

**The State of Missouri**

**Consolidated Plan**

**FY2017**

**ACTION PLAN**

**Prepared by:**

**The Missouri Department of Economic Development  
in Coordination with**

**The Missouri Housing Development Commission**

**The Missouri Department of Social Services**

**The Missouri Department of Health & Senior Services**

**November 2016**

# Annual Action Plan

## Introduction

In 1995, the Consolidated Plan became the single planning document for all funds received by the State from the U.S. Department of Housing and Urban Development (HUD). These funds represent five major programs administered by the State of Missouri by four separate agencies:

- Community Development Block Grant (CDBG) – Department of Economic Development (DED)
- HOME Investment Partnerships Program – Missouri Housing Development Commission (MHDC)
- Emergency Solutions Grant (ESG) – Department of Social Services/MHDC
- Housing Opportunities for Persons with AIDS (HOPWA) – Department of Health & Senior Services
- Housing Trust Fund (HTF) – MHDC

The Department of Economic Development is the designated lead agency for the Missouri Consolidated Plan and Action Plan. In addition to the Consolidated Plan in effect for 2013-2017, the State prepares an annual Action Plan. For FY2017, this action plan will become effective in April 2017.

The State's affordable housing, community development, and economic development needs are outlined in the Consolidated Plan; the intended uses that are described in the Action Plan are designed to address those needs. The Consolidated Plan also contains information relevant to lead-based paint, project monitoring, citizen participation, fair housing, and performance measures. Missouri's 2013-2017 Consolidated Plan has been amended to reflect a revised Citizen Participation plan as required by HUD as well as the addition of HTF goals.

## Annual Goals and Objectives

### **Goal 1: Affordable Housing for Low-Income Households**

**Description:** Data from the Joint Center for Housing Studies at Harvard University, "The State of the Nation's Housing 2016" estimates that over 39 million of all US households (homeowners and renters) pay more than 30% of their income towards housing and the number of renters paying more than 50% of the income towards housing jumped in 2014 to a record, 11.4 million people. The Missouri Housing Development Commission (MHDC) Housing Needs Assessment Report, 2015, shows that "approximately one-third

of (all) Missouri households are cost burdened” and one-half (50.9%) of Missouri renters pay more than 30% of their household income for housing. When a household pays more than 30% of their income for housing costs, the burden of paying for other household necessities – food, child care, clothing, health care, education, transportation – increases; the hardship for that household increases as well. As the state housing finance agency, MHDC oversees many of the state’s housing resources, including those used to build, rehabilitate and preserve affordable housing units. MHDC annually issues a NOFA for the Rental Housing Production and Preservation Program which provides low-interest financing to non-profit and private developers of affordable rental housing in Missouri. HOME monies are used in conjunction with federal and state Low Income Housing Tax Credits (LIHTC) to build and/or rehabilitate affordable rental housing throughout the state. The 2017 Qualified Allocation Plan (QAP) includes a priority for developments that serve households living at or below 50% AMI; more specific information on evaluation factors and selection criteria can be found in the MHDC 2017 Qualified Allocation Plan (QAP). MHDC has been designated as Missouri’s administrator for the National Housing Trust Fund (HTF), monies that target very low and extremely low income households. In accordance with the HTF rule (24 CFR Parts 91 and 93), MHDC developed and published an allocation plan for the HTF, that plan was approved by MHDC’s Board of Commissioners in July, 2016; MHDC is working with HUD for approval.

Consistent with the State of Missouri’s Consolidated Plan 2013-2017, the 2013, 2014, 2015 and 2016 Action Plans, the 2017 projected goals are based on MHDC’s rental production program which includes both HOME and LIHTC funding. Subsequently, the total units projected to be built and/or rehabilitated use both funding tools<sup>1</sup>. The amount of funding available through HTF was finalized in May, 2016; Missouri received \$3,000,000 for the initial HTF allocation. HTF production goals included in the 2017 Action Plan mirror those articulated in the DRAFT HTF Allocation Plan and Missouri’s Consolidated Plan 2013-2018 has been amended to reflect that change.

**Category:** Affordable Housing

**Start Year:** 2017

**End Year:** 2017

**Outcome:** Affordability

**Objective:** Provide decent affordable housing

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<sup>1</sup> MHDC utilizes other funds to supplement the development and preservation of affordable housing – AHAP, tax exempt bond proceeds, MHTF, and MHDC GF. None of these are HUD funds and thus, are not included in the 2017 Action Plan goals – the one notable exception are state and federal LIHTCs.

**Geographic Areas Available:** statewide

**Priority Needs Addressed:** Affordable Housing for Low-Income Households

**Funding Allocated:** \$8,623,421 TOTAL in HOME Funds and \$2,700,000 in HTF

**Goal Outcome Indicator:**

- Rental Units Constructed - 684 Household Housing Units
- Rental Units rehabilitated - 669 Household Housing Units

## **Goal 2: Preservation of Affordable Housing for Low-Income Persons and Families**

**Description:** As the affordable housing stock continues to age, more emphasis must be given to the rehabilitation and preservation of affordable housing for moderate, low and very low income persons and families. The MHDC Housing Needs Assessment Report, 2015, illustrates this need by highlighting the age of Missouri's housing stock, "approximately 28% of the state's housing units date from 1990 and relatively few units have been added since 2010". Substandard housing is a concern for many low and moderate income households, 2013 data from Harvard cites inadequate housing in both urban and rural areas; 7.5% and 5.3% of units respectively.

MHDC's 2017 QAP includes preservation as a priority for both HOME and LIHTC funds. Additionally, the Department of Economic Development and MHDC will provide financing and tax credits for the rehabilitation of many additional units of affordable rental housing using tax-exempt bond financing and 4% LIHTCs.

MHDC has established a HOME Repair Program (HeRO) for qualified non-profit agencies for the purpose of home repair, weatherization, accessibility improvements and lead abatement in owner-occupied homes. This program is available to non-profit agencies that undertake the eligible activities on behalf of low and moderate-income families in non-metropolitan areas. Eligible homeowners must have a total household income that does not exceed 80% of the area median income. Eligible homeowners may receive assistance in an amount not to exceed \$22,500 per home.

Consistent with the State of Missouri's Consolidated Plan 2013-2017, the 2013, 2014, 2015 and 2016 Action Plans, the 2017 projected goals are based on MHDC's rental production program which includes both HOME and LIHTC funding. Subsequently, the total units projected to be built and/or rehabilitated use both funding tools.

**Category:** Affordable Housing

**Start Year:** 2017

**End Year:** 2017

**Outcome:** Affordability

**Objective:** Provide decent affordable housing

**Geographic Areas Available:** Statewide

**Priority Needs Addressed:** Affordability

**Funding Allocated:** \$ 2,349,048 in HOME Funds

**Funding Allocated for Homeowner's Rehabilitation:** \$2,500,000

**Goal Outcome Indicator:**

- Rental Units rehabilitated 236 Household Housing Units
- Homeowner rehabilitate 110 Households completed

### **Goal 3: Affordable Housing for the Elderly**

**Description:** The State of Missouri, county, and city government officials, non-profit, faith-based organizations as well as the private sector must continue to prepare for an increase in the state's senior population. MHDC's Housing Needs Assessment Report, 2015, counts the percentage of Missouri renters who are 65 years and older in 2012 at almost 20% of the state's population, with 49% of those households paying more than 30% of their income towards housing costs. Harvard research shows that "over the next two decades, the number of adults aged 70 and over will increase by 91%". The aging of our population and the reality that many of these households will be living on fixed incomes will have a profound and far-reaching impact on the supply, demand, availability and cost of housing and related services for seniors. MHDC will continue to prioritize developments that provide more accessible and affordable housing for seniors as well as the necessary integrated and coordinated social services to help seniors successfully age in place.

MHDC will continue to add or improve affordable housing units for seniors throughout the state through administration of the federal and state LIHTC programs, MHDC Fund Balance, HOME, Affordable Housing Assistance Tax Credit (AHAP) Program, Home Repair Opportunity (HeRO) Program, and the Missouri Housing Trust Fund (MHTF) Program.

MHDC has been designated as Missouri's administrator for the National Housing Trust Fund (HTF), monies that target very low and extremely low income households. In accordance with the HTF rule (24 CFR Parts 91 and 93), MHDC developed and published

an allocation plan for the HTF, that plan was approved by MHDC's Board of Commissioners in July, 2016; MHDC is working with HUD for approval.

Consistent with the State of Missouri's Consolidated Plan 2013-2017, the 2013, 2014, 2015 and 2016 Action Plans, the 2017 projected goals are based on MHDC's rental production program which includes both HOME and LIHTC funding. Subsequently, the total units projected to be built and/or rehabilitated use both funding tools. The amount of funding available through HTF was finalized in May, 2016; Missouri received \$3,000,000 for the initial HTF allocation. HTF production goals included in the 2017 Action Plan mirror those articulated in the DRAFT HTF Allocation Plan and Missouri's Consolidated Plan 2013-2018 has been amended to reflect that change.

**Category:** Affordable Housing

**Start Year:** 2017

**End Year:** 2017

**Outcome:** Affordability

**Objective:** Provide decent affordable housing

**Geographic Areas Available:** statewide

**Priority Needs Addressed:** Affordable Housing for the Elderly

**Funding Allocated:** \$ 6,274,373 in HOME Funds

**Goal Outcome Indicator:**

- Rental Units Constructed - 541 Household Housing Units
- Rental Units rehabilitated - 432 Household Housing Units

#### **Goal 4: Continuum of Care (CoC)**

**Description:** Missouri supports eight Continua of Care (CoC): Springfield, St. Joseph, Kansas City, St. Louis City, St. Louis County, Joplin, St. Charles and Balance of State. Each continuum in Missouri holds an appointed seat on the Governor's Committee to End Homelessness (GCEH) and is responsible for developing and implementing a 10-year plan to end homelessness within their own community. The GCEH provides oversight of each plan and supports a statewide plan to end homelessness. Each 10-year plan includes specific goals surrounding ending chronic homelessness for families and individuals, families with children, veterans and their families, and unaccompanied youth.

MHDC conducts Balance of State Continuum Meetings on a quarterly basis throughout the state. These meetings are held to receive local input from planning commissions, housing authorities, local homeless providers and interested parties. On a regional basis, MHDC attends conferences with other states to learn best practices. MHDC is working with communities across the Balance of State Continuum of Care in order to establish Regional Coordinated Entry Systems. The purpose of these systems is to ensure that people are provided the most appropriate level and type of assistance in order to ensure that the individual needs of these persons are being met.

The Missouri Balance of State CoC program provides funding for Permanent Supportive Housing, Rapid-Rehousing, Transitional Housing, and Safe Havens. The CoC program also provides additional funding for planning and coordination of the Balance of State CoC, and the Homeless Management Information System (HMIS). The Balance of State CoC put forward new projects on the 2016 Collaborative Application to HUD, however these beds have not been reflected below as the CoC is waiting for award announcements and does not include new beds until they are listed on the official Housing Inventory Chart of the CoC.

**Category:** Homeless

**Start Year:** 2017

**End Year:** 2017

**Outcome:** Accessibility/Availability

**Objective:** Provide Decent Affordable Housing

**Geographic Area Available:** Missouri Balance of State

**Priority Needs Addressed:** Coordinate Homeless Services throughout the Balance of State Continuum of Care in Missouri

**Funding Allocated:** \$4,942,202 in CoC Funds

**Goal Outcome Indicator:**

Permanent/Transitional Housing Beds Added – 0 Beds

### **Goal 5: Emergency Solutions Grant (ESG)**

**Description:** The ESG Program is designed to identify sheltered and unsheltered homeless individuals and families, as well as those at risk of homelessness, and provide the services necessary to help those persons quickly regain stability in permanent housing after experiencing homelessness or a housing crisis. In Missouri, the goal is to

safely reduce the length of stay for families and individuals in shelter in order to create opportunities for them to be rapidly re-housed. All currently existing emergency services will continue but will do so with the intent to ultimately transition persons into a more stable and permanent environment. This model removes the traditional tiered system that offers limited services and imposes unnecessary requirements on individuals and families in order to obtain permanent housing. Missouri recognizes that there will always be specific populations that require emergency shelter and services - including but not limited to homeless youth, survivors of domestic violence and homeless individuals struggling with substance abuse - but hopes to incorporate ways to safely shorten these episodes of homelessness and move individuals and families directly into a permanent housing situation through rapid re-housing.

The state of Missouri receives an annual allocation of ESG funds to identify sheltered and unsheltered homeless individuals and families, as well as those at risk of homelessness and to provide the services necessary to help those persons quickly regain stability in permanent housing after experiencing homelessness or a housing crisis. The Department of Social Services sub-grants ESG funds to MHDC who administers the program and provides funds to units of local government and non-profit agencies.

Individuals experiencing homelessness or near homelessness are able to receive financial assistance through Homelessness Prevention and Rapid-Rehousing, as well as receive other support services to stabilize their housing situation.

**Category:** Homeless

**Start Year:** 2017

**End Year:** 2017

**Outcome:** Availability/Accessibility

**Objective:** Create Suitable Living Environments

**Geographic Areas Included:** Statewide housing

**Priority Needs Addressed:** Provide Services to Sheltered and Unsheltered Homeless Individuals and Families

**Funding Allocated:** \$2,559,566 in ESG Funds

**Goal Outcome Indicator:**

- Emergency Shelter – 9,000 served
- Tenant-based rental assistance/Rapid rehousing – 700 persons assisted

- Homelessness Prevention – 1,000 persons assisted

## **Goal 6: Special Needs Housing**

**Description:** Since 2011 MHDC has prioritized the development of affordable housing for special needs populations; the 2017 QAP continues that commitment. The term special needs is defined in MHDC’s 2017 QAP as: “a person who is (a) physically, emotionally, or mentally impaired or suffers from mental illness; (b) developmentally disabled; (c) homeless including survivors of domestic violence and sex trafficking; or (d) a youth aging out of foster care”. MHDC’s 2017 QAP endeavors to set aside 33% of the federal and state LIHTCs for special needs developments.

MHDC has been designated as Missouri’s administrator for the National Housing Trust Fund (HTF), monies that target very low and extremely low income households. In accordance with the HTF rule (24 CFR Parts 91 and 93), MHDC developed and published an allocation plan for the HTF, that plan was approved by MHDC’s Board of Commissioners in July, 2016; MHDC is working with HUD for approval.

Consistent with the State of Missouri’s Consolidated Plan 2013-2017, the 2013, 2014, 2015 and 2016 Action Plans, the 2017 projected goals are based on MHDC’s rental production program which includes both HOME and LIHTC funding. Subsequently, the total units projected to be built and/or rehabilitated use both funding tools. The amount of funding available through HTF was finalized in May, 2016; Missouri received \$3,000,000 for the initial HTF allocation. HTF production goals included in the 2017 Action Plan mirror those articulated in the DRAFT HTF Allocation Plan and Missouri’s Consolidated Plan 2013-2018 has been amended to reflect that change.

**Category:** Affordable Housing; homeless; Non-Homeless Special Needs

**Start Year:** 2017

**End Year:** 2017

**Outcome:** Availability/Accessibility

**Objective:** Create Suitable Living Environments

**Geographic Areas Included:** Statewide Housing

**Priority Needs Addressed:** Special Needs Housing

**Funding Allocated:** MHDC's 2017 QAP states: "MHDC will endeavor to set aside at least 33% of federal and state LIHTCs for projects containing units qualifying under the special needs housing priority." \$2,603,711 in HOME Funds and \$891,000 in HTF

**Goal Outcome Indicator:**

- Rental Constructed Units – 98 Household Housing Units
- Rental Units Rehabilitated – 92 Household Housing Units

**Goal 7: HOPWA**

**Description:** One year goals for the number of households to be provided housing through the use of HOPWA.

**Category:** Affordable Housing; homeless; Non-Homeless Special Needs

**Start Year:** 2016

**End Year:** 2016

**Outcome:** Availability/Accessibility

**Objective:** Create Suitable Living Environments

**Geographic Areas Included:** Statewide Housing

**Priority Needs Addressed:** Special Needs Housing

**Funding Allocated:** \$543,784

**Goal Outcome Indicator:**

- Short-term rent, mortgage, and utility assistance payments – 160
- Tenant-based rental assistance – 140
- Total - 300

**Goal 8: Job Training/Creation**

**Description:** Increase the number of people provided with new or improved availability/accessibility of economic opportunity through job creation, retention and business infrastructure assistance to for-profit companies.

**Category:** Non-housing community development

**Start Year:** 2017

**End Year:** 2017

**Outcome:** Availability/Accessibility

**Objective:** Create economic opportunity

**Geographic Areas Included:** Statewide, non-entitled

**Priority Needs Addressed:** Economic Development

**Funding Allocated:** \$5,185,000

**Goal Outcome Indicator:**

- Number of Jobs Created or Retained: 500

#### **Goal 9: Public Infrastructure & Improvement**

**Description:** Increase the number of people with new or improved accessibility, availability, or quality of suitable living environments through construction/rehabilitation of public facilities to benefit areas with an LMI percentage of 51% or higher.

**Category:** Non-housing community development

**Start Year:** 2017

**End Year:** 2017

**Outcome:** Availability/Accessibility/Suitable Living Environment

**Objective:** Create a Suitable Living Environment

**Geographic Areas Included:** Statewide, non-entitled

**Priority Needs Addressed:** Public Improvements and Infrastructure

**Funding Allocated:** \$10,500,000

**Goal Outcome Indicator:**

- Number of people served with Public Infrastructure & Improvement activities other than Low to Moderate Housing benefit: 15,000

#### **Goal 10: Public Facilities**

**Description:** Increase the number of people provided with new or improved sustainability of suitable living environments through slum and blight reduction, emergency assistance and other rehabilitation of existing public facilities in LMI areas.

**Category:** Non-housing community development

**Start Year:** 2017

**End Year:** 2017

**Outcome:** Availability/Accessibility/Suitable Living Environment

**Objective:** Create a Suitable Living Environment

**Geographic Areas Included:** Statewide, non-entitled

**Priority Needs Addressed:** Public Facilities

**Funding Allocated:** \$4,100,000

**Goal Outcome Indicator:**

- Number of people served with Public Facilities activities other than Low to Moderate Housing benefit: 20,000
- Number of blighted structures demolished: 30

#### **Goal 11: CDBG Disaster Recovery**

**Description:** Increase the number of people provided with new or improved sustainability of suitable living environments through slum and blight reduction, emergency assistance and other rehabilitation of existing public facilities in LMI areas.

**Category:** Non-housing community development

**Start Year:** 2017

**End Year:** 2017

**Outcome:** Availability/Accessibility/Suitable Living Environment

**Objective:** Create a Suitable Living Environment

**Geographic Areas Included:** Statewide: Areas declared under Presidential Disaster Declarations eligible for FY12 (DT) and FY13 (DS) CDBG Disaster allocations

**Priority Needs Addressed:** Public Facilities, Infrastructure, Housing, Economic Revitalization, Planning

**Funding Allocated: \$11,300,000 (\$3,700,000 DT and \$7,600,000 DS)**

**Goal Outcome Indicator:** As project accomplishments will occur upon completion of awarded activities, we do not anticipate any of the potential awarded activities to be completed during FY16.

- Number of people served with Public Facilities/Infrastructure/Economic Revitalization/Planning activities: 0
- Number of affordable housing units: 0

## **Method of Distribution**

### ***Introduction***

As the state housing finance agency, MHDC is dedicated to strengthening communities and the lives of Missourians through the financing, development and preservation of affordable housing. MHDC administers the state and federal LIHTCs, HOME funds, the MHTF and the ESG. As such, annual allocations are made in accordance with the QAP and other allocation plans approved by MHDC Commissioners. The programs outlined below represent MHDC's goals for the next year in terms of production, preservation, homeless prevention and housing assistance.

MHDC has been designated as Missouri's administrator for the National Housing Trust Fund (HTF), monies that target very low and extremely low income households. In accordance with the HTF rule (24 CFR Parts 91 and 93), MHDC developed and published an allocation plan for the HTF, that plan was approved by MHDC's Board of Commissioners in July, 2016; MHDC is working with HUD for approval.

The Department of Economic Development's use of CDBG is based almost entirely on local need, which is demonstrated to the Department via an application process, which is described below. Local need, capacity, past performance and ability to leverage other funding all factors into the evaluation process for CDBG, on top of the basic CDBG thresholds of national objective and eligibility.

### ***Distribution Methods – HOME***

Currently MHDC uses its HOME Funds in two ways: multi-family rental production and rehabilitation and homeowner rehabilitation.

The multi-family HOME allocation is part of MHDC's larger rental production and rehabilitation application process, and its annual HOME allocation is used to finance rental production at a very low interest rate. Rental applications are reviewed according

to primary and secondary thresholds, selection criteria as described in the 2017 QAP, and the geographic priority. Currently, MHDC attempts to utilize 33% of LIHTC's in the St. Louis region, 19% in the Kansas City region, and the remaining 48% in the "Out State Region." Finally, MHDC allocates a minimum of 15% of its HOME allocation to Community Housing Development Organizations (CHDO).

The homeowner rehabilitation program – HeRO – has its own application process. MHDC will award HeRO funds based on a statewide competition. All applications will be reviewed and compared based on the items described in the application, and each item will be reviewed and a score determined at MHDC's sole and absolute discretion will be assigned. Once scores are calculated, the applications shall be ranked in order of the highest score to the lowest score and funding will be based upon such ranking relative to population and potential number of qualified households in geographical areas including but not limited to low and moderate income households struggling with domestic violence. HeRO funds are exclusively used in non-metropolitan areas or areas that have been declared as a disaster area.

#### **Application Selection Criteria**

For the rental production and rehabilitation program, applications will be evaluated using Section 42 requirements:

- Those serving lowest income tenants,
- Those serving qualified tenants for the longest period, and
- Projects located in Qualified Census Tracts, the development of which contributes to a concerted community revitalization plan.

MHDC's 2017 QAP outlines the following additional housing priorities:

- Non-profit set aside,
- Special needs housing,
- Service enriched housing,
- Preservation,
- The utilization of MBE WBE developers,
- Extended use developments,
- Developments setting aside units for tenants living at or below 50% AMI,
- Workforce housing,
- Transit oriented developments,
- Proposed developments that are part of a community's redevelopment plan, and
- Proposed developments that are located in opportunity areas

The HeRO program will evaluate applications based primarily on the written policies and procedures documenting the organization's intended implementation which includes, among other things: requirements for household participation, household application process, intended rehabilitation activities, lead hazard reduction requirements, the marketing plan, rehabilitation standards, appraisal process, and contractor participation qualifications.

### **Resource Allocation among Funding Categories**

MHDC currently intends to allocate 15 – 20% of the yearly state allocation to the homeowner rehabilitation program, 10% for administrative purposes, and the remaining amount to the rental production and rehabilitation program.

### **Threshold factors and grant size limits**

Currently there is no grant/loan size limit for the rental production and rehabilitation program, but MHDC utilizes its HOME funds as gap-financing for larger developments. Ideally, MHDC would like its individual HOME fund allocations to be a small but important part of these developments. The exception is with the CHDO developments; because these projects are often much smaller than a private developer's, HOME is often the only funding source.

The homeowner rehabilitation program also does not have a grant limit for the sub-grantees, but MHDC works to stretch these funds as far as possible across the state, so we grant based on the quality of applications/applicants and the number of applications submitted. Currently there is a \$22,500 limit on improvements made to homes.

### **Expected outcome measures as a result of the method of distribution**

The homeowners' rehabilitation program, HeRO, is expected to fund between 100 and 110 homes throughout the state of Missouri.

Based on current funding levels, MHDC expects to develop 311 newly constructed rental units and 311 rehabilitated rental units.

### ***Distribution Methods – ESG***

ESG is distributed based on an annual allocation plan that is approved by MHDC Commissioners after CoC input is considered.

### **Application Selection Criteria**

Individual scores by program may be assessed for: completeness of the application, extent to which the applicant demonstrates an understanding of the HEARTH Act and

ESG regulations, HUD priorities for the ESG program, and USICH Opening Doors, past performance, strength of program design, implementation strategy, extent to which programs result in increased housing stability and permanent housing for clients, unmet need, data used to describe need, consistency with local need, collaboration with local planning, participation in the local Coordinated Entry system, strength of service delivery strategies, procurement of outside resources, organizational experience, financial reporting, collaboration with local Continuum of Care plans to end homelessness and priorities, match funds available, amount of funds requested, measurable performance goals and objectives, demonstrated ability to move homeless households into housing, demonstrated ability to increase housing stability of homeless households, extent to which the project's approach makes homelessness rare, brief, and non-recurring, and use of best practices for provision of services.

**Process for awarding ESG funds to state recipients and how the state will make its allocation available to units of general local government, and non-profit organizations, including community and faith-based organizations**

MHDC will conduct annual application trainings and will be available for any application questions. Once the applications are received, MHDC will score each application based on the criteria listed above and will make recommendations to the Department of Social Services and MHDC Commissioners. The recommendations will be based on the state allocation plan approved annually for ESG funds.

**Resource Allocation among Funding Categories**

Missouri will allocate ESG funds as required under McKinney-Vento as amended by the HEARTH Act. The allocation of ESG funds will be informed through consultation with each Missouri Continuum of Care. Consultation with each CoC will take place through the Governor's Committee to End Homelessness (GCEH) meetings which include representation from all Missouri CoC's and through MHDC participation at the local meetings of each Missouri CoC.

**Threshold Factors and Grant Size Limits**

Grant funds will be awarded according to the approved allocation plan. Entitlement areas receiving their own ESG allocation directly from HUD will be limited in the amount of funding they will be eligible to apply for from the state allocation.

**Expected outcome measures as a result of the method of distribution**

With an emphasis on performance, each ESG grantee will be held to the outcome and performance measurements established by their respective Continuum of Care as

required by the HEARTH Act. Outcome measures will be developed through consultation with each Missouri Continuum of Care through discussion within the GCEH meetings and at the respective meetings of each Missouri CoC. The consultation with each CoC will assist in developing outcomes that are appropriate for all target populations, including but not limited to survivors of domestic violence, homeless youth, and chronically homeless individuals. All agencies funded with ESG funds are required to enter into the HMIS of their CoC unless they are a victim services provider who must enter data into a comparable database. All funded agencies must contribute data to the annual CAPER.

### ***Distribution Methods – CoC***

Continuum of Care (CoC) Funding is a funding source designed to assist programs providing Permanent Housing, Rapid Rehousing, and HMIS providers with funding for individuals experiencing homelessness. It is also comprised of renewals to “legacy programs” which included past Supportive Housing Program (SHP), and Shelter Plus Care funded projects. The BoS CoC is not an IDIS reporting program.

### **Application Selection Criteria**

For the Balance of State (BoS), The majority of criteria utilized were based off of Opening Doors: The Federal Strategic Plan to End Homelessness. This included targeting assistance to specific subpopulations such as prioritizing services to individuals who are chronically homeless, providing Rapid Rehousing to Families, and assistance to Veterans. Other factors were to increases in employment rates, mainstream benefit acquisition, outreach plans, and mainstream benefit acquisition. Criteria for this program also included timeliness of paperwork, Housing First program components, participation within the Coordinated Entry process, and participation within the Continuum of Care meetings.

### **Describe how resources will be allocated among funding categories.**

The BoS CoC currently uses a two tier process. Funding will be allocated in regards to system performance, and priorities as established by the CoC. A portion of funds will be reallocated from programs leaving unspent funds based on the CoC policy on Reallocation. A review committee makes final determinations on funding amounts and tier position.

### **Threshold Factors and Grant Size Limits**

Minimum threshold requirements for Renewal programs under the CoC include meeting the minimum eligibility, capacity, timeliness, and performance standards, as well as

willingness to accept Technical Assistance. The BoS follows the threshold standards outlined in the CoC NOFA each year.

### **Expected outcome measures as a result of the method of distribution**

The Balance of State CoC expects to see an increase in the housing stability, Income, and mainstream resource acquisition. Specifically, the CoC expects to maintain stability in 88% of PSH clients, Increase the amount of individuals employed to 20%, and to increase the amount of individuals who raise the amount of non -employment benefits to 40%.

### ***Distribution Methods – HOPWA***

The Section for Disease Control and Environmental Epidemiology within the Missouri Department of Health and Senior Services (MDHSS) has provided Ryan White Part B funded services and access to care for Missourians with HIV disease since 1986. The grantee receives federal funds (CDC prevention funding, Ryan White Part B and HOPWA funding) and state general revenue funds to provide leadership and contractual efforts to maintain a system of case management, core medical services and support services throughout the state to persons living with HIV disease. Healthcare Strategic Initiatives (HSI) is the MDHSS fiscal intermediary agent providing direct payment for Ryan White Part B, HOPWA and ADAP services. This contractual agreement has been in place since 1994 and has a proven record of accuracy, efficiency, with timely and quality services. The HOPWA formula region is considered “Outstate” in Missouri, which are 114 counties total other than 7 counties in the Kansas City region and 6 counties in the St. Louis region. The major metropolitan areas, St. Louis and Kansas City, receive their own competitive HOPWA funding so collaboration with these programs is necessary to ensure no cross payments occur between grantees. The HOPWA program provides housing assistance to Missouri residents living with HIV/AIDS and their families in the non-metropolitan and extreme rural regions in Missouri who are enrolled in the Ryan White Case Management program.

In Missouri, Ryan White HIV Medical Case Management is available to all HIV diagnosed individuals that are at or below 300% of the Federal Poverty Level. Ryan White Part B funded case managers perform all eligibility requirements for enrollment into the case management system of care. Part of the assessment process is to identify needs that are unmet for core services; payer sources, income, medications and supportive services that include housing assessments to identify clients with a housing need to prevent homelessness. Most clients who are enrolled in the Ryan White HIV Medical Case Management system enter at a level of no income, very low income or low income, and

will be referred to programs to meet their identified unmet needs. If housing assistance is identified as an unmet need the required housing plan can be created while the client is present so it is a collaborative effort with actions steps for the client to achieve. The documentation process is entered through a client statewide electronic database that many other Ryan White service providers also use to collect client level data for core and support services. This enables the case manager to quickly and efficiently document all relevant information regarding the client for future reference to ensure the most accurate information is available in the system. For direct housing entities not using the statewide database clients are referred directly to the agency including but not limited; to Section 8, Shelter Plus Care, Emergency Shelter Grant, and other state and local resources.

The Case Management program also provides a Positive Start program to enroll HIV positive inmates to prepare them for release and access to care in Missouri. There are three Transitional Case Managers (TCM) strategically located in Missouri that can access the prison systems. The Positive Start Program is a time limited intensive case management service that assists state incarcerated PLWH/A to gain and maintain access to a range of medical, social, family, and support services to become self-sufficient upon their return to the community. The Positive Start Program consists of two phases. The two phases are Transitional Connections and Outside Connections. Transitional Connections begins six months prior to scheduled release and includes planning for access to HIV medical care, medication adherence counseling, consultation on healthy lifestyles, and prevention counseling. Outside Connections begins upon release and includes intensive medical case management for up to six-month post release. Resources will be identified to ensure access to medical care and support services to assist the ex-offenders. PLWH/A clients can be referred to medical or non-medical case managers after this six month post release period, if needed.

For any related housing needs other than HOPWA STRMU or TBRA, Ryan White funding is accessed as a leveraging source to ensure the availability of HOPWA funds for direct housing costs. The Ryan White assistance is identified in the same way through assessment and housing plans when the client meets with their HIV case manager and serves as a stop gap measure to ensure stable housing for all clients. Having the same case manager serve the client for all of their HIV needs supports the continuum of care model Missouri has created.

The MDHSS collaborates with and provides technical assistance to community based organizations, medical and non-medical providers and other Ryan White funded programs. Of the clients currently enrolled, 84% are below 100% of the Federal Poverty

Level. HOPWA provides tenant based rental assistance and short term rent, mortgage and utility assistance for a limited number of families who live in rural communities throughout the state of Missouri who have limited or no resources or are unable to qualify for other programs due to prior poor rental history or criminal background. The program also focuses on short-term mortgage temporary assistance for homeowners experiencing immediate difficulty meeting their mortgage payment, which occurs when a working PLWH faces illness and resultant loss of employment income. The HOPWA program funding provides no supportive services, housing placement, housing development, administration, or management services. The State of Missouri does not have any project sponsors.

### ***Distribution Methods – CDBG***

#### **General Requirements**

- 1) Eligible Applicants: The State will distribute an estimated \$20,500,000 in FY2017 CDBG funds to "units of general local government" in non-entitlement areas (incorporated municipalities under 50,000 and counties under 200,000). Cities and counties in Missouri that are not eligible for these non-entitlement funds are: Blue Springs, Columbia, Florissant, Independence, Jefferson City, Joplin, Kansas City, Springfield, St. Charles (city), St. Joseph, Lee's Summit, St. Louis (city), Jefferson County and the cities within Jefferson County who have elected to participate in the County entitlement program (Arnold, Pevely, Herculaneum, Festus, Crystal City, Kimmswick, De Soto, Olympian Village, Hillsboro, Byrnes Mill), St. Charles County and the cities within St. Charles County who have elected to participate in the County entitlement program (Cottleville, Dardenne Prairie, Lake St. Louis, St. Paul, St. Peters, Weldon Spring, and Wentzville), St. Louis County, and the cities within St. Louis County who have elected to participate in the County entitlement program (Ballwin, Bella Villa, Bellefontaine Neighbors, Bellerive, Bel-Nor, Bel-Ridge, Berkeley, Beverly Hills, Breckenridge Hills, Brentwood, Bridgeton, Calverton Park, Charlack, Cool Valley, Country Club Hills, Dellwood, Edmundson, Ellisville, Eureka, Fenton, Ferguson, Flordell Hills, Glen Echo Park, Glendale, Greendale, Hanley Hills, Hazelwood, Hillside, Jennings, Kinloch, Kirkwood, Mackenzie, Maplewood, Maryland Heights, Moline Acres, Normandy, Northwoods, Norwood Court, Olivette, Overland, Pagedale, Pasadena Hills, Pasadena Park, Pine Lawn, Richmond Heights, Riverview, Rock Hill, St. Ann, St. John, Sycamore Hills, University City, Uplands Park, Valley Park, Velda Village, Velda Village Hills, Vinita Park, Vinita Terrace, Webster Groves, Winchester, and Woodson Terrace).

Eligible Activities: Section 105(a) of the Community Development Act and HUD regulations specified the activities that are eligible for CDBG assistance. A general listing of eligible activities is below, and a detailed description is provided in 105(a) of the Act and in 24 CFR

570.482. While all activities may be eligible, some program categories may prioritize the funding of some activities:

DRAFT

1. Property Acquisition
2. Property Disposition
3. Property Clearance
4. Architectural Barrier Removal
5. Senior Center
6. Community Facilities
7. Centers for the Handicapped
8. Historic Properties
9. Water Treatment
10. Sanitary Sewer Collection
11. Storm Sewers
12. Flood and Drainage Facilities
13. Streets (or Roads)
14. Street Accessories
15. Parking Facilities
16. Bridges
17. Sidewalks
18. Pedestrian Malls
19. Recycling or Conversion Facilities
20. Parks and Recreation Facilities
21. Fire Protection/Facility Equipment
22. Solid Waste Disposal Facilities
23. Other Utilities
24. Public Service/Supportive Services
25. Rehabilitation of Private Residential Properties
26. Rehabilitation of Public Residential Properties
27. Payments for Loss of Rental Income
28. Relocation
29. Code Enforcement
30. Energy Use Strategy
31. Non-Federal Share Payment
32. Interim Assistance
33. Planning
34. Commercial or Industrial Facilities
35. Administration
36. Engineering/Design
37. Housing Rehab Inspection
38. Engineering/Construction Inspection
40. Audit

41. Port Facility
42. Airports
43. Natural Gas Lines
44. Electrical Distribution Lines
45. Rail Spurs
46. Security Lighting
47. Other Professional Services
48. Security Fencing
49. Site Preparation
50. Purchase Land/Building
51. Facility Construction Renovation
52. Machinery/Equipment
53. Working Capital
54. Sewage Treatment
55. LDC Homeownership Assistance – up to \$15,000 to purchase a new home
56. Legal
57. 911 Emergency Systems
60. Homeowners Assistance – up to \$5,000 to purchase an existing DSS home
61. Lead-Based Paint Evaluation
62. Asbestos Removal
63. Job Training\*
64. Home-Ownership Counseling
65. Substantial Reconstruction of private residential properties on same lot – up to \$15,000
66. Water Distribution
67. Lead Reduction NOT incidental to rehab
68. Asbestos Inspection

\*Job training activities must be approved by the Division of Workforce Development or the Workforce Investment Board.

Ineligible Activities are as follows:

- a) Maintenance or operation costs. \*\*
- b) General government expenses.
- c) Political activities.
- d) Improvements to city halls and courthouses, except those required to meet the Americans with Disabilities Act.
- e) Purchase of equipment, except for fire protection, public services, landfills, or recreation.
- f) Income payments, except for loss of rental income due to displacement.

- g) Application preparation costs or a bonus award for writing a successful application.
- h) Religious purposes.

**\*\* Maintenance and Operation Costs:** Any cost that recurs on a regular basis (generally, less than five years) is considered a maintenance or operation cost, therefore ineligible for CDBG assistance. It is the responsibility of the applicant to provide these revenues from user fees or taxes. Additionally, if such maintenance or operation revenues are not sufficient to adequately support a facility or service assisted by CDBG funds, the project will not be awarded. The determination whether such revenues are sufficient will be made by the applicant’s professional engineer, the Department of Natural Resources (for related projects), and/or DED. The preliminary engineering report required for all public works projects should discuss the revenues available for operation and maintenance of the facility or service.

- 2) **Application Submission:** Only one application may be submitted in any individual category by a city or county on behalf of itself. A city may submit one other application for activities to be carried out on behalf of a sub-recipient public body or an incorporated non-profit agency. A county may submit two other applications for activities to be carried out on behalf of a sub-recipient public body or an incorporated non-profit agency. In all instances, the application must represent the applicant's community development or housing needs. An applicant (or sub-recipient) must have legal jurisdiction to operate in (or serve) the proposed project area (or beneficiaries). Proof must be submitted with the application. As the grantee, the city or county has final responsibility for the project implementation and compliance. There is no limit on the number of applications that may be submitted for economic development and emergency projects. The State reserves the right to place a limit on grants under its interim financing program. All applications must be submitted on forms prescribed by DED and in accordance with the guidelines issued for each program. While an applicant may be selected as a grantee, the final grant amount and scope of activities may be modified by DED.
- 3) **Application Request Limits:** The following are the minimum and maximum amount of funds an applicant may request per application:

Application Category	Minimum application amount	Maximums
Water and Wastewater	\$10,000	\$500,000 or \$5,000/\$7,500household (see

Eng. facility plan/plans & specs grants	\$5,000	water/wastewater section for details) <b>80% of amount equal to ASCE table, not to exceed \$50,000</b>
Community Facility	\$10,000	\$350,000 or \$5,000/household
Early Childhood Education	\$10,000	\$1,000,000 or \$5,000/household
General Infrastructure	\$10,000	\$500,000 or \$5,000/household
Demolition	\$10,000	\$125,000 for residential demolition only \$250,000 including commercial demolition
Microenterprise/Redevelopment RLF	\$10,000	\$150,000 or \$15,000/job
Emergency	N/A	\$500,000 or \$5,000/household

#### NOTES RELEVANT TO PROGRAM CATEGORIES

- For economic development, the maximum CDBG funds allowed per project, combining the Industrial Infrastructure grant and Action Fund loan, may not exceed \$2 million. The maximum CDBG funds (not including float loans) outstanding for any company (or related companies, including parent, subsidiaries, or ownership of 51% or more in a company), regardless of location in Missouri, may not exceed \$3 million. The amount outstanding is based on the principal amount remaining for loans, or, for infrastructure grants, the original grant amount with a 10-year declining basis.
- Housing demolition only applications are limited to \$125,000; if commercial demolition is included the maximum application is raised to \$250,000. Commercial demolition only is also set at a maximum of \$250,000. For commercial properties in the demolition application, the owner of the commercial property is responsible for 20% of the demolition costs for that property. All properties must be vacant and infeasible to rehabilitate.
- Engineering facility plan/plans and specs applications must meet LMI national objective and project must be listed on Missouri Department of Natural Resources Intended Use

Plan or have a USDA Rural Development letter of conditions. An invitation to apply must be obtained from DED prior to submission of application.

**Low and Moderate Income Requirements:**

- a) Low and moderate income (LMI) is defined for the CDBG program as 80% of the median income of the county. The most recent available HUD Section 8 income limits specified by county are applicable to the CDBG program.
- b) At least 51% of the beneficiaries of a public facility/public project activity must be low and moderate-income (LMI) persons and families, and 100% of the beneficiaries of housing activities must be LMI. At least 51% of the hookups of a project funded under the water and wastewater category must also be residential. At least 51% of the beneficiaries of economic development projects must be low and moderate-income persons.
- c) Emergency projects must meet the test of Section 104(b)(3) of the Act which states *"...activities which the grantee certifies are 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) Funding for certain projects may utilize the **limited clientele** criteria outlined in the regulation for meeting the required national objective criteria. Those persons defined as limited clientele are automatically considered to be primarily (51%) LMI. Further guidance can be found at 24 CFR 570.208 of September 6, 1988, and published state guidelines.
- e) The estimated amount of CDBG funds which will benefit LMI persons is \$18,085,000 or 94.2% of the non-administrative allocation for FY2017. HUD requires that a minimum of 70% of the state’s annual allocation be awarded on projects benefiting primarily LMI persons; however, Missouri has certified that it will meet the 70% LMI benefit requirement in aggregate over the three year period 2014 - 2016. The 2016 percentage is derived by the following calculations:

<b>Total Grant</b>	<b>\$20,500,000</b>
State Administration	- \$510,000
State Technical Assistance	- \$205,000
Estimated local administration	- \$600,000
<b>Total non-administrative funds</b>	<b>\$19,185,000</b>

<b>Non-LMI Benefit</b>	
Emergency - Urgent Threat	\$500,000
Demolition - Slum/Blight	\$600,000
<b>Total non-LMI benefit</b>	<b>\$1,100,000</b>
<b>LMI Benefit</b>	
Total non-administrative funds	\$19,185,000
Total non-LMI benefit	- \$1,100,000
<b>Total LMI benefit</b>	<b>\$18,085,000</b>
Total non-administrative funds	÷ \$19,185,000
<b>Percent total estimated LMI benefit</b>	<b>94.2%</b>

4) Performance Requirements for Grantees:

- a) Any grantee with a delinquent audit for any year, whether or not the grant is closed, is ineligible to apply for funding. This applies to all CDBG categories. The exception to this is for those counties that have delinquent audits, but are audited by the State Auditor's office. Also, a grantee with any **open** project awarded prior to March 15, 2015, which is not **closed** by March 15, 2017, is ineligible to apply in **any** FY2017 funding category. All documentation necessary for close-out must be received by March 1, 2017. This may apply to the grantee or the on behalf of applicant(s), whichever is applicable.
- b) All CDBG applicants will be required to submit a Schedule of Projected Expenditures as part of the CDBG application process. This schedule outlines by quarter and by activity the estimated timeline for expenditures of the grant award, if selected for funding. If awarded funding, grantees are required to submit any updates to expenditure projections on a quarterly basis, or in any event where the original timeline for full expenditure will be revised to a future date.
- c) CDBG grant agreements will have a specified end date; this end date will be three years from the award date of the grant. If the grant is not completed by the end of the three year period, the grantee must:
  - i. deobligate any remaining funds, or
  - ii. request a one year extension from DED. This extension must be for cause, and documentation as to why the project was not completed within the required three year period must accompany the request. **Extensions are not automatic.** DED will grant no more than two one-year extensions to a project.

- 5) In addition, a grant applicant with a current project which has an outstanding monitoring finding made prior to February 1, 2017 and notified of by February 15, 2017 and which is unresolved at the time of application deadline, will have a five-point deduction made in the scoring of the application. Additional points may be deducted for missing application forms or other required application steps. Certain applications deficiencies may result in ineligibility. A list of all potential deficiencies, resulting in point deductions or ineligibility, will be provided as part of the application.
- 6) Contingent Funding: If an applicant proposes other state, federal, local, or private funds, or any other contingency item, **which are unconfirmed at the time of application**, they will be ineligible for FY2017 funds, except for otherwise specifically categories. The only other exceptions are bond elections, tax credit donations, and where referenced in the categories in the application. Applicants should notify DED of election results within a week of the election. If election fails, the application will be withdrawn from the consideration.
- 7) Affordable Rents: The state must provide criteria for *affordable rents* according to CFR 570.208(a)(3) as published September 6, 1988. The state will use HUD's Section 8 assisted Housing Program Fair Market Rents for this purpose.
- 8) First-time Homebuyer: The term first-time homebuyer means an individual or an individual and her or his spouse who have not owned a home during the prior 3-year period. A first-time homebuyer may purchase a home with CDBG downpayment assistance, except that:
  - a) Any individual who is a displaced homemaker may not be excluded from consideration as a first-time homebuyer under this guideline on the basis that the individual, while a homemaker, owned a home with her or his spouse or resided in a home owned by the spouse;
  - b) Any individual who is a single parent may not be excluded from consideration as a first-time homebuyer under this guideline on the basis that the individual, while married, owned a home with her or his spouse or resided in a home owned by the spouse; and
  - c) An individual shall not be excluded from consideration as a first-time homebuyer under this guideline on the basis that the individual owns or owned, as a principal residence during such 3-year period, a dwelling unit whose structure is –
    - i. not on a permanent foundation in accordance with local or other applicable regulations, or
    - ii. not in compliance with state, local, or model building codes, or other applicable codes, and cannot be brought into compliance with such codes for less than the cost of constructing a permanent structure, or
    - iii. a mobile home, not attached to a permanent foundation, and which is not considered real estate by the state.

The household may not own another residence even if that residence is rented.

In addition, recovering victims of catastrophic loss (e.g., the death of the family's principal wage earner, a failed self-employment business situation, loss of employment due to factory shutdown or an employer's reduction in force), victims of domestic violence that are legally separated from their spouses, and households who have purchased a home on a contractual basis but would otherwise qualify are also eligible as first-time homebuyers.

- 9) Displacement Policy: The state will discourage applicants from proposing displacement, unless a feasible alternative exists. Alternatives will be reviewed for feasibility, and technical assistance will be provided to applicants in order to minimize displacement. If displacement must occur, assistance under one of the following will be provided, depending upon the circumstances: the Uniform Relocation Assistance and Real Property Acquisition Act of 1970, as amended; Section 104(d), Section 104(k), or 105(a)(11) of the Housing and Community Development Act, as amended.
- 10) Program Income: Program income is the gross income received by a grantee or its sub-recipient from any grant-supported activity.
  - a) Program income includes, but is not limited to:
    - i. Income from fees for services performed;
    - ii. Proceeds from the sale of commodities or items fabricated under a grant agreement;
    - iii. Income from the sale or rental of real or personal properties acquired with grant funds;
    - iv. Payments of principal and interest on loans made with grant funds, including payback on deferred loans.
  - b) If interest is earned on grant funds for any calendar year, the interest must be returned to the U.S. Treasury through DED.
  - c) Uses of program income:
    - i. Program income shall be used prior to draw down of additional active grant funds unless a reuse plan has been approved prohibiting same;
    - ii. Used in accordance with requirements of Title I of the Housing and Community Development Act;
    - iii. If generated by activities other than economic development loans, the expenditure shall be used for block grant eligible activities as approved by the state; and
    - iv. Program income generated by economic development loans shall be returned to the state.

- d) Local governments shall report the receipt and expenditure of program income to the Department of Economic Development as of June 30 and as of December 31 of each year, within fifteen days after each date.

11) Professional Services: An applicant has the option to select their engineer, architect, or administrator for their CDBG project prior to the preparation of an application or after a grant is awarded. They must, however, comply with state established procedures in their procurement practices if CDBG funds are to be used to finance such services. If the services are engineering or architectural, an applicant must comply with RSMo 8.285-8.292, unless a similar policy has been enacted by the applicant. If CDBG funds will be used for such professional services, there will be a maximum cost based on prescribed standards as follows:

- a) Engineering Design – standards set by ASCE Manual #45, pages 37 to 42. Engineering costs calculated per Table A or B (from this manual) should depend on the complexity of the project.
- b) Architectural Design – 10% of construction costs.
- c) Construction Inspection – 75% of the cost of engineering design (a) or architectural design (b).
- d) Administration - 4% of the non-administrative CDBG project costs plus \$10,000 (water/wastewater, community facility, demolition); 4% of the non-administrative CDBG project costs plus \$10,000 (economic development industrial infrastructure); up to 4% of the non-administrative CDBG project costs plus \$10,000 (emergency – DED has discretion to offer up to the maximum administration which will depend on the complexity of the project and the relevance of all compliance areas ); 4% plus \$5,000 (microenterprise). There are no administration funds offered from CDBG for engineering plans and specification or planning projects. These amounts represent the maximum amounts available for CDBG projects. The state reserves the right to apply less money to a project of low complexity. It is not DED policy to include administration funding on loan projects (Action Fund, Speculative Building, Interim Financing). Administrative costs related to loan projects are generally a local responsibility.
  - i. Administration funding includes **all** components of CDBG grant administration including, but not limited to, environmental review, financial management, procurement, contract management, labor standards, and equal opportunity/fair housing.
  - ii. If a grantee wishes to commence the environmental review process prior to grant approval, but wants those costs to be eligible for CDBG if the project is funded, the grantee must pre-select a grant administrator in accordance with CDBG procurement requirements, who will then either prepare the environmental review

or subcontract it to another firm or individual. If the project is awarded CDBG funds, and this procurement of grant administrator meets minimum CDBG requirements, the portion of the administration cost related to environmental review will then be an eligible CDBG cost. If the project is not awarded CDBG funds, any such costs are the responsibility of the grantee.

- e) Audit – as required.
- f) Other Professional Services – negotiated.
- g) Demolition inspection – \$425/unit

Note: One firm or any principal or employee thereof cannot perform both engineering and administrative services on the same grant, regardless of source of payment. Professional services amounts will be based upon and approved for CDBG activities only.

Grantees may use their own procurement procedures, which reflect applicable state and local laws and regulations, provided that the procurement conforms to federal procurement regulations: 2 CFR 200, with the exception of the more stringent maximum threshold for small purchases, which remains at \$25,000, consistent with 34 RSMo (the stricter of the two will apply).

12) Timely expenditure of funds. HUD measures the:

- Obligation rate of funds (95% @ 12 months and 100% @ 15 months) and,
- Expenditure rate of funds (a percentage of the amount of funds available in the line of credit as compared to the total annual award amount; not to exceed 2.0-2.5)

The State achieves the required obligation ratios. However, the State does not always achieve the targeted expenditure rate of 2.0-2.5 measured at each month-end. It is imperative that recipient communities draw and spend the funds in a responsible time period. This requires close attention to project management.

13) Department of Economic Development direction, outcomes, and desired uses of funds:

- Priority for CDBG will be those projects making an economic impact to the community: increased jobs, increased private investment, and/or increased local revenue streams;
- Flexible, eligible uses of CDBG funds to meet the demands of the difficult and changing economic climate are important. The public is encouraged to suggest program opportunities consistent with the priorities listed above, and the Department may enlist them as amendments to this plan.

## **CDBG FUNDS DISTRIBUTION**

14) Distribution Among Categories: The estimated amount of CDBG funds the state will receive from the Department of Housing and Urban Development for FY2015 is \$20,789,141.

<b>Category</b>	<b>Allocation</b>	<b>Percentage</b>
Water and Wastewater	7,500,000	37%
Community Facility	3,000,000	15%
Demolition	600,000	3%
General Infrastructure	3,000,000	15%
Emergency	500,000	2%
Economic Development	5,185,000	25%
State Administration	510,000	2%
State Technical Assistance	205,000	1%
<b>TOTAL</b>	<b>\$20,500,000</b>	<b>100%</b>

- a) Categorical Adjustment - The Department of Economic Development retains the ability to transfer up to 10% of the total CDBG allocation for use as needed among categories. An adjustment of more than 25% of the total allocation, or the creation/elimination of a category will require a substantial amendment of this plan. The amount for state administration may not exceed \$100,000 plus 2% of the total allocation. The Department reserves the right to allocate up to 1% of the total annual amount for technical assistance activities in accordance with the Department Housing and Urban Development regulations.

Should CDBG funds be used in a statewide initiative (restricted to areas eligible for State CDBG and meeting a national objective), funds may be transferred to existing application categories (up to 25% of total annual allocation) and may be used in a different funding cycle (competitive or open cycle) without requiring a substantial amendment. Funds used in this manner may also be subject to a different maximum per project.

Other Funds Distribution - Funds recaptured or otherwise reallocated from a previous fiscal year CDBG, state and HUD allocation may be allocated to any program category as determined by the Department. DED reserves the right to increase any category listed in the chart above with available program income and/or recaptured funds from prior

year allocations by adding to the amount available at the deadline or accepting applications on an open cycle basis, pending availability and timing of those recaptured funds. Any additional funding added to a category may result in increased thresholds such as amount per household or amount per project.

- b) Program income may be added to any project category as needed. Program income received from interim financing projects shall be used to honor previous funding commitments. The state may use up to 2% of all program income for state administration.
- c) The maximum amount of FY2017 funds that will be awarded for Interim Financing projects will be \$10,000,000 for 12, 18, and 24-month loans. The Department may extend the individual term of any interim financing loan beyond the agreed upon period subsequent to the Department's written determination and justification of the need for and feasibility of such an extension. The total amounts of CDBG funds committed to interim financing projects will not exceed \$12,000,000, in aggregate (including past years' allocations), regardless of any extensions of the loan term.
- d) In the event the amount received from HUD is different from the amount identified in this document, the difference will be reflected as closely as feasible to the percentages above.

15) **Selection Criteria by Category:** The criteria used to select the projects in the various CDBG programs are presented below. Detailed guidance is provided in application materials developed for each program.

## General Application Definitions

**NEED** refers to the extent to which adequate documentation supports the actual demand.

**IMPACT** refers to the extent to which the project impacts a significant portion of the population defined in need.

**LOCAL EFFORT** measures the extent to which local support is offered to the project as compared to what is available to offer.

**PAST EFFORTS** are defined as all previous actions taken by the applicant to address the need.

**HEALTH AND SAFETY** measures the relationship between actual existing or the likeliness of the potential of physical harm to the population defined in the need. Third party documentation rather than general statements enhances the scoring in this category.

**STRATEGY** is the extent to which the method chosen to fix the problem represents the most efficient and effective solution while maintaining a direct relationship to solving the need. A clear, fair representation of examination of alternatives leading to the final strategy chosen is requested with each application.

**RESILIENCE** is defined as the ability to anticipate, prepare for, and adapt to changing conditions and withstand, respond to, and recover rapidly from disruptions. Such disruptions may include, for example, a local drought, a precipitous economic change, social unrest or riots, short-term or intermittent failure or under-performance of infrastructure such as the electrical grid. Resilience may be incorporated into the project strategy.

**COST EFFECTIVENESS** is measured as the extent the applicant has undertaken to evaluate the best possible cost for the result. This measure is often calculated as cost per beneficiary from total project costs and cost per beneficiary from CDBG costs only.

**OPERATION AND MAINTENANCE** is measured by the actual documented process for which a budget, experienced personnel, and written plan are available and provided in the application.

**PROJECT READINESS** is measured by the actual upfront administrative work completed that provided the ability of the project to begin immediately after award.

**LEVERAGING** is defined as the percentage of local funds dedicated to the project in relation to what the applicant's budget/financial statement shows.

**IN-KIND CONTRIBUTION** is defined as the non-cash local effort that is committed to the project by the applicant. A clear indication of value for labor and equipment should be included to substantiate the total amount offered.

**USE** is defined as the volume and frequency of use by the population benefiting from the project.

**REPETITIVE PROPERTY DAMAGE** is the actual number of times and the frequency (can be last 10 years) that damage has occurred.

**ECONOMIC IMPACT** refers to the impact that the completed project will have on the local economy. This consists of increased jobs, increased private investment, and/or increased local revenue stream. The project must contribute by positively impacting the conditions that allow these measures to increase.

**MEASURABLE OUTCOMES OR GOALS** is the degree to which the applicant has the ability to measure the impact and success. The need, strategy, and goals and ways to measure success should be intertwined and clearly represented in the application. For each application incorporating a resilience building component, a distinct series of measurable outputs and

outcomes related to the resiliency component must be included in the application and subsequently included in project reporting.)

**ENVIRONMENTAL IMPACT** is the degree to which the problem or need has a documented negative impact on the environment. Environment takes a broad definition that includes all of the issues related to the National Environmental Policy Act (NEPA) process.

**TMF NEED** stands for local need for technical, managerial, and financial capacity related to the operation of a water and wastewater system

**TMF CAPACITY INCREASE** is the extent to which the project will naturally cause an increase in the technical, managerial, and financial capacity related to the operation of a water or wastewater system.

**FUTURE SUSTAINABILITY** is the likelihood that the project will be functional and operational well into the future and will perpetuate its own growth.

## **Application Categories**

### ***Water and Wastewater – Construction funds***

Cycle – Open cycle based on availability of funding. Maximum award \$500,000 or \$5,000 per family benefitting, whichever is less. At Department discretion, for communities with fewer than 100 families benefitting, the maximum grant is \$500,000 or \$7,500 per family benefitting, whichever is less.

National Objective - Minimum 51% LMI benefit for community-wide or target area projects. LMI benefit may be documented by HUD census data or survey conducted in accordance with prescribed standards.

Eligible Activities - Water and wastewater activities only, including treatment, distribution, and collection. Normal operation and maintenance activities are not eligible. Projects must benefit 51% or more residential units.

Application Procedure - Applicants anticipating the use of state and/or federal funds to finance water or wastewater system improvements must complete a preliminary project proposal, consisting of a two-page summary and preliminary engineering report. Each project proposal

will be reviewed by the Missouri Water and Wastewater Review Committee (MWWRC). The MWWRC is comprised of the Missouri Department of Economic Development (Community Development Block Grant Program), Missouri Department of Natural Resources (State Revolving Fund), and the U.S. Department of Agriculture (Rural Development). The MWWRC review process will occur as follows:

- a) An original and five copies (**six total**) of the project proposal are submitted to one of the MWWRC agencies.
- b) Upon receipt, the receiving agency distributes the project proposal to the remainder of the MWWRC members.
- c) The committee meets monthly. Proposals received by the first of the month will be reviewed during that month's meeting.
- d) Following its review, the MWWRC will reply to the applicant by written correspondence. This correspondence shall include a summary of the MWWRC comments pertinent to the technical, operational, or financial aspect of the project proposal. Substantive comments by the MWWRC must be resolved prior to receiving a recommendation from the MWWRC. A recommendation from the MWWRC will state the appropriate agency or multiple agencies from which to seek financial assistance. However, a recommendation from the MWWRC does not assure funding from each appropriate agency. Each agency on the MWWRC will receive a copy of all correspondence stated above.
- e) Each funding agency will follow its own full application process. Applicants seeking funding from multiple agencies must submit a full application to each particular agency.
- f) If a full application varies significantly from the recommended project proposal, or if the facts have changed such that the feasibility of the proposed warrants further investigation, any member of the MWWRC may request that the project be reviewed again.
- g) Assistance will be recommended only to the extent necessary to complete project activities over and above local efforts, and for solutions considered appropriate and feasible by the MWWRC.

If a project proposal receives a recommendation from the MWWRC, a full CDBG application is required for submission. The following selection criteria will be used in reviewing the full application.

Selection Criteria – Applications scoring a minimum of 65 points will receive a recommendation for award.

The primary project review for water or wastewater is the MWWRC process, and consists of interagency financial and technical review by finance staff and engineers. Successful completion of the MWWRC process results in an award of 50 points to an application. CDBG staff will continue to evaluate the applications for completeness and missing documents.

16) *MWWRC Review (50 points)* – Applicants successfully completing the MWWRC process will receive 50 points, based on need for grant funding, project/engineering strategy and rate structure. Points include up to 5 points for resiliency component.

17) *Local Effort (25 points)*

0-15 pts – Leveraging: Leveraging is defined as the percentage of local funds dedicated to the project in relation to what the applicant’s budget/financial statement shows available.

0-05 pts – Taxes: Tax score is defined as the revenues or taxes the applicant receives divided by population and per capita income, and multiplied by 100.

0-05 pts – In-Kind Contribution: Points are awarded to applicants committing in-kind or non-cash related services to the project.

18) *Past (CDBG) performance (5 points)*

CDBG priorities for water and wastewater are defined as:

- Lack of existing needed facility (Tier 1 Priority): Needed facility represents elimination of a threat and safety and at the same time is offered to a community that has the TMF capacity to own it.
- System Failure (Tier 1 Priority): Not related to poor operation and maintenance; failure proven to the degree of documentation – DNR support.
- Obsolescence of an existing facility – not defined as “design life” (Tier 2 Priority): Asbestos pipe, lead, radionuclides
- Regulatory requirements which mandate improvements (Tier 2 Priority): Differentiate between abatement orders versus abatement due to poor operation and maintenance.
- Natural or manmade disaster (Tier 2 Priority): Defining manmade to include pollution or contamination, not poor operation and maintenance.
- Improper design of existing facility (Tier 3 Priority): Definition must include what it is causing.

- Significant and unexpected growth (Tier 3 Priority): Economic development driven, regionalization, and government driven.
- Comprehensive, strategic, or capital improvement plan (Tier 3 Priority)
- Inherent social/economic factors (Tier 3 Priority): Unemployment, age, LMI.
- Potential or anticipated growth (Tier 4 Priority)
- Improper maintenance (Tier 4 Priority)

**Pre-agreement costs** – DED encourages the earliest possible completion of the CDBG environmental review for water/wastewater projects. MWWRC proposals that include CDBG will be encouraged to commence the CDBG environmental review at the time of the initial response letter from the MWWRC. See Section 11(d)(ii) above regarding preselection of grant administration services, including environmental review preparation.

***Water and Wastewater – Engineering facility plan/plans and specs grants***

Cycle - Open cycle based upon availability of funds. Maximum \$50,000 or 80% of the ASCE table. **If an applicant is awarded a plans/specs CDBG grant and also a later grant for project construction, the maximum aggregate CDBG total is \$500,000. The amount of the plans/specs grant will be deducted from the maximum allowable on the project construction grant.**

National Objective - Minimum 51% LMI for community wide or target area projects. LMI benefit may be documented by HUD census data or survey conducted in accordance with prescribed standards.

Eligible activities – Allows for procurement of a professional engineer to complete the facility plan and plans and specifications necessary for progress in the State Revolving Loan Fund Intended Use Plan process to access loan funds, or must have a Letter of Conditions (LOC) from USDA-Rural Development. Applicants must be on the IUP or have the LOC from USDA and must demonstrate an inability to finance the engineering. Eligible costs include engineering costs only, no administration.

Selection Criteria –

19) *MWWRC Review (50 points)* – Applicants successfully completing the MWWRC process will receive 50 points, based on need for grant funding, project/engineering strategy and rate structure. Points include up to 5 points for resiliency component.

20) *Local Effort (30 points)*

0-15 pts – Leveraging: Leveraging is defined as the percentage of local funds dedicated to the project in relation to what the applicant’s budget/financial statement shows available.

0-05 pts – Taxes: Tax score is defined as the revenues or taxes the applicant receives divided by population and per capita income, and multiplied by 100.

0-10 pts – TMF and in-kind

Priorities for all Water/Wastewater Projects: Projects that have achieved a responsible level of local participation by pursuing their debt capacity; projects that have initiated a responsible rate structure that provide adequately for operation and maintenance, employee overhead, debt service, reserve, and emergency funding; projects that represent a solid history of operation and maintenance; projects that can indicate the use of CDBG funds will provide rate affordability; projects that meet threats to health and safety.

### ***Community Facility***

Cycle – Application deadline – April 1, 2017. Competitive process. Maximum \$350,000 or \$5,000 per family benefitting.

National Objective - Minimum 51% LMI benefit for community-wide or target area projects. LMI benefit may be documented by HUD census data, survey conducted in accordance with prescribed standards, or Limited Clientele if criteria met.

Eligible Activities – Community facilities include, but are not limited to, senior centers, technical education facilities, training facilities, daycare/early childhood education, community centers, sheltered workshops, recycling facilities, youth centers, 911, rural health clinics (facilities without dedicated state funding), telecommunications, shared spaces for the purposes of business development, group homes, transitional housing, special needs housing and all eligible activities designed to provide a service or group of services from one central location for a prescribed area of residents or users. This may include the infrastructure necessary to support the facility as well.

### Selection Criteria –

#### *21) Need (35 points)*

0-25 pts – Addressed Need for Facility including Description of proposed facility; lack of existing facility; health/safety/education/training

0-10 pts –Potential users; measure growth/decline for past 5 years

#### *22) Impact (35 points)*

0-20 pts – Strategy (up to 3 points for resilience component)

0-10 pts – Operation and Maintenance

0-05 pts – Project Readiness

**23) Local Effort (25 points)**

0-15 pts – Leveraging: Leveraging is defined as the percentage of local funds dedicated to the project in relation to what the applicant’s budget/financial statement shows available.

0-05 pts – Taxes: Tax score is defined as the revenues or taxes the applicant receives divided by population and per capita income, and multiplied by 100.

0-05 pts – In-Kind Contribution: Points are awarded to applicants committing in-kind or non-cash related services to the project.

**24) Past Efforts (5 points)**

0-05 pts – Past efforts are defined as all previous actions taken by the applicant to address the need.

***General Public Infrastructure***

Cycle – Application deadline – April 1, 2017. Competitive process. Maximum \$500,000 or \$5,000 per family benefitting.

National Objective - Minimum 51% LMI benefit for community-wide or target area projects. LMI benefit may be documented by HUD census data or survey conducted in accordance with prescribed standards. Slum/blight removal is also possible national objective.

Eligible Activities – Eligible activities which are not addressed with an existing CDBG funding category.

Priorities – Infrastructure activities meeting a defined and documented community need.

Selection Criteria –

**25) Need (35 points)**

0-07 pts – Health and Safety

0-07 pts – Number of Persons Impacted

0-07 pts – Documentation of Problem

0-07 pts – Economic Impact

0-07 pts – Measurable Outcomes or Goals

**26) Impact (35 points)**

0-10 pts – Strategy (up to 3 points for resilience component)

0-10 pts – Cost Effectiveness

0-10 pts – Operation and Maintenance

0-05 pts – Project Readiness

**27) Local Effort (25 points)**

0-15 pts – Leveraging: Leveraging is defined as the percentage of local funds dedicated to the project in relation to what the applicant’s budget/financial statement shows available.

0-05 pts – Taxes: Tax score is defined as the revenues or taxes the applicant receives divided by population and per capita income, and multiplied by 100.

0-05 pts – In-Kind Contribution: Points are awarded to applicants committing in-kind or non-cash related services to the project.

**28) Past Efforts (5 points)**

0-05 pts – Past efforts are defined as all previous actions taken by the applicant to address the need.

***Demolition (Residential/Commercial)***

Cycle – Application deadline – April 1, 2017. Competitive process. Maximum \$125,000 for residential demolition; \$250,000 if commercial demolition is included. The maximum for commercial demolition (without residential) is also \$250,000.

National Objective – slum/blight removal (spot basis).

A structure is blighted when it exhibits objectively determinable signs of deterioration sufficient to constitute a threat to health, safety, and public welfare.

Communities participating in this activity must, at a minimum, determine blighted structures by declaring the use of an existing dangerous building ordinance, building code level of violation or applicable occupancy or habitability designation and applying such ordinance, code violation, or designation in a manner consistent with the definition. The ordinance, code violation or designation must be applied to the specific structure, not to the area as a whole. The predominance of blight in an area does not allow blight to be assumed for each structure inside the area.

Eligible activities – Demolition, demolition inspection, asbestos inspection, asbestos removal, administration.

Threshold Criteria - The Section 106 review (with SHPO) must be completed prior to application submission.

Selection criteria:

1) **Need and Impact (45 points)**

0-20 pts – Number of units proposed compared to total dilapidated units, both occupied and vacant (2D/D+DX)

0-20 pts – Number of units proposed compared to the total number of vacant dilapidated units (2D/DX)

0-05 pts – Number of units proposed for demolition as a percent of total vacant units (2D/total X)

2) **Community Assets/Efforts (10 points)**

0-04 pts – Past clean up activities by community

0-02 pts – Community organizational participation in this project

0-04 pts – Applicant's future actions to control property maintenance and unsafe structures long term plan

3) **Leveraging (15 points)**

0-15pts – Document \$1,000 cash or in-kind match for each unit proposed for demolition

Commercial property owners must commit 20% of the demolition costs of their structure in writing as a cash commitment

4) **Strategy (30 points)**

0-10 pts – Interest of applicant and property owners; code enforcement

0-05 pts – Demolition need vs. other strategies; overall strategy

0-10 pts – Project readiness; ready to start/capacity to complete

0-05 pts – Size/cost/hazardous waste (especially asbestos) identified; cost effectiveness

***Emergency***

Cycle – Open cycle based on availability of funding.

Minimum criteria (other than items previously mentioned in this document) - The need must be a serious threat to health or safety, be immediate, have developed or greatly intensified within

the past 18 months, and be unique in relation to the problem not existing in all other communities within the state. Natural disasters are allowable under this program. Also, the applicant must lack the resources to finance the project. Only the **emergency** portion of a project will receive assistance. The applicant must exhaust its resources before CDBG funds may be used.

### ***Economic Development***

Cycle – Open cycle based on availability of funding. Approval is based on compliance with eligibility criteria and availability of funds. The minimum eligibility criteria stated below will vary on different types of businesses based on the projected economic impact, such as proposed wages, spin-off benefits, and projected industry growth. The specific eligibility criteria for each type of business will be stated in the program guidelines. When multiple CDBG funding tools are used for a project, CDBG funding from all programs is limited to \$25,000 per job. For purposes of any CDBG economic development project, a “start-up” company is defined by DED as being a company with a financial history of three years or less.

**Economic Development Industrial Infrastructure** - Grants for the improvement of public infrastructure, which cause the creation or retention of full-time permanent employment by a private company(s) benefiting from the infrastructure.

CDBG funding is limited to \$20,000 per job to be created, and a maximum grant of \$2 million. For CDBG Industrial Infrastructure applications in which the participating company meets the definition of a “start-up company” (as defined by DED), the maximum allowable CDBG award will not exceed the lesser of:

- 50% of the cost of the public infrastructure activity(ies),
- \$20,000 per job to be created, or
- \$350,000

For all CDBG industrial infrastructure projects, see below for required local government financial participation.

The use of CDBG funds in Economic Development projects is not an entitlement and the per job maximums and total grant maximums are measures **not to exceed**. All projects will be evaluated on the least amount necessary to achieve the deal.

In addition, an assisted company must pledge and document private investment toward the total project costs (public and private costs combined) in an amount no less than the CDBG funds awarded for the project.

Local government grantees are required to participate financially in the public infrastructure to

the maximum extent possible within their means. That amount may be no less than 15% of the total CDBG funding requested from DED. The 15% may be provided in a combination of cash or in-kind. It may be used for the same public infrastructure activity as proposed for CDBG or it may be documented from another public infrastructure activity necessary to support, and included in, the same defined project for the same company location or expansion.

The local government participation must be committed by letter at the proposal stage, if applicable and, or by resolution in the application. In addition, please see above restrictions on the maximum amount available when the participating business is a start-up company.

If the local government does not have the funds to meet the 15% requirement or does not have a means to access the funds, documentation and a request may be provided to DED to waive this requirement. DED reserves the right to accept or deny any waiver request and limit its participation to no more than 85% of any public infrastructure cost, regardless of the formula calculation of benefits.

The Department has established manufacturing industries as the priority beneficiary of economic development infrastructure funding. However, certain service industries and incubators are eligible to participate in economic development infrastructure projects. Retail firms are not eligible to participate.

The use of CDBG economic development infrastructure funding is generally limited to publicly owned infrastructure. However, privately owned infrastructure may be addressed with CDBG funding when 1) regulated as a public utility; 2) is a unique circumstance when private funding is unavailable to address the infrastructure; and 3) the project will result in high impact to the local economy in terms of job creation and private investment.

**Missouri Rural Economic Opportunities Infrastructure Grant** - Grants for public infrastructure (including facilities if the facility is either publicly or nonprofit owned) for projects intending to facilitate significant transformation of the local economy and the creation or retention of full time permanent employment by a private company benefitting from the infrastructure. The development must be unique to the region and must:

- Include activities that add value to the existing economic circumstances and create jobs and investment, and
- Use existing assets of the local economy and transition those assets in such a manner that creates jobs and investment and
- Add a technological component to an asset of the local economy and
- Include either a federal partnership/participation or university partnership/participation.

CDBG funds are limited to \$50,000 per job created, and up to a maximum of \$1 million CDBG participation per project. CDBG funds may not be the majority share of funds in the total project costs.

Local government grantees are required to participate financially in the public infrastructure to the maximum extent possible within their means. That amount may be no less than 15% of the total CDBG funding requested from DED. The 15% may be provided in a combination of cash or in-kind. It may be used for the same public infrastructure activity as proposed for CDBG or it may be documented from another public infrastructure activity necessary to support, and included in, the same defined project for the same company location or expansion.

The local government participation must be committed by letter at the proposal stage, if applicable and, or by resolution in the application.

If the local government does not have the funds to meet the 15% requirement or does not have a means to access the funds, documentation and a request may be provided to DED to waive this requirement. DED reserves the right to accept or deny any waiver request and limit its participation to no more than 85% of any public infrastructure cost, regardless of the formula calculation of benefits.

The Department has established manufacturing, research, and technology industries as the priority beneficiary of these funds. However, certain service industries and incubators are eligible to participate in a Rural Opportunities Infrastructure project. Retail firms are not eligible to participate.

The use of CDBG funds is generally limited to publicly owned infrastructure. However, privately owned infrastructure may be addressed with CDBG funding when 1) regulated as a public utility, 2) is a unique circumstance when private funding is unavailable to address the infrastructure, and 3) the project will result in high impact to the local economy in terms of job creation and private investment.

LMI Job creation/documentation (for Rural Economic Opportunities Grant only):

The method for achieving the required CDBG National Objective benefit for low and moderate income may be accomplished by either: (1) Counting and recording jobs "held by" individuals with household incomes at or below 80 percent of median household income, or (2) Counting and recording jobs "made available to" individuals with household incomes at or below 80 percent of median household income.\*

\*The acceptable means to accomplish documentation and process for "making jobs available

to" LMI persons requires the applicant to establish a relationship with the local career center to list, qualify, and refer LMI persons to the company(s) for application. That relationship shall take place in the form of a letter and concurrence between the parties that establishes the intent of job referral, the process of referral, and the records of those referrals. Evidence of the letter and concurrence and referral records of potential employees must be kept with the project files.

**Action Fund** - Loans, equity investments, or other type investments may be made to a **private company** for buildings, equipment, working capital, land, and other facilities or improvements in order to cause a project to occur which will result in the creation or retention of full-time permanent employment. Selection shall be determined by the need for assistance through a financial analysis of the company, and the documentation of the public benefit to be derived from the project. **CDBG funds are limited to the lesser of \$400,000 per project, 50% of the project costs, and a maximum CDBG cost per job created or retained of \$35,000. For start-up companies, CDBG funds are limited to the lesser of \$100,000 per project, 30% of the project costs, and a maximum CDBG cost per job created or retained of \$25,000.** The interest rate of the loan will to be determined by DED. The term of the loan will be determined by cash flow projections that will allow for the fastest repayment of principal and interest, but not more than 20 years or the depreciable life of the collateral assets. Working capital loans will have a term not to exceed 10 years. Nonprofit, public or quasi-public entities are not eligible to participate in the Action Fund program.

The Department has established manufacturing industries as the priority beneficiary of the Action Fund program. However, certain service industries are eligible to participate in the Action Fund program. Retail firms are not eligible to participate.

**Interim Financing (Float)** - Loans by grantee to a company for buildings, equipment, working capital, land, and other facilities or improvement where appropriate, in order to cause the creation or retention of a full-time employment. Basis of selection shall be the economic impact of the project and the amount of funds necessary to cause the project to occur. **Loans are limited to 30% of the project costs, \$25,000 per job created or retained, or \$1 million per project, whichever is less. For start-up companies, loans are limited to 30% of the project costs, \$25,000 per job created or retained, or \$100,000 per project, whichever is less.** Loans must be secured by a Letter of Credit from a financial institution acceptable to DED or other acceptable collateral. The grantee shall be made aware of the policy of state recapture of program income.

The Department will continue to offer a program that uses CDBG funds that may be already obligated to projects, but not distributed. Such a program puts such funds at an element of risk. The applicant for interim financing programs shall be made aware of the policy for local retention of program income. Activities which may be performed in this program may include,

but are not limited to, interim construction financing and other incentives for the creation of jobs, primarily for low and moderate income persons. No more than \$10,000,000 per funding year will be obligated, in aggregate, for all float funded projects.

**Revolving loan fund/Microenterprise:** Loans by a grantee (or multiple grantees) to a business with less than five existing employees (including owners) for up to \$25,000 per business, or 70% of the project cost, whichever is lower. Funds may be used for machinery and equipment, working capital, land, and buildings. Loans to more than one company may be included in one grant to a city or county. At least one full-time equivalent job must be created or retained for each \$15,000 in loan proceeds with 51% or more to be low and moderate-income persons. RLF for redevelopment purposes may be considered as well, if the proposed RLF is part of a defined redevelopment effort.

**Job Training:** A grantee may request funds to subcontract with a qualified non-profit or public entity to provide job training to persons who will be or are presently employed by a company (for profit or non-profit). The funds would be used only for instructors, materials, or related training aids and expenses thereof. The maximum grant per company would be \$100,000, or \$2,000 per new job created, whichever is less. At least 51% of the new jobs created/retained must be low and moderate-income persons.

## **Geographic Distribution**

This report is being written to reflect needs and assets throughout the state; subsequently, the goals articulated in this section are written from the same statewide perspective.

MHDC does not allocate HOME funds based on a geographic distribution however the 2017 QAP lays out geographic objectives for allocation of the LIHTC funds. As the state housing finance agency, it is the goal of MHDC to “provide high quality affordable housing with long-term viability that contributes to the community”. The one notable exception to the geographic allocation is the Home Repair Program (HeRO); a portion of the state HOME funds administered by MHDC used exclusively for homeowners in non-metropolitan areas throughout Missouri.

MHDC has been designated as Missouri’s administrator for the National Housing Trust Fund (HTF), monies that target very low and extremely low income households. In accordance with the HTF rule (24 CFR Parts 91 and 93), MHDC developed and published an allocation plan for the HTF, that plan was approved by MHDC’s Board of Commissioners in July, 2016; MHDC is working with HUD for approval. Due to the limited HTF funding in 2017, MHDC’s DRAFT HTF Allocation Plan focuses on HTF developments with the most impact rather than a geographic distribution.

The departments of Economic Development and Health & Senior Services do not direct CDBG and HOPWA funding, respectively, on a geographic basis. Funding is based primarily on need.

### ***Rationale for the priorities for allocating investments geographically***

As the state housing finance agency, MHDC does not routinely target specific areas of the state for allocations above and beyond the regional goals stated in the QAP (an exception was the 2012 funding round targeted for rebuilding Berkeley and Joplin after the spring 2011 tornado). The 2017 QAP lays out the following regional goals: utilize 33% of state and federal LIHTC's in the St. Louis region, 19% in the Kansas City region, and the remaining 48% in the "Out State Region." MHDC serves the entire state of Missouri. The rental production and rehabilitation program takes other priorities into consideration within the state such as: special needs housing, service-enriched housing, preservation and Qualified Census Tracts (QCT).

MHDC allocates HeRO funds to the non-entitlement areas of the state. These communities typically do not have access to the federal funds available to larger metropolitan areas of the state for homeowner rehabilitation work.

### ***Discussion***

Missouri's Consolidated Plan is written to reflect the housing, homelessness, economic development, and HIV/AIDS needs of the whole state. Because of this, the geographic areas are broad and all-encompassing because the state agencies are charged with meeting those needs of the non-entitlement areas. Some of the programs, such as HOME and ESG are also able to invest in metropolitan areas of the state.

### **Affordable Housing**

#### ***Introduction***

Many of Missouri's affordable housing resources are coordinated by MHDC and consist of federal resources anticipated to be available throughout the course of the 2013-2018 Consolidated Plan including but not limited to low income housing tax credits (LIHTC), HOME Investment Partnership Program, HTF, Section 8 Project Based Housing Assistance, ESG and CoC funds. These federal resources will be coupled with private equity and the following state resources anticipated to be available throughout the course of the 2013-2018 Consolidated Plan including but not limited to LIHTC, bond financings, MHTF resources, the Affordable Housing Assistance Program (AHAP) housing production tax credit and MHDC general funds.

As the state housing finance agency, MHDC is dedicated to strengthening communities and the lives of Missourians through the financing, development and preservation of affordable housing. MHDC administers the state and federal LIHTCs, HOME funds, the MHTF and the ESG funds. As such, allocations are made in accordance with annual allocation plans approved by MHDC Commissioners. The 2016 one year goals represent units/households served through HOME funds and LIHTC funds allocated for special needs housing units. The homeless one year goals include households served with CoC funds and incorporate the information from overnight shelter numbers. The one year rental assistance goal includes households served with CoC permanent housing program funds.

***One year goals for the number of households to be supported***

**Homeless:** 752 households per year

**Non-Homeless:** 96 households per year

**Special Needs:** 110 households to be supported per year

**TOTAL: 958**

***One year goals for the number of households supported through:***

**Rental Assistance:** 600

**The production of new units:** 71 units

**Rehab of existing units:** 40 units

**Acquisition of existing units:** 0 units

**TOTAL: 711**

***Discussion***

In Missouri, the goal is to safely reduce the length of stay for families and individuals in shelter in order to create opportunities for them to be rapidly re-housed. All currently existing emergency services will continue but will do so with the intent to ultimately transition persons into a more stable and permanent environment. This model removes the traditional tiered system that offers limited services and imposes unnecessary requirements on individuals and families in order to obtain permanent housing. Missouri recognizes that there will always be specific populations that require emergency shelter and services - including but not limited to homeless youth, survivors of domestic violence and homeless individuals struggling with substance abuse - but hopes to incorporate ways to safely shorten these episodes of homelessness and move

individuals and families directly into a permanent housing situation through rapid re-housing.

MHDC has been designated as Missouri's administrator for the National Housing Trust Fund (HTF), monies that target very low and extremely low income households. In accordance with the HTF rule (24 CFR Parts 91 and 93), MHDC developed and published an allocation plan for the HTF, that plan was approved by MHDC's Board of Commissioners in July, 2016; MHDC is working with HUD for approval.

## **Public Housing**

### ***Introduction***

As the state housing finance agency, MHDC does not manage or oversee funds to any of the 100+ Public Housing Authorities throughout the state. We will continue to work with the Public Housing Authorities to house Missouri's low-income households to the extent that our HOME Funds allow. The state has been working with the Missouri chapter of NAHRO to solicit data and input for the upcoming AFH and new five year Consolidated Plan (2018-2023). This collaboration will benefit and improve the state's affordable housing and community development strategies and ultimately help more Missourians find homes in healthy communities.

Pending litigation has not yet finalized the Project Based Contract Administrator (PBCA) for the state of Missouri.

### ***Actions planned during the next year to address the needs to public housing***

MHDC does not own or operate assisted housing units directly. MHDC is committed to working with the PHAs throughout the state, ensuring that the needs of the residents are met.

### ***Actions to encourage public housing residents to become more involved in management and participate in homeownership***

MHDC does not own or operate assisted housing units directly.

For those PBCA properties within our portfolio, MHDC's Resident Relations department acts as a liaison between the residents and management companies. As a liaison MHDC staff encourages communication between all interested parties to ensure that resident input is considered and access to management is improved. A toll-free hotline number is posted at all PBCA properties for resident use in cases where an issue is not resolved in a timely manner. MHDC staff provides follow up to make certain issues are resolved.

***If the PHA is designated as troubled, manner in which financial assistance will be provided or other assistance***

MHDC does not own or operate assisted housing units directly. MHDC is committed to working with the PHAs throughout the state, ensuring that the needs of the residents are met.

***Discussion***

As the state housing finance agency, MHDC does not manage or oversee funds to any of the 100+ Public Housing Authorities throughout the state. We will continue to work with the Public Housing Authorities to house Missouri's low-income households to the extent that our HOME Funds allow. The state has been working with the Missouri chapter of NAHRO to solicit data and input for the upcoming AFH and new five year Consolidated Plan (2018-2023). This collaboration will benefit and improve the state's affordable housing and community development strategies and ultimately help more Missourians find homes in healthy communities.

**Homeless and Other Special Needs Activities**

***Introduction***

MHDC's Community Initiatives Department is tasked with drastically reducing and ultimately ending homelessness in Missouri. MHDC's Community Initiatives Department administers a variety of programs for this purpose: the MHTF, ESG program, CoC, Housing First program, HMIS funding, Disaster Relief Funding, statewide homeless study, and the Special Needs Housing priority through the LIHTC program. Oversight from one department for the majority of the homeless assistance programs throughout Missouri allows targeting of funds, consistency of program goals and policies and helps reduce and ultimately end homelessness in Missouri.

The Governor's Committee to End Homelessness (GCEH) was established with a mission to promote public and private coordination and collaboration, develop new strategies to evaluate and reallocate resources, remove barriers to accessing services, evaluate unmet needs and provide supportive services and affordable housing needs, implement effective solutions to build economic security and promote and support activities that prevent homelessness. The GCEH is a Governor appointed committee consisting of state departments, non-profit agencies, eight Continua of Care (CoC), and formerly homeless citizens. The GCEH provides the coordination for homelessness awareness activities in Missouri and legislative policy in relation to ending homelessness. All agencies participating in the Consolidated Planning Process have a seat on this committee.

***One-year goals and actions for reducing and ending homelessness including reaching out to homeless persons (especially unsheltered persons) and assessing their individual needs***

Missouri will conduct one annual Point-In-Time-Count (PITC) to assess the needs of our sheltered and unsheltered homeless individuals and families. All Missouri CoC represented on the GCEH have voted to conduct one count per year on the same night in order to reduce duplication of PITC numbers across the state. MHDC and the GCEH request that county leaders performing the PITC also incorporate street outreach and needs assessments into that process.

The Project Homeless Connect is a method of outreach and needs assessment that continues to grow throughout the state. In 2015, over 10 cities throughout Missouri utilized the model as a way to provide outreach and assessment to individuals not seeking traditional services. As CoC's continue to establish Coordinated Entry systems they will include additional actions for reducing and ending homelessness by reaching out to homeless individuals and families. ESG funds provide financial support for projects to provide outreach and engagement services to individuals and families who are unsheltered.

***Addressing the emergency shelter and transitional housing needs of homeless persons***

In Missouri, the goal is to safely reduce the length of stay for families and individuals in shelter in order to create opportunities for them to be rapidly re-housed. All currently existing emergency services will continue but will do so with the intent to ultimately transition persons into a more stable and permanent environment. This model removes the traditional tiered system that offers limited services and imposes unnecessary requirements on individuals and families in order to obtain permanent housing. Missouri recognizes that there will always be specific populations that require emergency shelter and services - including but not limited to homeless youth, survivors of domestic violence and homeless individuals struggling with substance abuse - but hopes to incorporate ways to safely shorten these episodes of homelessness and move individuals and families directly into a permanent housing situation through rapid re-housing.

***Helping homeless persons (especially chronically homeless individuals and families, families with children, veterans and their families, and unaccompanied youth) make the transition to permanent housing and independent living, including shortening the period of time that individuals and families experience homelessness, facilitating access for homeless individual and families to affordable housing units, and preventing individuals and families who were recently homeless from becoming homeless again***

In Missouri, the goal is to safely reduce the length of stay for families and individuals in shelter in order to create opportunities for them to be rapidly re-housed. All currently existing emergency services will continue but will do so with the intent to ultimately transition persons into a more stable and permanent environment. This model removes the traditional tiered system that offers limited services and imposes unnecessary requirements on individuals and families in order to obtain permanent housing. Missouri recognizes that there will always be specific populations that require emergency shelter and services - including but not limited to homeless youth, survivors of domestic violence and homeless individuals struggling with substance abuse - but hopes to incorporate ways to safely shorten these episodes of homelessness and move individuals and families directly into a permanent housing situation through rapid re-housing.

The Project Homeless Connect is a method of outreach and needs assessment that continues to grow throughout the state. In 2015, over 10 cities throughout Missouri utilized the model as a way to provide outreach and assessment to individuals not seeking traditional services. As CoC's continue to establish Coordinated Entry systems they will include additional actions for reducing and ending homelessness by reaching out to homeless individuals and families. ESG funds provide financial support for projects to provide outreach and engagement services to individuals and families who are unsheltered.

The term special needs is defined in MHDC's 2017 QAP as: "a person who is (a) physically, emotionally, or mentally impaired or suffers<sup>2</sup> from mental illness; (b) developmentally disabled; (c) homeless including survivors of domestic violence and sex trafficking; or (d) a youth aging out of foster care". The 2017 QAP continues the goal of setting aside 33% of federal and state LIHTCs for the development of affordable housing for special needs populations. MHDC has consistently met the 33% goal since 2012; MHDC's Board of Commissioners has authorized new affordable housing units for homeless veterans, disabled adults and families, chronically homeless individuals and individuals living with persistent mental illness.

***Helping low-income individuals and families avoid becoming homeless, especially extremely low-income individuals and families and those who are: being discharged from publicly funded institutions and systems of care (such as health care facilities, mental health facilities, foster care and other youth facilities, and corrections programs and institutions); or receiving***

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<sup>2</sup> MHDC received public comment with regard to the definition of mental illness; those comments have been noted and subsequent changes will be made in 2018 QAP. The process for revising the 2018 QAP typically begins in mid to late January.

***assistance from public or private agencies that address housing, health, social services, employment, education, or youth needs***

It is the intent of the Missouri Discharge Policy (adopted by the GCEH in December of 2011) to ensure that all individuals discharged from a state or public facility are discharged into permanent housing; if such housing is not available, plans to place the individual in temporary or emergency shelter must be made prior to discharge. Every effort is made through careful discharge planning to work with the client and area resources to seek adequate, permanent housing. In no instance should a person be discharged from a state or public facility with directions to seek housing or shelter in an emergency shelter without having first made every effort to secure permanent housing.

***Discussion***

MHDC's Community Initiatives Department is committed to reducing and ultimately ending homelessness throughout the state of Missouri; as the administrator for the ESG funds, HOME and MHTF monies, and the Housing First program, MHDC is able to prioritize funds and foster state-wide cooperation in an effort to meet that commitment. Statewide PITCs increase the knowledge on the state of homelessness in Missouri, and efforts such as the statewide discharge policy and the special needs housing priority actively work to keep those most vulnerable safely housed.

MHDC has been designated as Missouri's administrator for the National Housing Trust Fund (HTF), monies that target very low and extremely low income households. In accordance with the HTF rule (24 CFR Parts 91 and 93), MHDC developed and published an allocation plan for the HTF, that plan was approved by MHDC's Board of Commissioners in July, 2016; MHDC is working with HUD for approval.

**HOPWA Goals**

One year goals for the number of households to be provided housing through the use of HOPWA for:

- Short-term rent, mortgage, and utility assistance payments – 160
- Tenant-based rental assistance – 140
- Total - 300

## **Barriers to Affordable Housing**

### ***Introduction***

Noted barriers – low AMI, limited funding for affordable home ownership and rental production programs, limited funding for long term rental assistance and the MHTF, the concentration of low income housing in certain communities throughout the state, as well as the continued loss of available affordable housing stock – will continue to define MHDC’s priorities, programs and areas for improvement over the course of the next year. To the extent that it is possible, strategies for overcoming these obstacles should act as the impetus for changes in the QAP process, HOME and LIHTC allocations, the ESG, MHTF, and HTF programs.

### ***Actions planned to remove or ameliorate the negative effects of public policies that serve as barriers to affordable housing***

Notable changes in the 2016 QAP were made to address barriers to housing choice. Funding priorities were created for developments built in high opportunity areas, developments that meet service enriched criteria, and developments that are included in a community redevelopment plan. All new construction projects shall be designed and built in accordance with the principles of universal design. New language, with some exceptions, in the 2016 QAP sets a limit on new affordable construction to 50 units or less, prohibits development within a one mile radius of affordable housing approved within the previous two funding cycles, and prohibits development in areas where subsidized housing constitutes more than 20% of the existing available housing stock. MHDC will continue to work with stakeholders to ensure that low and moderate income Missourians have access to affordable housing throughout the state.

Using a statewide average median income for determining eligibility for the LIHTC program expands the number of working families and seniors who would qualify to live in a LIHTC unit. This simple programmatic change would keep vacancy rates low in LIHTC developments in some rural communities and help more families benefit from the affordable rents provided by LIHTC apartments.

As affordable units age, deterioration removes them from the available stock; replacing those units with safe, decent, and sanitary affordable housing is critical to ensuring that moderate, low and very low income households continue to live and work in both rural and urban communities. In the 2017 QAP, MHDC lists preservation of affordable housing as a funding priority. Through the QAP process, MHDC is able to direct funds and change priorities based on where the greatest need presents itself and will continue to do so.

Recent data on LIHTC tenants show that more than 40% of LIHTC tenants are considered extremely low income – and more than 70% of those tenants receive some form of additional rental assistance. Programs such as ESG and the MHTF allow MHDC to utilize funds for this purpose.

MHDC has been designated as Missouri’s administrator for the National Housing Trust Fund (HTF), monies that target very low and extremely low income households. In accordance with the HTF rule (24 CFR Parts 91 and 93), MHDC developed and published an allocation plan for the HTF, that plan was approved by MHDC’s Board of Commissioners in July, 2016; MHDC is working with HUD for approval.

The Missouri Statewide Fair Housing Impediments Analysis 2013-2014 underlined the fact that housing discrimination continues despite education and improved housing access for some communities; for low income renters, that discrimination is most pronounced. For some populations, discrimination can, to an extent, be mitigated. The Violence Against Women Reauthorization Act (VAWA) of 2013 expands housing protections to eligible residents living in LIHTC developments. MHDC’s Asset Management team is working with properties to educate them about their responsibilities and will provide further guidance as it becomes available from HUD. MHDC requires all affordable developments to adopt fair housing marketing plans prior to the issuance of funding; MHDC will continue working to expand outreach to potential tenants and to make fair housing resources available to current residents. Creating more affordable housing options for all Missourians, educating our property managers about fair housing choice, and improving access to affordable housing resources for those who need it, will continue to drive MHDC’s work.

### ***Discussion***

As the state housing finance agency, MHDC is dedicated to strengthening communities and the lives of Missourians through the financing, development and preservation of affordable housing. The primary tools used to meet these goals include state and federal LIHTCs, HOME funds, the MHTF and the ESG. Annual allocations are made in accordance with annual allocation plans approved by MHDC Commissioners. Priorities are set to reflect the most pressing housing needs for the state at that time. The programs outlined below represent MHDC’s goals for the next year in terms of production, preservation, homeless prevention and housing assistance.

## **Program Specific Requirements**

### ***Introduction***

The Program Specific Requirements section looks at how MHDC, the Department of Economic Development and the Department of Health and Human Services administer the statewide federal funds.

### ***HOME Investment Partnership Program (HOME)***

**1. A description of other forms of investment being used beyond those identified in Section 92.205 is as follows:**

MHDC does not utilize its HOME funds for any forms of investment outside of those listed in Section 92.205.

**2. Plans for using HOME funds to refinance existing debt secured by multifamily housing that is rehabilitated with HOME funds along with a description of the refinancing guidelines required that will be used under 24 CFR 92.206(b), are as follows:**

MHDC does not currently use its HOME funds to refinance existing debt.

### ***Emergency Solutions Grant (ESG)***

**1. Written standards for providing ESG assistance:**

Sub-grantees must develop and implement policies and procedures that include the following standards:

#### *Street Outreach, Emergency Shelter, Homelessness Prevention, Rapid Re-housing Applicants:*

- Standards for evaluating the eligibility of individuals and families for assistance under the ESG program
- Standards for coordination among emergency shelter providers, essential services providers, homelessness prevention, and rapid re-housing providers, other homeless assistance providers, and mainstream service and housing providers
- Standards for the formal termination process established by the agency that recognizes the rights of individuals affected
- Standards for the program participant's formal grievance process
- Standards for participation in HMIS or comparable database
- Standards for ensuring that clients served and activities provided with ESG funds are entered into HMIS or comparable database, the timeframe for data to be entered, and the process for ensuring confidentiality of client records

#### *Street Outreach and Emergency Applicants Only:*

- Standards for targeting and providing services related to street outreach

- Standards for admission, diversion, referral, and discharge by emergency shelters assisted under ESG, including standards regarding length of stay limits, if any, and safeguards to meet the safety and shelter needs of victims of domestic violence, sexual assault, etc.
- Standards for admission, diversion, referral, and discharge by emergency shelters, including standards regarding length of stay limits, if any, and safeguards to meet the safety and shelter needs of individuals and families who have the highest barriers to housing and are likely to be homeless the longest
- Standards for assessing, prioritizing, and reassessing individuals' and families' needs for essential services related to emergency shelter

*Homelessness Prevention and Rapid Re-housing Applicants Only:*

- Standards for determining which eligible individuals and families will receive homelessness prevention and which eligible individuals and families will receive rapid re-housing assistance
- Standards for determining what percentage or amount of rent and utilities costs each program participant must pay while receiving homelessness prevention or rapid re-housing assistance
- Standards for determining how long a program participant will be provided rental assistance and how the amount of that assistance will be adjusted over time, if at all
- Standards for determining the type, amount, and duration of housing stabilization and/or relocation services to provide, including the limits, if any, on the homelessness prevention or rapid re-housing assistance that each program participant may receive, such as the maximum amount of assistance, maximum number of months in the program, or the maximum number of times the program participant may receive assistance
- Standards for addressing the needs of ineligible applicants

**2. If the Continuum of care has established centralized or coordinated assessment system that meets HUD requirements, describe that centralized or coordinated assessment system**

All eight Missouri Continua are actively in the process of establishing a Coordinated Entry system for their CoC. The Balance of State Continuum of Care is working on establishing the Coordinated Entry System for a large rural CoC by taking a regional approach. Currently, six of the ten regions in the BoS have an active CE system. The BoS committee has established a subcommittee that provides additional guidance at the CoC level to ensure that the basic standards are being met. The CoC is working in conjunction with CoC, ESG, SSVF, and DV providers to ensure that needs for these programs are being met.

**3. Process for making sub-awards to private nonprofit organizations (including community and faith-based organizations)**

The Department of Social Services sub-contracts the state ESG funds to MHDC. MHDC has a competitive application process annually in which units of local government and nonprofit organizations can apply for funds. The state of Missouri allocation is also available at a limited amount to other ESG entitlement communities in the state. Funding is distributed based on the approved allocation plan. Funding recommendations are approved by the Department of Social Services and MHDC Commissioners.

**4. If the jurisdiction is unable to meet the homeless participation requirement in 24 CFR 576.405(a), the jurisdiction must specify its plan for reaching out to and consulting with homeless or formerly homeless individuals in considering policies and funding decisions regarding facilities and services funded under ESG**

It is a requirement of each MHDC sub-grantee receiving ESG funding that homeless or formerly homeless individuals are involved in the decision-making body of the organization. This requirement is articulated in MHDC's applications for funding and subsequent grant agreements.

**5. Performance standards for evaluating ESG**

With an emphasis on performance, each ESG grantee will be held to the outcome and performance measurements that are established by their respective CoC as required by the HEARTH Act. Outcome measures will be developed through consultation with each Missouri CoC through discussion within the GCEH meetings and at the respective meetings of each Missouri CoC. The consultation with each CoC will assist in developing outcomes that are appropriate for all target populations, including but not limited to survivors of domestic violence, homeless youth, and chronically homeless individuals. All agencies funded with ESG funds are required to enter into the HMIS of their CoC unless they are a victim services provider who must enter data into a comparable database. All funded agencies must contribute data to the annual CAPER.

Individual scores by program may be assessed for: completeness of the application, extent to which the applicant demonstrates an understanding of the HEARTH Act and ESG regulations, HUD priorities for the ESG program, and USICH Opening Doors, past performance, strength of program design, implementation strategy, extent to which programs result in increased housing stability and permanent housing for clients, unmet need, data used to describe need, consistency with local need, collaboration with local

planning, participation in the local Coordinated Entry system, strength of service delivery strategies, procurement of outside resources, organizational experience, financial reporting, collaboration with local Continuum of Care plans to end homelessness and priorities, match funds available, amount of funds requested, measurable performance goals and objectives, demonstrated ability to move homeless households into housing, demonstrated ability to increase housing stability of homeless households, extent to which the project's approach makes homelessness rare, brief, and non-recurring, and use of best practices for provision of services.

### ***Discussion***

Data throughout the 2013-2017 Consolidated Plan, the Joint Center for Housing Studies and MHDC's Housing Needs Assessment Report, 2015, continue to show more people are paying more of their income for housing. "The State of the Nation's Housing 2016" estimates that over 39 million of all US households (homeowners and renters) pay more than 30% of their income towards housing and the number of renters paying more than 50% of the income towards housing jumped in 2014 to a record, 11.4 million people. When looking at cost burden and the availability of affordable units, low, very low and extremely low income renters bear the brunt of those challenges. "Excluding units that were structurally inadequate or occupied by higher-income households, there were only 34 affordable units for every 100 extremely low income renters" in 2013 according to Harvard research. The statistics suggest not only that more funds are needed for housing assistance but more fundamentally, more affordable housing units are needed.

As the state housing finance agency, MHDC is dedicated to strengthening communities and the lives of Missourians through the financing, development and preservation of affordable housing. MHDC administers the state and federal LIHTCs, HOME funds, the MHTF and the ESG funds. MHDC has been designated as Missouri's administrator for the National Housing Trust Fund (HTF), monies that target very low and extremely low income households. As the state's largest producer of affordable housing, MHDC is acutely aware of its role in ensuring that all eligible Missourians have access to affordable housing and that such housing is built and preserved in communities where it is needed most. The process by which the funds to do that are allocated must be flexible and reflective of the individuals served through our programs. MHDC is committed to working with stakeholders to ensure that such collaboration continues.

## **Summary of Citizen Participation Process and consultation process**

The state of Missouri constructs a thorough citizen participation plan that encourages citizens to participate in the development of the five-year consolidated plan and annual action plans. The citizen participation plan was developed in accordance with the requirements listed in 24 CFR Part 91.115 (Citizen Participation Plan for States). The plan provides citizens (including minorities, the disabled and non-English speaking persons), units of local government, and other interested parties a reasonable opportunity to comment on the plan and encourages them to do so.

MHDC analyzed all housing data included in the Consolidated Plan (2013-2018), wrote all corresponding narratives and participated in all public hearings. MHDC interviewed public housing authority representatives, consulted with the National Lead Information Center, and sought guidance from the National Council of State Housing Agencies. All eight CoCs in the state of Missouri contributed data to the state homelessness study, which is used throughout the Consolidated Plan. MHDC utilized both the 2015 Statewide Housing Needs Assessment and the 2015 State of Homelessness in Missouri for supplemental data.

MHDC sent a list of ten broad and targeted HTF questions to various stakeholders across the state and hosted a number of public hearings before and after the DRAFT HTF Allocation Plan was assembled. The list of stakeholders invited included advocates, private developers, city and county government officials, state agency representatives, and non-profits. MHDC received a wide range of comments related to how stakeholders wanted to see the HTF allocated throughout Missouri. Generally stakeholders wanted to see Missouri keep the state program as broad as possible so the state would have the flexibility to support a wide range of projects.

The Department of Economic Development, in conjunction with private and public partners, has developed the Strategic Initiative for Economic Growth. In addition, the Department consults regularly with the state's regional planning commissions concerning the needs of their areas.

The Consolidated Plan partners have been working with other contributors including but not limited to the Missouri Commission on Human Rights, the Department of Mental Health and PHAs throughout the state to expand our collaboration and open the planning process to new stakeholders. In preparation for the state AFFH and new five year Consolidated Plan, the state of Missouri is working with these contributors to solicit data, input, ideas and to engage with their service communities to broaden the reach of our planning efforts. Since the adoption of the 2013-2018 Consolidated Plan, the state

of Missouri continues to evaluate and modify the Action Plan hearing and notification process to maximize citizen and stakeholder participation.

### **Citizen Participation**

Before the draft 2015 Action Plan was published, the State held an informational webinar on 9-20-16, to inform the public of the plan to assess the housing & community development needs of the non-entitlement areas of the state. Information was provided about how the State planned on assembling the data, projected budgets and activities anticipated by the programs covered by the plan.

#### **A public meeting will be held at the following location and time:**

**Thursday, November 3, 2016**

**10:00 a.m. – 12:00 p.m.**

Harry S Truman Building, Room 750  
301 W. High Street  
Jefferson City, MO 65101

**In addition, there will be a webinar meeting on November 3, 2016 from 1:30 pm to 3:00 pm.** Staff from the agencies will discuss the annual Consolidated Plan process and the individual programs, and take questions from callers. The webinar was accessible at the link below:

<https://stateofmo.adobeconnect.com/a827378498/moconactplanmeet2017/>

Written comments may be submitted through 5 pm on November 30. Comments may be sent via mail or email to:

Andy Papen  
CDBG Manager  
Missouri Department of Economic Development  
P.O. Box 118  
Jefferson City, Missouri 65102  
[andy.papen@ded.mo.gov](mailto:andy.papen@ded.mo.gov)

# Certifications

# SF-424 forms