considered – job creation or retention excepted. In any case, the Director of the Community Development Division may grant a waiver for a job creation or retention project. If the problematic project was based upon job creation or retention; the Director agrees that adequate efforts are being made; and, as a result of those efforts, it is reasonable to assume that jobs will be created, a waiver may be granted.

c. Threshold Requirements—Recapture Schedule

In addition to the above standards that prohibit the application of SCBG funds for the FY 2011 program, please be advised that letters will be sent out in September 2011 detailing that projects funded in FY 2009 or earlier that have not entered into construction contracts by December 31, 2011, will have all funds recaptured as of January 15, 2012.

Waiver requests will be considered on a case-by-case basis. The Director of the Community Development Division will consider requests for a waiver if the applicant can show that the failure to meet the performance standard was due to circumstances beyond the control of the applicant. If a waiver is granted, the applicant must commit to a strategy to resolve the problem, against which future performance will be measured. Failure to meet this new performance standard and subsequent closeout of the project will prohibit future waivers from being considered – job creation or retention excepted. In any case, the Director of the Community Development Division may grant a waiver for a job creation or retention project. If the problematic project was based upon job creation or retention; the Director agrees that adequate efforts are being made; and, as a result of those efforts, it is reasonable to assume that jobs will be created, a waiver may be granted.

7. METHOD OF DISTRIBUTION:

- a. General:** The projected use of funds reflects the strategy of the State for the use of Small Cities Block Grant funds for the development of communities in the state. This strategy is based upon the consolidated plan, the identification of local priorities, and making investments that are consistent with the objectives of the Small Cities Block Grant Program. The method of distribution is designed to permit flexibility in the

utilization of other sources of funding and the timing of investment decisions.

- b. SCBG Review:** All applications determined to be eligible and to meet a national objective shall advance and be reviewed for funding. The purpose of the review is to screen applications for competitiveness in relation to the amount of funds available and the objectives as set forth in paragraph 2b. To the extent applicable, criteria to be considered during the review will include: (1) the relationship to a national objective and number of low- and moderate-income persons served, (2) the relationship to SCBG program design objectives, (3) the readiness of the project to proceed, if funded, (4) the availability of other sources of funding for the project, (5) the degree to which the project achieves state, regional, and local planning goals, (6) the public health, environmental, and economic development benefits of the project, (7) the degree to which the project will correct identified deficiencies or achieve compliance with required standards, (8) the cost effectiveness of the project, and (9) other SCBG considerations, such as existing open grants, other requests from the same area, fair housing initiatives proposed, impact upon minority areas, unresolved federal audit findings, applicant's capacity to administer and operate the project and grant, if approved, and the geographical distribution of funds.

Please be advised that, due to a high obligated fund balance, the following review criteria will be emphasized during the application review process:

- (1) Existing open grants that are not proceeding according to the timeframe established in the grant agreement**
- (2) Readiness of the project to proceed**
- (3) Commitment of all other funding sources**

For example, a project from a community that has no threshold restrictions, is fully funded, and has completed all design work necessary to proceed to construction will receive priority consideration from this office for funding IF it meets all of the other review criteria.

Grant awards will be made by the Governor consistent with the method of distribution as set forth herein.

- c. IJDC Review (Water, Wastewater, and Economic Development):** Upon receipt of an application, a technical evaluation and review will be conducted by the West Virginia Development Office including consultation and comments from relevant local, regional, state, and federal agencies, including those of the Infrastructure and Jobs Development Council (IJDC). The intent of this review is to assess and clarify

statements of community development and housing needs and needs of low- and moderate-income persons; assess applicant's performance in meeting citizen participation requirements; determine project eligibility in accordance with Section 105 of the Act; determine relationship to one or more of the three national objectives in accordance with 24 CFR Part 570.483; and verify consistency of the application to the recommendation of the IJDC, if applicable. Applications determined not to be eligible or not to fulfill a national objective shall be removed from funding consideration and the applicant so notified. No action shall be taken inconsistent with the recommendations of the IJDC.

- d. **FY 2011 Letters of Intent:** Holders of "Letters of Intent" must submit a status report requesting release of those funds. On the basis of this report, the West Virginia Development Office shall obligate those funds to the project unless it is determined that adequate progress has not been made and the funds will not be needed for expenditure during the program year. The basis for this decision will include the availability of other funds needed to implement the project, status of engineering design, projected bid dates, and the status of any permits or approvals required by other agencies.
- e. **Cost Overruns:** Requests for cost overruns may be submitted at any time during the year and considered without competition. Cost overruns cannot include an increase in the scope of the approved project unless it is clearly demonstrated that the new scope is required by regulatory agencies. In addition, cost overruns cannot bring a project's total above the funding ceiling established for the project type. All cost overruns exceeding \$25,000 must obtain IJDC approval (for water and sewer projects only). The Director of the Community Development Division has the authority to approve cost overruns less than \$100,000 and once IJDC approval has been received, if applicable. All cost overruns exceeding \$100,000 must be approved by the Governor's Office after they have gone through the IJDC approval process, if applicable.
- f. **Cost Underruns:** The WVDO reserves the right to recapture all unexpended funds remaining upon project completion.
- g. **Grant Anticipation Notes (GANS):** Due to the WVDO's efforts to improve our expenditure rate, a new program is being initiated to allow grantees that have a full split year commitment to borrow funds in anticipation of a future SCBG allocation. This will allow projects to move forward in a timely manner and not wait for the formal commitment of SCBG funds. The application forms have been altered to include a line item for all costs associated with the GANS. If the project has potential to be considered for a GANS, we recommend a \$50,000 line item to ensure that all soft costs associated with this interim financing program are covered.

8. PLANS OF THE STATE TO MINIMIZE DISPLACEMENT:

Section 104(d) of Title I of the Housing and Community Development Act of 1974 contains requirements for a residential anti-displacement and relocation assistance plan. Each State recipient must adopt, make public, and certify to the State that it is following a "residential anti-displacement and relocation assistance plan." The Federal Register at 24 CFR, Part 570.488, sets forth relocation, displacement, replacement housing, and real property acquisition policies and requirements applicable to the State Small Cities Block Grant program.

9. SECTION 108 LOAN GUARANTEE PROGRAM:

Units of local government (ULG) in non-entitlement areas may apply for funding under HUD's Section 108 Community Development Loan Guarantee Program in accordance with 24 CFR Part 570, sub-part M. **The Community Development Block Grant (CDBG) Section 108 Program is a flexible economic and community development-financing tool. These projects must represent prudent and sound investments that will return substantial public benefits, but cannot proceed without assistance from the Section 108 Program. The ULG must show that efforts were made to obtain other financing for the project but the ULG was unsuccessful in securing other dollars and/or could not complete such financing consistent with the timely execution of the program plans without such guarantee.**

In order to be considered, a Section 108 project must meet all applicable CDBG requirements and be related to economic development under one or both of the following National Objectives:

- Benefit to low- to moderate-income persons; or
- Elimination of a slums and blighted condition.

Priority will be given to Section 108 projects related to economic development for which an actual job creation agreement exists between the applicant and a new or existing industry that would then allow the ULG to enter into a job creation agreement with this office. Projects considered by the West Virginia Development Office (WVDO) to be "speculative" or those seeking assistance for "up-front" costs shall not be reviewed favorably. Projects that are eligible for financing under existing federal, state, regional, or local programs will generally not be considered for Section 108 assistance unless the programs would fail to fully meet the project's need.

Unlike the traditional CDBG program, the Section 108 Program does not operate through the issuance of grants or loans by the WVDO. Rather, funds are raised through WVDO's "Pledge Grants" to the U.S. Department of Housing and Urban Development (HUD) in order to obtain a federal guarantee of notes issued by the local government. The federally guaranteed notes are sold into private markets through public offerings conducted by HUD. By approving a project, a State pledges its current and future CDBG funds as the ultimate repayment source should a Section 108 loan default. Therefore, it is anticipated that the primary

source of repayment of the Section 108 loan amount will be from the projected cash flow of the project. The WVDO may require additional security to be pledged from the ULG for loan repayment. Only those projects that the WVDO determines can generate sufficient revenue from local and project resources to debt service all obligations will be competitive under the State's Section 108 rating and selection system. The state's participation in the Section 108 program does not involve a pledge of West Virginia's full faith and credit. HUD makes the ultimate approval or denial of the federal guarantee.

No commitment to guarantee shall be made if the total outstanding notes or obligations guaranteed under the Section 108 program exceed \$10,000,000. The amount any one project may receive shall be limited to not more than \$5,000,000 or less than \$100,000. It should be noted that Section 108 funds may not be used for administrative costs.

Project application documentation shall be evaluated for meeting basic HUD eligibility requirements. Projects must attract private investment and be financially feasible. No funds may be used for the refinancing of existing debt. The quality of the jobs to be created; the relationship of the project to State economic development initiatives or plans; and standard credit considerations that include the assessment of risk, the terms of the loan, and the availability of accepted collateral will be considered. Review analysis will include, but will not be limited to:

- (1) Types of jobs to be created or retained, benefits provided, opportunity for longevity.
- (2) Historical and projected financial statements prepared in accordance with generally accepted accounting principles.
- (3) Personal financial statements of stockholders in the "for-profit" business being assisted.
- (4) Appraisals, environmental assessments, historical reviews, surveys, and feasibility studies.
- (5) Resumes of the management team of the "for-profit" being assisted.
- (6) Product description and analysis.
- (7) Market analysis of the project or service.
- (8) Loan commitments, option agreements, leases, and/or borrowing agreements, as appropriate.

Complete Section 108 applications will be accepted on a continuing basis. Applications determined to be eligible and fulfilling all HUD requirements will be reviewed. The State reserves the right to request and require any additional information or impose additional requirements it determines necessary to make a responsible decision regarding the loan. After having evaluated the proposed application, the final decision as to whether to forward the application to HUD

will be at the sole discretion of the West Virginia Economic Development Authority.

10. FLOAT FINANCING ELIGIBLE ACTIVITIES:

The Community Development Division reserves the right to consider “floating” other state and federal agency commitments to projects that already have a SCBG commitment in order to reduce the high letter of credit balance with HUD.

The Community Development Division may consider “floating” other types of projects ONLY if an irrevocable line of credit is available and it meets all of the conditions stated below:

a. Method of Identifying Funds to Float: The Community Development Division will identify slow-moving projects that will not be ready to proceed to construction within the timeframe of the float being considered. These funds will be earmarked for the float. IF a slow-moving project needs the funds prior to the payback of the float, newer projects that will not be ready to proceed to construction within the timeframe of the float will be substituted. A list of these projects will be available for HUD review upon request.

b. Method of Distribution: “Floats” will not exceed \$10,000,000 annually and will not exceed \$20,000,000 over the 2.5-year term. There will be no additional cap on the amount of each “float” with any one unit of local government.

“Floats” will only be made to units of local government for projects that already have a SCBG binding commitment AND a binding commitment letter from an approved state and/or federal agency or private organization that meet the following criteria:

- (1) The repayment will generate the amount of the “float” funded activity. No program income above the amount of the actual “float” will be generated.
- (2) Assurance by the unit of local government that the “float” will meet all of the SCBG criteria. All activities included in “float” must meet all SCBG criteria. All funds will be monitored and tracked according to the terms in the existing Grant Agreement.
- (3) The state and/or federal agency can provide full security through their funding portfolio and or reserves. This will ensure full repayment within 30 days of the due date in the case of default. Unless an “Irrevocable Letter of Credit” is provided, detailed security information will be approved by HUD as required in 24 CFR 570.301(b)(4)(iv).
- (4) Any extension to the 2.5 years will be considered to be a new float-funded activity.

11. **ESTIMATE OF BENEFIT TO LOW- AND MODERATE-INCOME PERSONS:**

It is anticipated that approximately \$16 million will be awarded for activities that will benefit low- and moderate-income persons during program year 2011.

12. **WAIVER FOR FEDERAL DISASTER PROVISION:**

Upon a federal disaster declaration by the Federal Emergency Management Agency, the Governor may allocate up to 100% of any funds not obligated toward disaster relief and waive any requirement not required by law or regulation.

13. **OTHER RESOURCES:**

The State of West Virginia will utilize multiple sources of state, local, and private funds to address the needs identified in this action plan as detailed below. The Small Cities Block Grant Program does not require a match; however, they give credit for all leveraged funds during the review process.

1. **Infrastructure and Jobs Development Council Grants/Loans**

These are state funds, and the type of assistance (grant vs. loan) is determined through an extensive review process involving all state regulatory and funding agencies. The loan funds have interest rates between 0% and 3% and have a term not to exceed 40 years.

2. **Drinking Water Revolving Loan Funds**

These loan funds have interest rates between 1% and 3% with a term not to exceed 30 years.

3. **Sewer Revolving Loan Funds**

These funds have interest rates between 1% and 3% with a term not to exceed 30 years.

4. **Water Development Authority**

Market rate loan funds. Terms are negotiable.

5. **Local Lending Institutions**

Many applicants borrow funds upfront from local banks to complete the design work necessary to make the project ready to proceed. We encourage this approach and leveraged over \$1,000,000 in the previous program year.

6. **Local Funds**

Local funds are committed to projects through cash reserves and bond issues. We leveraged over \$3,000,000 of local funds in the previous program year.

7. **Private Resources**

Private funds will be available for projects involving economic development. The previous two SCBG Job Creation Projects awarded leveraged over \$18,000,000 of private funds.

8. **West Virginia Development Office**

In addition to the state and local resources discussed above, the State of West Virginia will commit \$307,670 to meet the HUD administrative match requirement. This figure will be included in the 424 Form – Application for Federal Assistance.

**TABLE 3A
SMALL CITIES BLOCK GRANT PROGRAM – PERFORMANCE MEASUREMENT
SYSTEM**

Specific Obj. #	Outcome/Objective Specific Objectives	Sources of Funds	Performance Indicators	Year	Expected Number	Actual Number	Percent Completed
SL-1 Availability/Accessibility to Suitable Living Environment							
SL1-1	Address the availability/accessibility of a suitable living environment through the provision of infrastructure improvements	SCBG	1A. Number of persons assisted with new access to infrastructure. 1B. Number of persons with improved access to infrastructure.	2007	10,500	12,124	115%
				2008	10,500	11,982	114%
				2009	10,500	16,727	159%
				2010	11,000	22,431	204%
				2011	11,000		
				MULTI-YEAR GOAL	53,500	63,264	118%
EO-1 Availability/Accessibility to Economic Opportunity							
EO-1.1	Availability/Accessibility to economic opportunity	SCBG	10. Number of jobs created				
				MULTI-YEAR GOAL			
 							
				MULTI-YEAR GOAL			

APPENDIX A—ELIGIBLE ACTIVITIES

[Code of Federal Regulations]
[Title 24, Volume 3, Parts 500 to 699]
Revised as of April 1, 1999]
From the U.S. Government Printing Office via GPO Access
[Cite: 24CFR570]

Title 24—HOUSING AND URBAN DEVELOPMENT

CHAPTER V—OFFICE OF ASSISTANT SECRETARY FOR COMMUNITY PLANNING AND DEVELOPMENT, DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

PART 570—COMMUNITY DEVELOPMENT BLOCK GRANTS—Table of Contents

Subpart C—Eligible Activities

Source: 53 FR 34439, Sept. 6, 1988, unless otherwise noted.

Sec. 570.200 General policies.

- (a) Determination of eligibility. An activity may be assisted in whole or in part with CDBG funds only if all of the following requirements are met:
- (1) Compliance with section 105 of the Act. Each activity must meet the eligibility requirements of section 105 of the Act as further defined in this subpart.
 - (2) Compliance with national objectives. Grant recipients under the Entitlement and HUD-administered Small Cities programs must certify that their projected use of funds has been developed so as to give maximum feasible priority to activities which will carry out one of the national objectives of benefit to low and moderate income families or aid in the prevention or elimination of slums or blight; the projected use of funds may also include activities which the recipient certifies are designed to meet other community development needs having a particular urgency because existing conditions pose a serious and immediate threat to the health or welfare of the community where other financial resources are not available to meet such needs. Consistent with the foregoing, each recipient under the Entitlement and HUD-administered Small Cities programs must ensure, and maintain evidence that each of its activities assisted with CDBG funds meets one of the three national objectives as contained in its certification. Criteria for determining whether an activity addresses one or more of these objectives are contained at Sec. 570.208.
 - (3) Compliance with the primary objective. The primary objective of the Act is described in section 101(c) of the Act. Consistent with this objective,

Entitlement recipients and recipients of the HUD-administered Small Cities program in Hawaii must ensure that over a period of time specified in their certification not to exceed three years, not less than 70 percent of the aggregate of CDBG fund expenditures shall be for activities meeting the criteria under Sec. 570.208(a) or Sec. 570.208(d)(5) or (6) for benefiting low- and moderate-income persons; Insular area recipients must meet this requirement for each separate grant. The requirements for the HUD-administered Small Cities program in New York are in Sec. 570.420(e)(2). Additional requirements for the HUD-administered Small Cities program in Hawaii are in Sec. 570.430(e). In determining the percentage of funds expended for such activities:

- (i) Cost of administration and planning eligible under Sec. 570.205 and 570.206 will be assumed to benefit low and moderate income persons in the same proportion as the remainder of the CDBG funds and, accordingly shall be excluded from the calculation;
 - (ii) Funds deducted by HUD for repayment of urban renewal temporary loans pursuant to Sec. 570.802(b) shall be excluded;
 - (iii) Funds expended for the repayment of loans guaranteed under the provisions of subpart M shall also be excluded;
 - (iv) Funds expended for the acquisition, new construction or rehabilitation of property for housing that qualifies under Sec. 570.208(a)(3) shall be counted for this purpose but shall be limited to an amount determined by multiplying the total cost (including CDBG and non-CDBG costs) of the acquisition, construction or rehabilitation by the percent of units in such housing to be occupied by low and moderate income persons.
 - (v) Funds expended for any other activities qualifying under Sec. 570.208(a) shall be counted for this purpose in their entirety.
- (4) Compliance with environmental review procedures. The environmental review procedures set forth at 24 CFR part 58 must be completed for each activity (or project as defined in 24 CFR part 68), as applicable.
- (5) Cost principles. Cost incurred, whether charged on a direct or an indirect basis, must be in conformance with OMB Circulars A-87, "Cost Principles for State, Local, and Indian Tribal Governments"; A-122, "Cost Principles for Nonprofit Organizations"; or A-21, "Cost Principles for Educational Institutions," as applicable.\1\ All items of cost listed in Attachment B of these Circulars that require prior Federal agency approval are allowable without prior approval of HUD to the extent they comply with the general policies and principles stated in Attachment A of such circulars and are otherwise eligible under this subpart C, except for the following:

\1\ These circulars are available from the American Communities Center by calling the following toll-free numbers: (800) 998-9999 or (800) 483-2209 (TDD).

- (i) Depreciation methods for fixed assets shall not be changed without HUD's specific approval or, if charged through a cost allocation plan, the Federal cognizant agency.
- (ii) Fines and penalties (including punitive damages) are unallowable costs to the CDBG program.
- (iii) Pre-award costs are limited to those authorized under paragraph (h) of this section.
- (b) Special policies governing facilities. The following special policies apply to:
 - (1) Facilities containing both eligible and ineligible uses. A public facility otherwise eligible for assistance under the CDBG program may be provided with CDBG funds even if it is part of a multiple use building containing eligible uses, if:
 - (i) The facility which is otherwise eligible and proposed for assistance will occupy a designated and discrete area within the larger facility; and
 - (ii) The recipient can determine the costs attributable to the facility proposed for assistance as separate and distinct from the overall costs of the multiple-use building and/or facility. Allowable costs are limited to those attributable to the eligible portion of the building or facility.
 - (2) Fees for use of facilities. Reasonable fees may be charged for the use of the facilities assisted with CDBG funds, but charges such as excessive membership fees, which will have the effect of precluding low and moderate income persons from using the facilities, are not permitted.
- (c) Special assessments under the CDBG program. The following policies relate to special assessments under the CDBG program:
 - (1) Definition of special assessment. The term "special assessment" means the recovery of the capital costs of a public improvement, such as streets, water or sewer lines, curbs, and gutters, through a fee or charge levied or filed as a lien against a parcel of real estate as a direct result of benefit derived from the installation of a public improvement, or a one-time charge made as a condition of access to a public improvement. The term does not relate to taxes, or the establishment of the value of real estate for the purpose of levying real estate, property, or ad valorem taxes, and does not include periodic charges based on the use of a public improvement, such as water or sewer user charges, even if such charges include the recovery of all or some portion of the capital costs of the public improvement.
 - (2) Special assessment to recover capital costs. Where CDBG funds are used to pay all or part of the cost of a public improvement, special assessments may be imposed as follows:
 - (i) Special assessments to recover the CDBG funds may be made only against properties owned and occupied by persons not of low and moderate income. Such assessments constitute program income.
 - (ii) Special assessments to recover the non-CDBG portion may be made provided that CDBG funds are used to pay the special assessment in behalf of all properties owned and occupied by low and moderate income persons; except that CDBG funds need not be used to pay the special assessments in behalf of properties owned and occupied by moderate income persons if the grant recipient certifies that it does not have sufficient CDBG funds to pay the assessments in behalf of all of the low and moderate income owner-occupant persons. Funds collected through such special assessments are not program income.

- (3) Public improvements not initially assisted with CDBG funds. The payment of special assessments with CDBG funds constitutes CDBG assistance to the public improvement. Therefore, CDBG funds may be used to pay special assessments provided:
- (i) The installation of the public improvements was carried out in compliance with requirements applicable to activities assisted under this part including environmental, citizen participation and Davis-Bacon requirements;
 - (ii) The installation of the public improvement meets a criterion for national objectives in Sec. 570.208(a)(1), (b), or (c); and
 - (iii) The requirements of Sec. 570.200(c)(2)(ii) are met.
- (d) Consultant activities. Consulting services are eligible for assistance under this part for professional assistance in program planning, development of community development objectives, and other general professional guidance relating to program execution. The use of consultants is governed by the following:
- (1) Employer-employee type of relationship. No person providing consultant services in an employer-employee type of relationship shall receive more than a reasonable rate of compensation for personal services paid with CDBG funds. In no event, however, shall such compensation exceed the equivalent of the daily rate paid for Level IV of the Executive Schedule. Such services shall be evidenced by written agreements between the parties, which detail the responsibilities, standards, and compensation.
 - (2) Independent contractor relationship. Consultant services provided under an independent contractor relationship are governed by the procurement requirements in 24 CFR 85.36, and are not subject to the compensation limitation of Level IV of the Executive Schedule.
- (e) Recipient determinations required as a condition of eligibility. In several instances under this subpart, the eligibility of an activity depends on a special local determination. Recipients shall maintain documentation of all such determinations. A written determination is required for any activity carried out under the authority of Sec. 570.01(f), 570.201(i)(2), 570.201(p), 570.201(q), 570.202(b)(3), 570.206(f), 570.209, and 570.309.
- (f) Means of carrying out eligible activities. (1) Activities eligible under this subpart, other than those authorized under Sec. 570.204(a), may be undertaken, subject to local law:
- (i) By the recipient through:
 - (A) Its employees, or
 - (B) Procurement contracts governed by the requirements of 24 CFR 85.36; or
 - (ii) Through loans or grants under agreements with subrecipients, as defined at Sec. 570.500(c); or
 - (iii) By one or more public agencies, including existing local public agencies, that are designated by the chief executive officer of the recipient.
- (2) Activities made eligible under Sec. 570.204(a) may only be undertaken by entities specified in that section.
- (g) Limitation on planning and administrative costs. No more than 20 percent of the sum of any grant, plus program income, shall be expended for planning and program administrative costs, as defined in Secs. 570.105 and 570.206, respectively. Recipients of entitlement grants under subpart D of this part shall conform with this requirement by limiting the amount of CDBG funds obligated

- for planning plus administration during each program year to an amount no greater than 20 percent of the sum of its entitlement grant made for that program year (if any) plus the program income received by the recipient and its subrecipients (if any) during that program year.
- (h) Reimbursement for pre-award costs. The effective date of the grant agreement is the program year start date that the consolidated plan is received by HUD, whichever is later. For a Section 108 loan guarantee, the effective date of the grant agreement is the date of HUD execution of the grant agreement amendment for the particular loan guarantee commitment.
 - (1) Prior to the effective date of the grant agreement, a recipient may incur costs or may authorize a subrecipient to incur costs, and then after the effective date of the grant agreement pay those costs using its CDBG funds, provided that:
 - (i) The activity for which the costs are being incurred is included in a consolidated plan action plan or an amended consolidated plan action plan (or application under subpart M of this part) prior to the costs being incurred.
 - (ii) Citizens are advised of the extent to which these pre-award costs will affect future grants;
 - (iii) The costs and activities funded are in compliance with the requirements of this part and with the Environmental Review Procedures stated in 24 CFR part 58;
 - (iv) The activity for which payment is being made complies with the statutory and regulatory provisions in effect at the time the costs are paid for with CDBG funds;
 - (v) CDBG payment will be made during a time no longer than the next two program years following the effective date of the grant agreement or amendment in which the activity is first included; and
 - (vi) The total amount of pre-award costs to be paid during any program year pursuant to this provision is no more than the greater of 25 percent of the amount of the grant made for that year or \$300,000.
 - (2) Upon the written request of the recipient, HUD may authorize payment of pre-award costs for activities that do not meet the criteria at paragraph (h)(1)(v) or (h)(1)(vi) of this section, if HUD determines, in writing, that there is good cause for granting an exception upon consideration of the following factors, as applicable:
 - (i) Whether granting the authority would result in a significant contribution to the goals and purposes of the CDBG program;
 - (ii) Whether failure to grant the authority would result in undue hardship to the recipient or beneficiaries of the activity;
 - (iii) Whether granting the authority would not result in a violation of a statutory provision or any other regulatory provision;
 - (iv) Whether circumstances are clearly beyond the recipient's control; or
 - (v) Any other relevant considerations.
 - (i) Urban Development Action Grant. Grant assistance may be provided with Urban Development Action Grant funds, subject to provisions of subpart G, for:
 - (1) Activities eligible for assistance under this subpart; and
 - (2) Notwithstanding the provisions of Sec. 570.207, such other activities as the Secretary may determine to be consistent with the purposes of the Urban Development Action Grant program.
 - (j) Constitutional prohibition. In accordance with First Amendment Church/State Principles, as a general rule, CDBG assistance may not be used for religious

activities or provided to primarily religious entities for any activities, including secular activities. The following restrictions and limitations therefore apply to the use of CDBG funds.

- (1) CDBG funds may not be used for the acquisition of property or the construction or rehabilitation (including historic preservation and removal of architectural barriers) of structures to be used for religious purposes or which will otherwise promote religious interests. This limitation includes acquisition of property for ownership by primarily religious entities and the construction or rehabilitation (including historic preservation and removal of architectural barriers) of structures owned by such entities (except as permitted under paragraph (j)(2) of this section with respect to rehabilitation and under paragraph (j)(4) of this section with respect to repairs undertaken in connection with public services) regardless of the use to be made of the property or structure. Property owned by primarily religious entities may be acquired with CDBG funds at not more than fair market value for non-religious use.
- (2) CDBG funds may be used to rehabilitate buildings owned by primarily religious entities to be used for a wholly secular purpose under the following conditions:
 - (i) The building (or portion thereof) that is to be improved with the CDBG assistance has been leased to an existing or newly established wholly secular entity (which may be an entity established by the religious entity);
 - (ii) The CDBG assistance is provided to the lessee (and not the lessor) to make the improvements;
 - (iii) The leased premises will be used exclusively for secular purposes available to persons regardless of religion;
 - (iv) The lease payments do not exceed the fair market rent of the premises as they were before the improvements are made;
 - (v) The portion of the cost of any improvements that also serve a non-leased part of the building will be allocated to and paid for by the lessor;
 - (vi) The lessor enters into a binding agreement that unless the lessee, or a qualified successor lessee, retains the use of the leased premises for a wholly secular purpose for at least the useful life of the improvements, the lessor will pay to the lessee an amount equal to the residual value of the improvements;
 - (vii) The lessee must remit the amount received from the lessor under paragraph (j)(2)(vi) of this section to the recipient or subrecipient from which the CDBG funds were derived. The lessee can also enter into a management contract authorizing the lessor religious entity to use the building for its intended secular purpose, e.g., homeless shelter, provision of public services. In such case, the religious entity must agree in the management contract to carry out the secular purpose in a manner free from religious influences in accordance with the principles set forth in paragraph (j)(3) of this section.
- (3) As a general rule, CDBG funds may be used for eligible public services to be provided through a primarily religious entity, where the religious entity enters into an agreement with the recipient or subrecipient from which the CDBG funds are derived that, in connection with the provision of such services:
 - (i) It will not discriminate against any employee or applicant for employment on the basis of religion and will not limit employment or give preference in employment to persons on the basis of religion;

- (ii) It will not discriminate against any person applying for such public services on the basis of religion and will not limit such services or give preference to persons on the basis of religion;
- (iii) It will provide no religious instruction or counseling, conduct no religious worship or services, engage in no religious proselytizing, and exert no other religious influence in the provision of such public services;
- (4) Where the public services provided under paragraph (j)(3) of this section are carried out on property owned by the primarily religious entity, CDBG funds may also be used for minor repairs to such property which are directly related to carrying out the public services where the cost constitutes in dollar terms only an incidental portion of the CDBG expenditure for the public services.
- (5) [53 FR 34439, September 6, 1998, as amended at 54 FR 47031, Nov. 8, 1989; 57 FR 27119, June 17, 1992; 60 FR 1943, Jan. 5, 1995; 60 FR 17445, Apr. 6, 1995; 60 FR 56910, Nov. 9, 1995; 61 FR 11476, Mar. 20, 1996; 61 FR 18674, Apr. 29, 1996]

Sec. 570.201 Basic eligible activities.

CDBG funds may be used for the following activities:

- (a) Acquisition. Acquisition in whole or in part by the recipient, or other public or private nonprofit entity, by purchase, long-term lease, donation, or otherwise, of real property (including air rights, water rights, rights-of-way, easements, and other interests therein) for any public purpose, subject to the limitations of Sec. 570.207.
- (b) Disposition. Disposition, through sale, lease, donation, or otherwise, of any real property acquired with CDBG funds or its retention for public purposes, including reasonable costs of temporarily managing such property or property acquired under urban renewal, provided that the proceeds from any such disposition shall be program income subject to the requirements set forth in Sec. 570.504.
- (c) Public facilities and improvements. Acquisition, construction, reconstruction, rehabilitation or installation of public facilities and improvements, except as provided in Sec. 570.207(a), carried out by the recipient or other public or private nonprofit entities. (However, activities under this paragraph may be directed to the removal of material and architectural barriers that restrict the mobility and accessibility of elderly or severely disabled persons to public facilities and improvements, including those provided for in Sec. 570.207(a)(1). In undertaking such activities, design features and improvements which promote energy efficiency may be included. Such activities may also include the execution of architectural design features, and similar treatments intended to enhance the aesthetic quality of facilities and improvements receiving CDBG assistance, such as decorative pavements, railings, sculptures, pools of water and fountains, and other works of art. Facilities designed for use in providing shelter for persons having special needs are considered public facilities and not subject to the prohibition of new housing construction described in Sec. 570.207(b)(3). Such facilities include shelters for the homeless; convalescent homes; hospitals, nursing homes; battered spouse shelters; halfway houses for run-away children, drug offenders or parolees; group homes for mentally retarded persons and temporary

housing for disaster victims. In certain cases, nonprofit entities and subrecipients including those specified in Sec. 570.204 may require title to public facilities. When such facilities are owned by nonprofit entities or subrecipients, they shall be operated so as to be open for use by the general public during all normal hours of operation. Public facilities and improvements eligible for assistance under this paragraph are subject to the policies in Sec. 570.200(b).

- (d) Clearance activities. Clearance, demolition, and removal of buildings and improvements, including movement of structures to other sites. Demolition of HUD-assisted housing units may be undertaken only with the prior approval of HUD.
- (e) Public services. Provision of public services (including labor, supplies, and materials) including but not limited to those concerned with employment, crime prevention, child care, health, drug abuse, education, fair housing counseling, energy conservation, welfare (but excluding the provision of income payment identified under Sec. 570.207(b)(4)), homebuyer down-payment assistance, or recreational needs. To be eligible for CDBG assistance, a public service must be either a new service or a quantifiable increase in the level of an existing service above that which has been provided by or on behalf of the unit of general local government (through funds raised by the unit or received by the unit from the state in which it is located) in the 12 calendar months before the submission of the action plan. (An exception to this requirement may be made if HUD determines that any decrease in the level of a service was the result of events not within the control of the unit of general local government.) The amount of CDBG funds used for public services shall not exceed paragraphs (e) (1) or (2) of this section, as applicable:
 - (1) The amount of CDBG funds used for public services shall not exceed 15 percent of each grant, except that for entitlement grants made under subpart D of this part, the amount shall not exceed 15 percent of the grant plus 15 percent of program income, as defined in Sec. 570.500(a). For entitlement grants under subpart D of this part, compliance is based on limiting the amount of CDBG funds obligated for public service activities in each program year to an amount no greater than 15 percent of the entitlement grant made for that program year plus 15 percent of the program income received during the grantee's immediately preceding program year.
 - (2) A recipient which obligated more CDBG funds for public services than 15 percent of its grant funded from Federal fiscal year 1982 or 1983 appropriations (excluding program income and any assistance received under Public Law 98-8), may obligate more CDBG funds than allowable under paragraph (e)(1) of this section, so long as the total amount obligated in any program year does not exceed:
 - (i) For an entitlement grantee, 15% of the program income it received during the preceding program year; plus
 - (ii) A portion of the grant received for the program year which is the highest of the following amounts:
 - (A) The amount determined by applying the percentage of the grant it obligated for public services in the 1982 program year against the grant for its current program year;

- (B) The amount determined by applying the percentage of the grant it obligated for public services in the 1983 program year against the grant for its current program year;
- (C) The amount of funds it obligated for public services in the 1982 program year; or,
- (D) The amount of funds it obligated for public services in the 1983 program year.
- (f) Interim assistance. (1) The following activities may be undertaken on an interim basis in areas exhibiting objectively determinable signs of physical deterioration where the recipient has determined that immediate action is necessary to arrest the deterioration and that permanent improvements will be carried out as soon as practicable:
 - (j) The repairing of streets, sidewalks, parks, playgrounds, publicly owned utilities, and public buildings; and
 - (iii) The execution of special garbage, trash, and debris removal, including neighborhood cleanup campaigns, but not the regular curbside collection of garbage or trash in an area.
- (3) In order to alleviate emergency conditions threatening the public health and safety in areas where the chief executive officer of the recipient determines that such an emergency condition exists and requires immediate resolution, CDBG funds may be used for:
 - (i) The activities specified in paragraph (f)(1) of this section, except for the repair of parks and playgrounds;
 - (ii) The clearance of streets, including snow removal and similar activities, and
 - (iii) The improvement of private properties.
- (3) All activities authorized under paragraph (f)(3) of this section are limited to the extent necessary to alleviate emergency conditions.
- (g) Payment of non-Federal share. Payment of the non-Federal share required in connection with a Federal grant-in-aid program undertaken as part of CDBG activities, provided, that such payment shall be limited to activities otherwise eligible and in compliance with applicable requirements under this subpart.
- (h) Urban renewal completion. Payment of the cost of completing an urban renewal project funded under Title I of the Housing Act of 1948 as amended. Further information regarding the eligibility of such costs is set forth in Sec. 570.801.
- (i) Relocation. Relocation payments and other assistance for permanently and temporarily relocated individuals, families, businesses, nonprofit organizations, and farm operations where the assistance is (1) required under the provisions of Sec. 570.606(b) or (c); or (2) determined by the grantee to be appropriate under the provisions of Sec. 570.606(d).
- (j) Loss of rental income. Payments to housing owners for losses of rental income incurred in holding, for temporary periods, housing units to be used for the relocation of individuals and families displaced by program activities assisted under this part.
- (k) Housing services. Housing services, as provided in section 105(a)(21) of the Act (42 U.S.C. 5305(a)(21)).
- (l) Privately owned utilities. CDBG funds may be used to acquire, construct, reconstruct, rehabilitate, or install the distribution lines and facilities of privately owned utilities, including the placing underground of new or existing distribution facilities and lines.

- (m) Construction of housing. CDBG funds may be used for the construction of housing assisted under section 17 of the United States Housing Act of 1937.
- (n) Homeownership assistance. Subject to statutory authority, CDBG funds may be used to provide direct homeownership assistance to low- and moderate-income households, as provided in section 105(q)(25) of the Act.
- (o)(1) The provision of assistance either through the recipient directly or through public and private organizations, agencies, and other subrecipients (including nonprofit and for-profit subrecipients) to facilitate economic development by:
 - (i) Providing credit, including, but not limited to, grants, loans, loan guarantees, and other forms of financial support, for the establishment, stabilization, and expansion of microenterprises;
 - (ii) Providing technical assistance, advice, and business support services to owners of microenterprises and persons developing microenterprises; and
 - (iii) Providing general support, including, but not limited to, peer support programs, counseling, child care, transportation, and other similar services, to owners of microenterprises and persons developing microenterprises.
- (6) Services provided this paragraph (o) shall not be subject to the restrictions on public services contained in paragraph (e) of this section.
- (7) For purposes of this paragraph (o), “persons developing microenterprises” means such persons who have expressed interest and who are, or after an initial screening process are expected to be, actively working toward developing businesses, each of which is expected to be a microenterprise at the time it is formed.
- (8) Assistance under this paragraph (o) may also include training, technical assistance, or other support services to increase the capacity of the recipient or subrecipient to carry out the activities under this paragraph (o).
- (p) Technical assistance. Provision of technical assistance to public or nonprofit entities to increase the capacity of such entities to carry out eligible neighborhood revitalization or economic development activities. (The recipient must determine, prior to the provision of the assistance, that the activity for which it is attempting to build capacity would be eligible for assistance under this subpart C, and that the national objective claimed by the grantee for this assistance can reasonably be expected to be met once the entity has received the technical assistance and undertakes the activity.) Capacity building for private or public entities (including grantees) for other purposes may be eligible under Sec. 570.205.
- (q) Assistance to institutions of higher education. Provision of assistance by the recipient to institutions of higher education when the grantee determines that such an institution has demonstrated a capacity to carry out eligible activities under this subpart C.
- (r) [53 FR 34439, Sept. 6, 1988, as amended at 53 FR 31239, Aug. 27, 1988; 55 FR 29308, July 18, 1990; 57 FR 27119, June 17, 1992; 60 FR 1943, Jan. 15, 1995; 60 FR 56911, Nov. 9, 1995; 612 FR 18674, Apr. 29, 1996]

SECTION THREE
2011 HOME ACTION PLAN

The State of West Virginia anticipates receiving an allocation of \$8,267,191 through the HOME Investment Partnership Program, or HOME Program in 2011. In addition to the FY 2011 allocation of \$8,267,191, the HOME Program will generate approximately \$1,800,000 in HOME Program Income.

The following summary shows the expected use and amount of FY 2011 HOME Program funds and Program Income:

	<u>HOME</u> <u>Funding</u>	<u>Program</u> <u>Income*</u>
HOMEownership Opportunities		
HOME Leverage Loan Program	\$ 500,000	
NewHOME Program	\$ 1,000,000	\$ 1,800,000
Community Housing Development Organizations (CHDO)	\$ 1,250,000	
CHDO Operating Funds	\$ 435,000	
HOMERent	\$ 4,255,472	
Administration	\$ 826,719	

* Estimated Program Income through June 30, 2011.

The primary objective of the HOME Investment Partnership Program, or HOME Program, as established under Title II of the National Affordable Housing Act of 1990 (NAHA), as amended, and implemented at 24 CFR Part 92, is to expand the supply of decent, safe, sanitary, and affordable housing, primarily rental housing; to strengthen the abilities of state and local governments to provide housing; to ensure that federal housing services, financing, and other investments are provided to state and local governments in a coordinated, supportive fashion; to expand the capacity of nonprofit community-based housing development organizations; and to leverage private sector participation in financing affordable housing. Consistent with these primary objectives, the HOME funds distributed under the FY 2011 Action Plan shall be used to finance housing activities that benefit low- and moderate-income persons in the rural areas of West Virginia.

The West Virginia Housing Development Fund, in its capacity as a public body corporate and legal instrumentality of the State of West Virginia and at the direction of the Governor, has been designated as the agency responsible for the development of the housing component of the Consolidated Plan and is responsible for the implementation and administration of the HOME Program.

The WVHDF will focus its HOME Program resources on three program areas: (1) HOMEownership Opportunities (HO) through the HOME Leverage Loan Program (Leverage Loan Program) and the NewHOME Loan Program, (2) Community Housing Development Organizations (CHDOs), and (3) HOMERent. In accordance with the rules and regulations, the WVHDF reserves the right to adjust funding levels and reallocate funds between the program areas to reflect market demands or needs arising from natural disasters.

GEOGRAPHIC AREA OF DISTRIBUTION

West Virginia is a predominately rural state that is largely homogenous in terms of ethnic and racial diversity. With the exception of the Eastern Panhandle, which has grown significantly in this decade, general population trends and patterns have been relatively stable. Minority population groups are concentrated in the more urban counties of Cabell and Kanawha and the the more rural counties of Monongalia, Mercer, McDowell and Raleigh. While the ethnic and racial characteristics of the rural areas of the State have remained consistent over the years, there is a significant disparity in the social and economic characteristics of those same rural areas. While the median income estimate for a family of four in Monongalia and Marion County in 2010 was \$53,900 and \$48,700, the median income estimate for a family of four in McDowell County and Mingo County in 2010 was only \$27,500 and \$35,700. The gap between rural county family incomes and the more urban county family incomes has continued to widen and limit both housing ownership opportunities and affordable rental housing opportunities for low- and moderate-income families in West Virginia.

The significant difference between the median income of households in southern West Virginia and central West Virginia is indicative of the problems that significantly limit the affordable housing opportunities for very low-, low-, and moderate- income households in many rural regions. In order to address the continued need and demand for safe, decent, and affordable housing, the WVHDF will target the use of HOME funds to the rural counties that have either minimal or limited access to established financial assistance programs.

The geographic area for the distribution of HOME Program funds under the HOME Leverage Loan Program, NewHOME, HOMERent, and CHDO subprograms will be limited to the forty-four (44) counties of the State that are not located in a HOME Consortium. HOME Program funds under these subprograms will not be made available in the counties of Berkeley, Brooke, Cabell, Hancock, Jefferson, Kanawha, Marshall, Morgan, Ohio, Wayne, and Wood, each of which is part of a HOME Consortium.

HOME PROGRAM MATCH OBLIGATION

The HOME Program match obligation incurred by the State during FY 2011 will be met through eligible State affordable housing activities, including, but not limited to, the following:

- Mortgage Revenue Bond Program
- LAMP Program
- Payment of HOME Originator fees from the general funds of the WVHDF
- Downpayment/Closing Cost Assistance Program
- Eligible Flood Program activities
- Development Financing Program (eligible multi-family project financing)

The State may use additional sources of match to meet any match obligation if it determines that additional sources are necessary and eligible. The State may also request match reductions during FY 2011 for any area in which a federal disaster declaration is made pursuant to the Stafford Act.

HOMEOWNERSHIP OPPORTUNITIES

HOME Leverage Loan Program

The WVHDF will reserve approximately \$500,000 of the FY 2011 HOME funds for the HOME Leverage Loan Program (HLLP). The HLLP has been designed to target HOME resources to low- and moderate-income families that have difficulty taking advantage of the WVHDF Mortgage Revenue Bond Program (MRB) and Rural Development Section 502 Direct Loan Program (RD 502). While the MRB and the RD 502 loan programs adequately serve hundreds of West Virginia families at and below 80% of area median income, the HLLP will enable the WVHDF will reach approximately 30 low- and moderate-income families. HLLP loans will be originated by approved local, licensed nonprofit organizations or private lenders.

Income Limits

The maximum household income of an applicant may not exceed 80% of the area median income for the county. The household income shall be calculated in accordance with 24 CFR Part 5.

Loan Limits

Leverage Loan Program financing is limited to the lesser of \$20,000 of the purchase price or appraised value for both existing housing and new construction.

Loan Terms

The Leverage Loan is a 0% interest, deferred loan. No repayment is required and the loan may be forgiven if the homebuyer complies with owner-occupancy and other requirements during the 10 year affordability period following the closing of the loan. If the borrower sells or transfers the property during the affordability period, the outstanding balance of the HLLP loan must be paid in full.

Property Standards

Single-family housing that is *constructed* through the HLLP will meet all applicable local codes, rehabilitation standards, ordinances, and zoning ordinances at the time of completion. In the absence of local codes, rehabilitation standards, and ordinances, new construction assisted through the Leverage Loan Program shall meet the 2009 International Building Code and 2003 International Energy Conservation Code prescribed by the State of West Virginia.

Single-family housing that is *acquired* through the HLLP will meet all applicable local codes, rehabilitation standards, ordinances, and zoning ordinances at the time of acquisition. In the absence of local standards or code requirements, existing housing acquired through the HLLP must meet the Housing Quality Standards set forth at 24 CFR 982.401.

The WVHDF or its authorized representatives will be responsible for the inspection of all single-family housing assisted through the HLLP, as required under 24 CFR 92.251.

NewHOME Program

The WVHDF will reserve approximately \$1,000,000 of the FY 2011 HOME funds for the NewHOME Program. The \$1,800,000 in Program Income, which is derived from NewHOME loan payments, will also be reserved for the NewHOME Program. The NewHOME Program has been designed to target HOME resources to very low- and low-income families that have difficulty obtaining affordable housing. The NewHOME Program has been designed to provide direct loans to very low- and low-income families whose income is at or below 80% of the area median income. The NewHOME Program will provide deep subsidy financing for approximately 30 low- and moderate-income families. NewHOME loans will be originated by either approved local nonprofit organizations or the WVHDF.

Income Limits

The maximum household income of an applicant may not exceed 80% of the area median income for the county. The household income will be calculated in accordance with 24 CFR Part 5.

Loan Limits

The NewHOME Program Loan(s) may not exceed the lesser of the NewHOME Loan Limits (75% of the limitations established under the Section 221(d)(3) of National Housing Act for the county) or the appraised value.

Loan Terms

The NewHOME loan is a 0% interest, 30 year level payment principal-only first mortgage loan. The repayment of the NewHOME loan, including the escrow for taxes and insurance, will be limited to 20% of the Borrower's monthly income.

If the NewHOME loan is insufficient to cover the purchase of the single-family dwelling, the Borrower may qualify for a NewHOME Deferred Payment Loan. The NewHOME DPL loan is a 0% interest, 30 year, deferred payment loan. The NewHOME DPL may not exceed \$30,000. The NewHOME DPL is subject to reduction by 1/360 per month over a 30 year period. The outstanding balance of the NewHOME DPL will become due and payable upon sale, transfer, or other conveyance prior to the maturity of the loan.

Property Standards

Single-family housing that is *constructed* through the NewHOME Program will meet all applicable local codes, rehabilitation standards, ordinances, and zoning ordinances at the time of completion. In the absence of local codes, rehabilitation standards, and ordinances, new construction assisted through the NewHOME Program shall meet the 2009 International Building Code and 2003 International Energy Code prescribed by the State of West Virginia.

Single-family housing that is *acquired* through the NewHOME Program will meet all applicable local codes, rehabilitation standards, ordinances, and zoning ordinances at the time of acquisition. In the absence of local standards or code requirements, existing housing acquired through the NewHOME must the Housing Quality Standards set forth at 24 CFR 982.401.

In addition to the compliance with applicable codes, single-family housing that is *constructed* through the NewHOME will comply with a prescribed set of Uniform Design Standards that will improve the accessibility through the application of adaptable design principles that are based on the Fair Housing Act requirements.

The WVHDF or its authorized representatives will be responsible for the inspection of all single-family and multi-family units assisted through the NewHOME Program, as required under 24 CFR 92.251.

RECAPTURE PROVISIONS

The WVHDF has established guidelines for the recapture of HOME funds. The amount of HOME funds subject to recapture is based on the amount of HOME assistance that enabled the homebuyer to buy the dwelling unit. The recapture guidelines are set forth hereafter. The net proceeds are the sales price minus loan repayments (other than HOME funds) and closing costs.

If the net proceeds from the sale of the house are not sufficient to recapture the full amount of the HOME funds invested, plus recover the amount of the homebuyer's downpayment and any capital improvements made by the owner since purchase, the WVHDF will share the net proceeds proportionally with the homebuyer.

If the net proceeds from the sale of the house are sufficient to recapture the full amount of the HOME funds invested, plus recover the amount of the homebuyer's downpayment and any capital improvements made by the owner since purchase, the Borrower shall be allowed to retain the excess net proceeds.

HOMERent PROGRAM

The WVHDF will reserve approximately \$4,255,472 of the FY 2011 HOME funds for the HOMERent Program. The HOMERent Program has been designed to target HOME funds to private and nonprofit owners and developers of low-income rental housing units.

The HOMERent Program will offer first or subordinate mortgage, low-interest rate loans to eligible housing providers for the acquisition/rehabilitation, rehabilitation, new construction, conversion of non-residential units, and reconstruction of multi-family housing. The HOMERent Program loan may be the primary source of financing or may bridge the gap between the developer's primary financing and the total development costs.

Applicants may request up to 100% of the HUD Section 221(d) limits based on the number of bedrooms per unit provided that the subsidy layering review would warrant the commitment. Applicants may request refinancing of a first mortgage when borrowing HOMERent funds to rehabilitate units if refinancing is necessary to continue affordability and all other requirements as described in HUD Rule 92.206(b) are met. For-profit applicants selected for funding would be eligible for a below market interest rate loan, while nonprofit applicants would be eligible for a zero percent interest rate loan. The rates and terms of the loans would be established during the underwriting and review of the final proposal. For applicants who are owned by both for-profit and not-for-profit entities, the interest rate will be determined based on the relative percentage of ownership of the general partner. The minimum term of the HOMERent loan will be 15 years for rehabilitation and 20 years for new construction.

The WVHDF will be responsible for the delivery of the HOMERent Program through the issuance of a Request for Proposals. Nonprofit housing organizations and private sector developers that are interested in the acquisition/rehabilitation, rehabilitation, new construction, conversion of non-residential units, and reconstruction of multi-family housing will be invited to submit a Preliminary Proposal for Financial Assistance directly to the WVHDF. The staff of the WVHDF will review and rank the Preliminary Proposals to determine that the proposals are consistent with objectives of the HOMERent Program. The purpose of the review is to screen applications for competitiveness in relation to the amount of funds available and the objectives of the HOME Program. If the Preliminary Proposal is approved, the WVHDF will issue a conditional commitment and reserve financing for the proposed project.

The criteria to be considered during the review will include, but not be limited to: (1) the number of low- and moderate-income persons served, (2) the relationship to the HOME program goals and objectives, (3) the cost effectiveness of the project, (4) the availability and commitment of other sources of funding for the project, (5) the degree to which the project achieves state, regional, and local planning goals, (6) the readiness of the project to proceed, if funded, and (7) other HOME considerations, such as existing open grants, other requests from the same area, the applicant's capacity to undertake and complete the project if approved, fair housing initiatives proposed, impact upon minority areas, and the geographical distribution of funds. The WVHDF will establish minimum thresholds for these and other these evaluation factors.

Rental units financed through HOMERent will be subject to the Lead-Based Paint Policy, as set forth at 24 CFR Part 35, as well as HUD development and contracting requirements such as Davis-Bacon wage rates, environmental review regulations, and all conflict of interest regulations. The HUD cost and value limitations contained in 24 CFR Part 92 shall also apply.

COMMUNITY HOUSING DEVELOPMENT ORGANIZATIONS (CHDO)

CHDO Projects

The WVHDF will reserve \$1,250,000 of the FY 2011 HOME funds for CHDOs. CHDOs may submit proposals that promote the development of single-family housing and rental housing for low- and moderate-income persons and any other activities permitted under 24 CFR Part 92, except project specific loans.

The WVHDF will be responsible for the delivery of the HOME CHDO Program through the issuance of a Request for Proposal. CHDOs that are interested in developing single-family housing or rental housing for low- and moderate-income persons will be invited to submit a Preliminary Proposal for Financial Assistance directly to the WVHDF. The staff of the WVHDF will review and rank the Preliminary Proposal to determine that the proposal is consistent with objectives of the HOME CHDO Program. If the Preliminary Proposal is approved, the WVHDF will issue a conditional commitment and reserve financing for the proposed project.

The project review will screen applications for competitiveness in relation to the amount of funds available and the objectives of the HOME Program. To the extent applicable, criteria to be considered during the review will include, but not be limited to: (1) the number of low- and moderate-income persons served, (2) the relationship to the HOME program goals and objectives, (3) the cost effectiveness of the project, (4) the availability and commitment of other sources of funding for the project, (5) the degree to which the project achieves state, regional, and local planning goals, (6) the readiness of the project to proceed, if funded, and (7) other HOME considerations, such as existing open grants, other requests from the same area, the applicant's capacity to undertake and complete the project, if approved, fair housing initiatives proposed, impact upon minority areas, and the geographical distribution of funds.

Awards and approvals for projects whose total cost exceeds the FNMA limit of \$417,000 for a single-family home will be subject to review and approval of the Board of Directors of the WVHDF. The Executive Director of the WVHDF has the authority to approve CHDO projects that do not exceed the FNMA limit for single-family home.

The CHDO shall comply with the affordability requirements set forth in 24 CFR 92.252(e) or 24 CFR 92.254(a)(2), as applicable, and require repayment of the HOME funds if the housing does not meet the affordability requirements for the specified time period.

CHDO Operating Funds

The WVHDF will reserve up to \$435,000 for CHDO Operating Funds. CHDOs may apply for up to \$50,000 in operating funds. The CHDO Operating Funds will be awarded through an annual Request for Proposals issued by the WVHDF. Eligible activities are those directly related to promoting the organization's ability to develop, sponsor, and own HOME CHDO-eligible affordable housing, such as homebuyer, rental, and transitional housing. CHDOs that successfully compete for operating funds are

required to apply and receive funding for a HOME CHDO-eligible housing activity within 24 months from the date of being awarded operating funds. In accordance with 24 CFR 92.208, eligible costs may include but be limited to: salaries, wages, and other employee compensation and benefits; employee education; training; travel; rent; utilities; communication costs; taxes; insurance; equipment, including filing cabinets; materials; supplies; annual financial audit; and costs associated with a strategic long-range plan. Eligible costs do not include furniture or other office décor. CHDOs may not receive more than one operating grant each year.

PROPERTY STANDARDS

Single-family and multi-family housing that is *constructed* or *rehabilitated* through the HOME Program will meet all applicable local codes, rehabilitation standards, ordinances, and zoning ordinances at the time of project completion. In the absence of local codes, rehabilitation standards, and ordinances, new construction or rehabilitation assisted through the HOME Program shall meet the 2009 International Building Code and 2003 International Energy Code prescribed by the State of West Virginia.

Single-family and multi-family housing that is *acquired* through the HOME Program will meet all applicable State and local housing quality standards and code requirements. In the absence of local standards or code requirements, existing housing acquired through the HOME Program must meet the Housing Quality Standards set forth at 24 CFR 982.401.

In addition to the compliance with applicable codes, single-family housing that is *constructed* through the NewHOME Program will comply with a prescribed set of Universal Design Standards that will improve the accessibility through the application of adaptable design principles that are based on the Fair Housing Act requirements.

The WVHDF or its authorized representatives will be responsible for the inspection of all single-family and multi-family units assisted through the HOME Program, as required under 24 CFR 92.251.

LEAD-BASED PAINT POLICY

The WVHDF recognizes the severity of lead-based paint (LBP) poisoning, and believes that the existing federally required notification of buyers and renters and the readily available blood testing for elevated lead levels available at local health departments provides adequate warning and protection. The WVHDF has no enforcement or regulatory responsibility under these regulations. OSHA regulates contractors to insure a safe environment for workers dealing with LBP, and the EPA and West Virginia Department of Environmental Protection regulate the disposal of hazardous waste.

The WVHDF has outlined the following policies to guide participants in the programs it sponsors or administers

1. Multi-family properties must comply with HUD's LBP regulations. All assessment, enforcement or abatement activities will follow the most recent HUD guidelines and regulations.
2. Single-family properties to be eligible for HOME funding will require:
 - i) For pre-1978 Structures:
 - (a) The structure must pass a visual assessment by an HQS qualified inspector, i.e., no peeling or flaking paint. If the structure fails, it will not be eligible for the Program.
 - (b) Provision of LBP pamphlet, to the borrower, and acknowledgement of the same in the borrower's affidavit.
 - (c) HOME loans cannot be used to fund acquisition and rehabilitation or repair of pre-1978 structures, but can be used to fund purchases of these structures if they pass the initial visual assessment.
 - ii) For post-1978 Structures
 - (a) Evidence the structure was built totally after 1978. Even a pre-1978 structure with major renovations after 1978 will not qualify as a post-1978 structure, only new construction

The legal requirements relating to LBP from OSHA, EPA, and HUD apply to all units and buildings in a HOME-assisted project, whether the building or transaction is assisted by the WVHDF or not.

PRIORITY HOUSING NEEDS

The WVHDF will measure the performance of housing programs and activities based on the priorities identified in the State 2010-2014 Consolidated Plan. These priorities, which are set forth in the Priority Housing Needs chart, were developed through the analysis of housing needs and limited market analysis conducted during the development of the Consolidated Plan.

PRIORITY HOUSING NEEDS					
Population Group		Priority Need Level High, Medium, Low		Unmet Need	Goals
Renter	Small Related	0-30%	M	12,493	
		31-50%	M	7,446	10
		51-80%	L	2,821	8
	Large Related	0-30%	H	2,201	
		31-50%	M	1,294	10
		51-80%	M	826	5
	Elderly	0-30%	M	5,026	
		31-50%	M	4,382	5
		51-80%	L	1,748	
	All Other	0-30%	L	13,750	10
		31-50%	L	6,655	10
		51-80%	L	3,001	
	Owner	0-30%	H	30,968	
		31-50%	M	22,822	16
		51-80%	L	24,813	180
Special Needs*		0-80%	M	65,438*	20*
Total Goals				140,296	0**
Total 215 Goals					880
Total 215 Renter Goals					80
Total 215 Owner Goals					800

*Five Year goals; assumes no decrease in annual HOME funds allocations.

**Non-homeless special populations.

***Special populations included in other numbers, so goal not included in total

HOMEOWNERSHIP HOUSING PERFORMANCE		
Eligible Category	Performance Measurement (HUD Indicators)	Outcomes
Direct Homebuyer Assistance	<ol style="list-style-type: none"> 1. Amount of money leveraged (from other federal, state, local and private sources) 2. Number of households assisted 3. Number of households at income levels 30-50-60-80% of median 4. Race, ethnicity, disability 5. Total units 6. Number of first-time homebuyers 7. Of those in #6, number with counseling 8. Number with down payment/closing cost assistance 	Create decent housing with improved/new affordability
Homeowner Housing Development	<ol style="list-style-type: none"> 1. Amount of money leveraged (from other federal, state, local and private sources) 2. Number of households assisted 3. Number of households at income levels 30-50-60-80% of median 4. Race, ethnicity, disability 5. Total units 6. Of total, number of units made 504 accessible 7. Of total, number of units meeting Energy Star Standards 8. Of total, number of households previously in subsidized housing 9. Of total, number of years of affordability 10. Of affordable, number occupied by elderly 11. Of affordable, number of units designated for persons with HIV/AIDS 12. Of the units designated for persons with HIV/AIDS, number of units for the chronically homeless 13. Of affordable, number of units designated for homeless 14. Of the units for homeless persons, number of units for the chronically homeless 15. Number of households that received housing counseling 	Create decent housing with improved/new affordability

RENTAL HOUSING PERFORMANCE		
Eligible Category	Performance Measurement (HUD Indicators)	Outcomes
Rental Housing Rehabilitation	<ol style="list-style-type: none"> 1. Amount of money leveraged (from other federal, state, local and private sources) 2. Number of households assisted 3. Number of households at income levels 30-50-60-80% of median 4. Race, ethnicity, disability 5. Total units 6. Of total, number made 504 accessible 7. Of total, number created through conversion 8. Of total, number of units moved from substandard to standard (code) 9. Of total, number of units meeting Energy Star Standards 10. Of total, number of units brought into lead-safe housing compliance 11. Of total, number of affordable units 12. Of affordable, number of units subsidized by project-based assistance 13. Of affordable, number of years affordability guaranteed 14. Of affordable, number of housing units for persons with HIV/AIDS 15. Of the units for persons with HIV/AIDS, number of units for the chronically homeless 16. Of affordable, number of units of permanent housing for homeless persons and families 17. Of the units for homeless, number of units for the chronically homeless 	Create decent housing with improved/new affordability
Rental Housing Development	<ol style="list-style-type: none"> 1. Amount of money leveraged (from other federal, state, local and private sources) 2. Number of households assisted 3. Number of households at income levels 30-50-60-80% of median 4. Race, ethnicity, disability 5. Total units 6. Of total, number of units made 504 accessible 7. Of total, number made through conversion 8. Of total, number of units meeting Energy Star Standards 9. Of total, number of affordable units 10. Of affordable, number of units occupied by elderly 11. Of total, number of units subsidized by project-based assistance 12. Of affordable, number of years of affordability 13. Of affordable, number of housing units for persons with HIV/AIDS 14. Of the units for persons with HIV/AIDS, number of units for the chronically homeless 15. Of affordable, number of units of permanent housing for homeless persons and families 16. Of the units for homeless persons, number of units for the chronically homeless 	Create decent housing with improved/new affordability

**SECTION FOUR
GOVERNOR’S OFFICE OF ECONOMIC OPPORTUNITY
ACTION PLAN**

Emergency Shelter Grants Program (ESGP)

U.S. Department of Housing and Urban Development (HUD)

FY 2008	\$918,390
FY 2009	\$920,246
FY 2010	\$920,122
FY 2011 funding	\$922,698

Housing Opportunities for Persons with AIDS (HOPWA)

U.S. Department of Housing and Urban Development (HUD)

FY 2008-2011 Funds	\$960,499
FY 2009 Formula Funding	\$309,608
FY 2010 Formula Funding	\$336,232
FY 2011 Formula Funding estimated	\$336,134

The Emergency Shelter Grant Program (ESGP)

The ESGP is designed to provide entitlement funds for the rehabilitation, essential services, and program operation costs of buildings intended for the purpose of sheltering homeless persons and their families. In addition, ESGP funds may be used to assist shelters in providing supportive services for operations, utilities, insurance costs, client transportation, medical assistance, crisis intervention, counseling, nutrition, clothing, and homeless prevention assistance.

ESGP funds are made available by the State to cities and local elected governments by competitive proposals. The local elected governments and cities sub-grant these funds to their shelters and community action agencies on a reimbursement basis. The State of West Virginia is able, through the linkages provided by the funded shelters, to reach all 55 counties in West Virginia. In FY 2010-2011 there were 33 shelters funded by the office of Economic Opportunity. The State of West Virginia Office of Economic Opportunity, in cooperation with the West Virginia Coalition to End Homelessness and Community Action Partners, has applied to HUD for a balance of state Continuum of Care. The regional approach will serve the counties not covered by an existing COC. This will result in a statewide Continuum of Care for West Virginia. This plan will benefit the rural homeless and those at risk populations of being homeless. This is vital to Southern West Virginia, which is the most economically deprived area of the State, as well as the area that shows a significant increase in the HIV/AIDS population.

In 2011, the State of West Virginia Governor’s Office of Economic Opportunity (GOEO) will fund several emergency and transitional programs. These programs target a variety of homeless persons, including persons with special needs such as mental illness, HIV/AIDS, substance abuse, and youth. GOEO will fund at least 31 overnight shelters and 3 day shelters with capacity for 1,050 people. Three shelters fund transition programs funded in part by ESGP. Funds for this program are limited; therefore, applicants should be aware that this is a *very* competitive program.

The Office of Economic Opportunity partners with the West Virginia Coalition to End Homelessness with the Homeless Management Information Systems Grant that enables homeless shelters, service providers, and state agencies to network and report unduplicated numbers of people served to HUD. The ESGP, by linking with faith-based community services, is able to act as a conduit for those experiencing homelessness to enter into a Continuum of Care, from shelter to transitional housing and finally self-sufficiency and permanent housing, by providing services necessary to break the cycle of homelessness. All 33 ESG funded shelters use either the Balance of State HMIS system or their home COC HMIS system. Every funded project under the Balance of State Continuum of Care funding is utilizing the Balance of State HMIS system as well.

The 2011 Housing Opportunities for Persons with AIDS (HOPWA) Formula Funding is also administered by the Governor's Office of Economic Opportunity as the grantee. The HOPWA formula allocates funds to local governments and states with significant populations of persons with AIDS. Under the statute, HOPWA awards eligibility to the largest cities in metropolitan statistical areas (MSAs) and to states with over 1,500 cumulative cases of AIDS. EMSAs are eligible metropolitan statistical areas that have a population over 500,000 and have at least 1,500 cumulative cases of AIDS. States are eligible if they have 1,500 cumulative cases in the areas outside of the EMSAs. The formula assists grantees in providing housing assistance and related supportive services to low-income persons with AIDS and their families.

This formula funding is a one-year grant instead of the three-year cycle that the State has been operating under since 1994. It is expected that, at the end of the 2008-2011 HOPWA grant, the formula funding will take the place of this three-year grant, thus providing a seamless transition from competitive funding to formula funding. The Governor's Office of Economic Opportunity will continue to partner with our HOPWA service providers and does not expect any change in services to West Virginians with HIV/AIDS. All services provided under the competitive HOPWA funding will be continued in the formula allocation.

West Virginia Homeless Shelters Program (WVHSP)

The purpose of this program is to help improve the quality of emergency shelters for the homeless in the State of West Virginia by assisting in: establishing programs for the homeless; making available additional emergency shelters; contributing to the development of transitional and supportive housing; helping to meet the capital cost of rehabilitating structures for use as emergency shelters and transitional housing; and providing direction on how to receive essential social services for people who are homeless so that these individuals have access to safe, decent, and sanitary shelter services and other types of assistance needed to improve their current socioeconomic condition. This program is provided in collaboration with the West Virginia Housing Development Fund, the Department of Health and Human Resources, the Department of Education, and various other agencies.

The program design dictates that applications are to be prepared as a twelve-month grant request. All grants that meet WVHSP performance standards may be

extended for six (6) months. The grant year is expected to start by July 1, 2011. All grantees must submit a signed contract to the GOEO within 45 days of award. Failure to meet the 45 day deadline will result in the proposed grant being disbursed among the other successful grantees.

Performance Measurement System Implementation

The GOEO works with the West Virginia Development Office and the West Virginia Housing Development Fund to incorporate performance measures into all programs. Data is input into IDIS, and an HMIS system is used to track client level data in all ESG and HOPWA funded sites with the exception of Domestic Violence Shelters.

Eligible Recipients

- Awards will only be made to units of local government who then may subcontract the project to an eligible nonprofit recipient. However, the unit of local government, as prime contractor, must approve ALL project expenditures. Nonprofit subrecipients must document that they meet the criteria for a private nonprofit organization.
- All applicants must clearly demonstrate their ability to complete the following within 180 days:
 1. complete architectural drawings;
 2. clear all environmental concerns;
 3. secure final approval from relevant agencies of the plans;
 4. complete bid process; and
 5. award the contract for the eligible activities.

Requirements

- Ensure that all of HUD's regulations, State guidelines, certifications and assurances, and any other applicable law or requirements will be complied with.
- Equal amounts of matching funds are required and must be itemized on the budget page, providing source documentation.
- Intended use must be maintained for rehabilitated buildings for not less than a three-year period OR for not less than a ten-year period if award was used for major rehabilitation or conversion of the facility.
- Building must meet State and local health, sanitation, and safety requirements.
- Homeless persons must be given assistance in obtaining support services; permanent housing; medical and health treatment; counseling; supervision; essential services for attaining independent living; and other federal, state, local, and private assistance available.

- Additional requirements as they relate to 24 CFR 576.
- Additional requirements outlined in Part 2 (These are now an addendum to the application which must be signed by the Chief Elected Official.)

ELIGIBLE ACTIVITIES

- (1) Major or minor repairs, renovation, or conversion of buildings for use as emergency shelters (also day, drop-in, referral, and transitional) for the homeless. *(While rehabilitation on renovation is a covered expense, GOEO cannot offer ESGP funding for these services at this time.)*
- (2) Provision of essential services, limited to 30% of total ESGP grant amount, may be used for counseling, case management, night monitoring, medical assistance, employment training, and re-employment costs.
- (3) Payment of daily maintenance, shelter operations (including administrative and staff costs up to a maximum of 4%, to be determined and approved by the GOEO), rent, communications, client transportation, auto fuel, insurance, utilities, and furnishings repair.
- (4) Other eligible activities include developing and implementing homeless prevention activities (30% cap, see regulations).

INELIGIBLE ACTIVITIES

Funds under the ESGP may not be used for activities other than those authorized under 576.21 (a), (b), (c) and the McKinney Act, as amended. Below are just some examples of ineligible activity areas:

- (1) Acquisition of new construction of an emergency shelter for the homeless.
- (2) Administrative staffing costs for nonprofits beyond the five (5) percent maximum.
- (3) Rehabilitation services, such as preparation of work specifications, loan processing, or inspections performed by grantee or recipient staff.
- (4) ESGP component amounts may not be used to renovate, rehabilitate, or convert buildings owned by primarily religious organizations or entities unless the conditions of 576.22(b)(1) and (2) are met.
- (5) Under no circumstances will the state approve any projects that would require the preparation of an environmental impact statement.

**TABLE 3A
EMERGENCY SHELTER GRANT PROGRAM – PERFORMANCE MEASUREMENT
SYSTEM**

Specific Obj. #	Outcome/Objective Specific Objectives	Sources of Funds	Performance Indicators	Year	Expected Number	Actual Number	Percent Completed
DH-1 Availability/Accessibility of Decent Housing							
DH-1.1	Address the availability/accessibility of decent housing through the provision of emergency shelter with the provision of needed supportive services	ESGP	17. Number of homeless persons stabilized to access overnight shelter and other emergency housing support	2010	42,000		
				2011	49,000		
				2012			
				2013			
				2014			
				MULTI-YEAR GOAL			
				2005			
				2006			
				2007			
				2008			
				2009			
				MULTI-YEAR GOAL			
				2005			
				2006			
				2007			
				2008			
				2009			
				MULTI-YEAR GOAL			

Note: Multi-year goals will be addressed as part of the 5-year Consolidated Plan updates due prior to the start of the FY 2011 program year.

2011 HOPWA Formula Grants Expected Outputs

Budget Line Item	Actions to be taken	Expected outputs	Actual outputs
Operating Costs	Continued operation of three HOPWA-funded community residences for persons with HIV/AIDS and their families	5 households	
Supportive Services	Provision of services such as case management, transportation, meals, education, alcohol and drug use intervention services, etc.	120 households	
Housing Information	Information and/or support to locate and apply for housing assistance	170 households	
Permanent Housing Placement	Assistance with first and last month rent, housing and utility deposits, credit and background checks to access housing, etc.	45 households	
Rental Assistance	Tenant based rental assistance	134 households	
Short Term Rent, Mortgage & Utility Assistance	Rental assistance not to exceed 21 weeks in a 52 week period, mortgage payment assistance, and utility assistance	195 households	
Administration	3% for the grantee and 7% per project sponsor based on budget for each sponsor		