

2020-2021 Community Development Block Grant (CDBG) Report

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Receiving Entities:

Joint Legislative Commission on Governmental Operations
Fiscal Research Division

Submitting Entity:

North Carolina Department of Commerce
State Community Development Block Grant Program
Rural Economic Development Division

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INTRODUCTION

The United States Department of Housing and Urban Development (HUD) Community Development Block Grant (CDBG) funds help local governments improve deteriorating residential neighborhoods, support public services, install water and sewer facilities for residential areas or provide funds to job-creating industrial sites, and provide loans or grants to large and small businesses. The North Carolina Department of Commerce's Rural Economic Development Division (REDD) administers CDBG Economic Development funds for economic development activities and CDBG Neighborhood Revitalization funds for scattered site housing, supportive housing, and community revitalization activities. Funds for CDBG residential infrastructure activities are administered by the North Carolina Department of Environmental Quality (NC DEQ).

SECTION 2.2(e) By September 1, 2020 and September 1, 2021, the, Department of Commerce, shall report to the chairs of the House of Representatives Appropriations Committee on Agriculture, Natural and Economic Resources, the chairs of the Senate Appropriations Committee on Agriculture, Natural, and Economic Resources, the Joint Legislative Economic Development and Global Engagement Oversight Committee, and the Fiscal Research Division on the use of Community Development Block Grant Funds appropriated in the prior fiscal year. The report shall include the following:

- (1) A discussion of each of the categories of funding and how the categories were selected, including information on how a determination was made that there was a statewide need in each of the categories.
- (2) Information on the number of applications that were received in each category and the total dollar amount requested in each category.
- (3) A list of grantees, including the grantee's name, county, category under which the grant was funded, the amount awarded, and a narrative description of the project.

This report outlines funding distributed during the 2020-2021 State fiscal year (FY2020-2021) of July 1, 2020 to June 30, 2021 with the HUD 2020 program allocation, as well as with recaptured funds from previous program years. For project descriptions of individual grants, see Tables 2 and 3.

2020 ALLOCATION

In the 2020 HUD allocation year, North Carolina received \$48,537,754 for the State of North Carolina's CDBG program. In the 2020 Annual Action Plan submitted to HUD, the State specified that it would provide assistance through the following programs: Economic Development, Neighborhood Revitalization, and Infrastructure. Based on Session Law 2019-192, CDBG funds were reallocated to three program areas: CDBG Neighborhood

Revitalization and CDBG Economic Development, administered through NC Commerce Rural Economic Development Division, and CDBG Infrastructure, administered through NC Department of Environmental Quality. Because of this law, the three categories listed yearly in the HUD Annual Action Plan reflect the legislative changes. This report also contains projects funded with prior year allocations during this fiscal year.

After deducting administrative support of \$1,556,133, approximately \$46,981,621 was available for distribution statewide using competitive and non-competitive approaches. Neighborhood Revitalization (housing-related activities) committed was \$10,105,560 (21%). Infrastructure activities committed was \$25,831,793 (55%). The remaining funds of \$11,044,268 (23%) was designated for economic development and other non-housing related activities. All unused funds were designated for infrastructure, economic development, and neighborhood revitalization projects, unless otherwise stated in the Legislative Budget.

Table 1, below, depicts the proposed and received allocation of funds from the 2020 Annual Action Plan and the budgeted allocation of funds upon receipt of the HUD grant.

Table 1. 2020 HUD Allocation Budgeted Funding

	Proposed in 2020 Annual Action Plan to HUD & Received 2020 Allocation from HUD		Received 2019 Allocation from HUD	
Description	Amount	Percent	Amount	Percent
HUD Grant to State	\$48,537,754		\$47,529,379	
State Administration	\$1,556,133		\$1,141,787.50	
Available for Distribution	\$46,981,621		\$46,328,089	
Category	Budget	Percent	Budget	Percent
Infrastructure	\$25,831,793	55%	\$25,496,369	55%
Economic Development	\$11,044,268	23.5%	\$10,909,486	24%
Neighborhood Revitalization	\$10,105,560	21.5%	\$9,922,234	21%
Distribution Total	\$46,981,621	100.00%	\$46,328,089	100.00%

Accomplishments of the grants awarded with the 2019 HUD allocation that were not awarded until 2020 will be highlighted in the 2021 Consolidated Annual Performance Evaluation Report (CAPER) to HUD in March of 2021. The goals laid out in the 2020 Annual Action Plan have been met in most categories.

DETERMINATION OF NEED

Commerce saw continued success of the CDBG program in assisting low-to-moderate income persons with infrastructure improvements. The CDBG Program proposed to provide direct and indirect housing assistance to approximately 480 persons during the reporting period of January 2020 - December 2020 and an estimated 240 households from the Neighborhood Revitalization grants. Encapsulating all CDBG programs to include housing, infrastructure, urgent needs, and other community development activities, households were provided assistance ranging from clean drinking water, improved public services, and housing rehabilitation. Funds were also used for economic development to help lift individuals out of poverty, to create employment possibilities that were non-existent prior to the business moving to where they lived, and to meet community development needs that were previously unobtainable.

The need for the categories of the CDBG program was determined by comments generated at public hearings across the state. The CDBG Economic Development grant category is the only statewide program that specifically targets job creation or retention for low and moderate-income persons. The statewide unemployment rate decreased 4.4 percentage points from a year ago to 4.4 % (July 31, 2021); however, jobs leading to economic mobility for low and moderate-income persons remains a priority for the Department of Commerce.

CATEGORIES OF FUNDING

Community Development Block Grant (CDBG) is a US Housing and Urban Development (HUD) program that provides an annual allocation of funds to the State for rural economic development and residential housing and infrastructure projects. The Department of Commerce administers the Economic Development and Neighborhood Revitalization programs, and DEQ administers the Rural Residential Infrastructure Program.

The State assisted individuals and households through the following major funding categories in the State FY 2020-2021 with the HUD 2020 CDBG program allocation and de-obligated funds: Neighborhood Revitalization, Infrastructure, and Economic Development.

Neighborhood Revitalization

The Neighborhood Revitalization Program offers funds in support of the three livability principles, which are: promoting equitable, affordable housing; supporting existing communities; and valuing communities and neighborhoods. The funds offer non-entitlement municipalities or counties the opportunity to tailor a project to meet the community development needs specific and most critical to their locality, primarily for

their low-and moderate-income residents.

Number of Applications Received: 31

Dollar Amount Awarded: \$17,162,450

Awards: Commerce awarded 23 applications for Neighborhood Revitalization, including (2) two awards from de-obligated funds.

Economic Development

CDBG Economic Development (ED) provides grants to local governments for creating and retaining jobs. Funding for projects is based on the number of jobs to be created and the level of distress in the community applying for the funds. Sixty percent of the jobs created or retained in a project must be for persons qualifying as prior low and moderate income (LMI). An LMI person is defined by HUD as someone having 80% or less of the median income of the county in which they reside. CDBG funds are granted to local governments for various types of infrastructure improvements to assist private for-profit businesses to create or retain jobs. A local funding match of at least 25% of the determined need is required except in the 25 most distressed counties.

Funds are also granted to local governments that propose a project in conjunction with a private for-profit business that proposes to restore a vacant building to economic use resulting in the creation of permanent, full-time jobs by the project company. To be eligible, documentation must be provided showing the building has been vacant thirty (30) consecutive days or more prior to the pre-application meeting. CDBG funds provided to the company by the local unit of government will be in the form of a forgivable loan. The loan has a term of five years with no principle or interest payments. If the project company retains the jobs pledged in the loan agreement for the five-year term, the entire loan amount is forgiven. Security acceptable to both the Department of Commerce and local unit of government must be provided by the building owner.

The CDBG Economic Development Program also manages a Revolving Loan Fund (RLF). Funding from the RLF is available only as a loan for economic development activities. A loan to local governments for financing industrial shell buildings is one of the two uses of the ED RLF. Shell building loans carry a 2% interest rate with a maximum term of five years. Principle payments are deferred for the first two years of the loan. A dollar-for-dollar match is required by the local government applicant for an industrial shell building. The ED RLF also makes loans to local governments for use in providing infrastructure required to develop a publicly controlled industrial site. Industrial site development loans carry a 2% interest rate for a maximum term of seven years, with interest only for years one and two.

The funding categories for the CDBG Economic Development Program were developed in response to input from the Secretary of Commerce, the NC Economic Development

Association, local economic development developers, and from the Economic Development Partnership of NC. The economic development professionals in the state indicated there was a need for infrastructure support for industrial sites as well as the need to provide assistance for the renovation of vacant deteriorated industrial buildings, especially in rural areas. The level of funding available to local governments is based on the Department's policy of providing more resources to the most distressed counties in the state.

Number of Applications Received: 7

Dollar Amount Awarded: \$5,123,773

Awards: Commerce awarded (6) applications for Economic Development. (Refer to Table 3.)

Infrastructure – NC Department of Environmental Quality

The CDBG-Infrastructure Program in the Division of Water Infrastructure funds critically needed public water and sewer infrastructure in the most financially needy communities in the State. These funds are appropriated for such use by the North Carolina General Assembly in SL 2019-192, Section 2.2(a) and Section 2.2 (h).

In November 2020, the Division received a total of 39 complete, eligible applications requesting \$66.1 million for the FY 2020 appropriation of \$25,831,793. CDBG-I also had \$2,433,894.39 in de-obligated funds. In April of 2021, the State Water Infrastructure Authority (SWIA) awarded seventeen (17) funded community projects from regular appropriation funds and \$1,508,583 from de-obligated funds.

Number of Applications Received: 39

Dollar Amount Awarded: \$27,340,376

Awards: NC DEQ awarded 14 complete infrastructure projects (planning and construction) and 3 planning grants.

Refer to Table 3, which lists the funded projects, the amounts granted, and descriptions of the projects.

USE OF RECAPTURED FUNDS

Some grants are not awarded with a specific HUD allocation program year. These funds are a result of recapture/de-obligation and program income. During the 2020-2021 State fiscal year, grants from the Neighborhood Revitalization and DEQ Infrastructure categories were awarded with recaptured funds. Table 2 illustrates the number of grants and funding awarded during the State fiscal year of July 1, 2020 to June 30, 2021 with recaptured funds. Accomplishments of these grants are highlighted in the annual CAPER to HUD.

TECHNICAL ASSISTANCE

Technical Assistance (TA) funds are used to develop the professional skills and capabilities of local community development grant administrators. Funds are not only used for State CDBG staff to attend workshops and conferences, but used to hold a variety of workshops, conference calls, and seminars throughout the year, taught by Commerce staff and others. In 2020 and 2021, technical assistance priorities include: (1) increased technical assistance to local governments and their agents that furthers the goals and priorities of the CDBG program; (2) training in compliance to both local governments and CDBG staff; and (3) increased support for workshops, seminars, and training for grantees and staff.

Additionally, notifications for any workshop and training opportunities provided by Commerce, the Rural Economic Development Division, HUD, DEQ and our partners are distributed on the Division's various listservs and distribution lists and posted on our website to inform the public and grantees.

Awarded Grants

The figure and tables on the following pages detail the grants awarded by HUD allocation, grant category, county, local unit of government, grant amount, and project description.

Table 2. CDBG Grants Awarded July 1, 2020 – June 30, 2021 with Recaptured Funds

Category	County	Grantee Name	Designation	Award Date	Grant Amount	HUD Allocation	Project Description
Neighborhood Revitalization	Edgecombe/ Nash	Whitakers	Town	11/23/2020	\$750,000	B-18-DC-37-0001	Scattered Site and Supportive Housing Activities
Neighborhood Revitalization	Martin	Williamston	Town	11/23/2020	\$750,000	B-17-DC-37-0001	Scattered Site and Supportive Housing & Community Revitalization Activities
Infrastructure	Martin	Parmelee	Town	3/22/2021	302,000	B-15-DC-37-0001	Sewer Infrastructure Improvements
Infrastructure	Washington	Plymouth	Town	6/7/2021	136,700	B-15-DC-37-0001	Water Infrastructure Improvements
Infrastructure	Duplin	Greenevers	Town	4/12/2021	191,350.00	B-16-DC-37-0001	Sewer Infrastructure Improvements
Infrastructure	Duplin	Faison	City	5/18/2021	\$65,185.03	B-17-DC-37-0001	Sewer Infrastructure Improvements
Infrastructure	Jackson	Jackson County	County	3/3/2021	\$94,942 \$193,765	B-11-DC-37-0001 B-13-DC-37-0001	School Sewer and Water Infrastructure Improvements
Infrastructure	Swain	Bryson City	Town	4/14/2021	\$97,000	B-16-DC-37-0001	Sewer Infrastructure Improvements
Infrastructure	Yancey	Burnsville	Town	4/14/2021	\$125,400	B-16-DC-37-0001	Sewer Infrastructure Improvements
Infrastructure	Columbus	Chadbourn	Town	4/14/2021	\$89,200	B-16-DC-37-0001	Sewer Infrastructure Improvements
Infrastructure	Harnett	Dunn	Town	4/14/2021	\$108,360	B-16-DC-37-0001	Sewer Infrastructure Improvements
Infrastructure	Halifax	Enfield	Town	4/14/2021	\$30,721	B-16-DC-37-0001	Sewer Infrastructure Improvements
Infrastructure	Robeson	Fairmont	Town	4/14/2021	\$97,000	B-15-DC-37-0001	Pump Station Improvements

Infrastructure	Rockingham	Madison	Town	4/14/2021	\$82,6000	B-15-DC-37-0001	Sewer Infrastructure Improvements
Infrastructure	Wayne	Mount Olive	Town	4/14/2021	\$136,000	B-15-DC-37-0001	Sewer Line Rehabilitation Project
Infrastructure	Sampson	Roseboro	Town	4/14/2021	\$138,800	B-16-DC-37-0001	Sewer Infrastructure Improvements
Infrastructure	Robeson	Rowland	Town	4/14/2021	\$95,000	B-15-DC-37-0001	Sewer Infrastructure Improvements
Infrastructure	Wilson	Saratoga	Town	4/14/2021	\$80,267	B-15-DC-37-0001	Sewer Infrastructure Improvements
Infrastructure	Halifax	Scotland Neck	Town	4/14/2021	\$85,000	B-16-DC-37-0001	Wastewater Treatment Plant Improvements
Infrastructure	Johnston	Selma	Town	4/14/2021	\$116,460	B-15-DC-37-0001	Sewer Rehabilitation /Replacement Project
Infrastructure	Robeson	St. Pauls	Town	4/14/2021	\$136,000	B-15-DC-37-0001	Wastewater Treatment Plant Relocation
Infrastructure	Robeson	Maxton	Town	4/14/2021	\$121,496	B-16-DC-37-0001	Water Infrastructure Improvements

Communities were awarded funding based on the recommendations of the Rural Infrastructure Authority Board. Figure 1 displays the 2020 County Tier Designations and the total CDBG funds awarded by county during FY 20-21.



Table 3. Grants Awarded July 1, 2020 - June 30, 2021 with HUD 2019 and 2020 Allocation

Category	County	Grantee Name	Designation	Award Date	Grant Amount	HUD Allocation	Project Description
Economic Development	Columbus	Tabor City	Town	9/23/2020	\$150,000	B-19-DC-37-0001	Street and drainage improvements to assist Atlantic Packaging
Economic Development	Davie	Mocksville	Town	9/24/2020	\$175,000	B-19-DC-37-0001	Sewer Infrastructure Improvements
Economic Development	Forsyth	Forsyth County	County	10/7/2020	\$98,773	B-19-DC-37-0001	Commercial construction & rehabilitation of industrial building
Economic Development	Rockingham	Rockingham County	County	10/7/2020	\$2,300,000	B-19-DC-37-0001	Sewer Infrastructure Improvements to assist Ontex Operations
Economic Development	Beaufort	Beaufort County	County	10/15/2020	\$400,000	B-20-DC-37-0001	Commercial Building Upfit
Economic Development	Rockingham	Rockingham County	County	2/18/2021	\$2,000,000	B-20-DC-37-0001	Commercial Building Upfit to assist Nestle Purina Pet Care Company
Neighborhood Revitalization	Ashe	Ashe County	County	12/21/2020	\$750,000	B-19-DC-37-0001	Scattered Site and Supportive Housing Activities
Neighborhood Revitalization	Duplin	Beulaville	Town	12/21/2020	\$750,000	B-19-DC-37-0001	Scattered Site and Supportive Housing Activities
Neighborhood Revitalization	Catawba	Catawba County	County	12/21/2020	\$750,000	B-19-DC-37-0001	Scattered Site and Supportive Housing Activities
Neighborhood Revitalization	Bladen	Elizabethtown	Town	12/21/2020	\$750,000	B-19-DC-37-0001	Scattered Site and Supportive Housing & Community Revitalization Activities
Neighborhood Revitalization	Duplin	Greenevers	Town	12/21/2020	\$675,000	B-19-DC-37-0001	Scattered Site and Supportive Housing Activities
Neighborhood Revitalization	Henderson	Hendersonville	City	12/21/2020	\$750,000	B-19-DC-37-0001	Scattered Site and Supportive Housing & Community Revitalization Activities
Neighborhood Revitalization	Halifax	Littleton	Town	12/21/2020	\$750,000	B-19-DC-37-0001	Scattered Site and Supportive Housing Activities
Neighborhood Revitalization	Wilson	Lucama	Town	12/21/2020	\$747,750	B-19-DC-37-0001	Scattered Site and Supportive Housing Activities
Neighborhood Revitalization	Wayne	Mount Olive	Town	12/21/2020	\$750,000	B-19-DC-37-0001	Scattered Site and Supportive Housing Activities

Neighborhood Revitalization	Catawba	Newton	City	12/21/2020	\$750,000	B-19-DC-37-0001	Scattered Site and Supportive Housing Activities
Neighborhood Revitalization	Martin	Parmele	Town	12/21/2020	\$750,000	B-19-DC-37-0001	Scattered Site and Supportive Housing & Community Revitalization Activities
Neighborhood Revitalization	Burke	Rhodhiss	Town	12/21/2020	\$750,000	B-19-DC-37-0001	Scattered Site and Supportive Housing Activities
Neighborhood Revitalization	Halifax	Roanoke Rapids	City	12/21/2020	\$750,000	B-19-DC-37-0001	Scattered Site and Supportive Housing & Community Revitalization Activities
Neighborhood Revitalization	Sampson	Roseboro	Town	12/21/2020	\$750,000	B-19-DC-37-0001	Scattered Site and Supportive Housing Activities
Neighborhood Revitalization	Sampson	Sampson County	County	12/21/2020	\$750,000	B-19-DC-37-0001	Scattered Site and Supportive Housing Activities
Neighborhood Revitalization	Halifax	Scotland Neck	Town	12/21/2020	\$664,700	B-19-DC-37-0001	Scattered Site and Supportive Housing Activities
Neighborhood Revitalization	Chatham	Siler City	Town	12/21/2020	\$750,000	B-19-DC-37-0001	Scattered Site and Supportive Housing Activities
Neighborhood Revitalization	Rowan	Spencer	Town	12/21/2020	\$750,000	B-19-DC-37-0001	Scattered Site and Supportive Housing Activities
Neighborhood Revitalization	Stanly	Stanly County	County	12/21/2020	\$750,000	B-19-DC-37-0001	Scattered Site and Supportive Housing Activities
Neighborhood Revitalization	Duplin	Warsaw	Town	12/21/2020	\$750,000	B-19-DC-37-0001	Scattered Site and Supportive Housing & Community Revitalization Activities
Neighborhood Revitalization	Beaufort	Washington	City	12/21/2020	\$750,000	B-19-DC-37-0001	Scattered Site and Supportive Housing Activities
Infrastructure	Johnston	Benson	Town	4/14/2021	88,360	B-20-DC-37-0001	Sewer Infrastructure Improvements
Infrastructure	Swain	Bryson City	Town	4/14/2021	\$1,395,600	B-20-DC-37-0001	Sewer Infrastructure Improvements
Infrastructure	Yancey	Burnsville	Town	4/14/2021	\$1,874,600	B-20-DC-37-0001	Sewer Infrastructure Improvements
Infrastructure	Columbus	Chadbourn	Town	4/14/2021	\$1,910,800	B-20-DC-37-0001	Sewer Infrastructure Improvements
Infrastructure	Harnett	Dunn	Town	4/14/2021	\$1,890,769	B-20-DC-37-0001	Sewer Infrastructure Improvements
Infrastructure	Halifax	Enfield	Town	4/14/2021	\$21,279	B-20-DC-37-0001	Sewer Infrastructure Improvements

Infrastructure	Robeson	Fairmont	Town	4/14/2021	\$1,903,000	B-20-DC-37-0001	Pump Station Improvements
Infrastructure	Rockingham	Madison	Town	4/14/2021	\$1,917,400	B-20-DC-37-0001	Sewer Infrastructure Improvements
Infrastructure	Wayne	Mount Olive	Town	4/14/2021	\$1,864,000	B-20-DC-37-0001	Sewer Line Rehabilitation Project
Infrastructure	Graham	Robbinsville	Town	4/14/2021	114,460.00	B-20-DC-37-0001	Sewer Infrastructure Improvements
Infrastructure	Sampson	Roseboro	Town	4/14/2021	\$138,800 \$1,861,200	B-16-DC-37-0001 B-20-DC-37-0001	Sewer Infrastructure Improvements
Infrastructure	Robeson	Rowland	Town	4/14/2021	\$1,905,000	B-20-DC-37-0001	Sewer Infrastructure Improvements
Infrastructure	Wilson	Saratoga	Town	4/14/2021	\$1,545,173	B-20-DC-37-0001	Sewer Infrastructure Improvements
Infrastructure	Halifax	Scotland Neck	Town	4/14/2021	\$1,915,000	B-20-DC-37-0001	Wastewater Treatment Plant Improvements
Infrastructure	Johnston	Selma	Town	4/14/2021	\$1,883,349	B-20-DC-37-0001	Sewer Rehabilitation /Replacement Project
Infrastructure	Robeson	St. Pauls	Town	4/14/2021	\$1,864,000	B-20-DC-37-0001	Wastewater Treatment Plant Relocation
Infrastructure	Robeson	Maxton	Town	4/14/2021	\$1,877,803	B-20-DC-37-0001	Water Infrastructure Improvements