

4th Substantial Amendment to the 2019 Annual Action Plan of the 2016–2020 Consolidated Plan North Carolina — CDBG-CV: Modification to the Method of Distribution (4-2-2025)

Summary: The 2016-2020 Consolidated Plan (ConPlan) of the State of North Carolina outlines the funding strategy for several significant programs, including the Community Development Block Grant (CDBG), the HOME Investment Partnership Program (HOME), the Emergency Solutions Grant (ESG), and the Housing Opportunities for Persons with AIDS (HOPWA). This ConPlan is implemented through Annual Action Plans (AAP), which succinctly summarize the actions, activities, and specific federal and non-federal resources allocated each year to meet the priority needs and objectives identified in the ConPlan. In 2019, North Carolina submitted its Program Year (PY) 2019 AAP to the U.S. Department of Housing and Urban Development (HUD). In the subsequent year, HUD allocated additional funding to the state through the CARES Act, designated for applicable CDBG Coronavirus (CDBG-CV) activities. The state chose to allocate these CDBG-CV funds via PY 2019 AAP. Furthermore, North Carolina has implemented a Citizen Participation Plan (CPP) that details the strategies employed to engage residents in the planning process. The CPP also specifies the public procedures that must be followed when substantial amendments to the AAP are proposed.

The State will amend an approved Consolidated Plan or Annual Action Plan whenever it makes one of the following decisions:

- 1) Make a change in its allocation priorities, a change in allocation amounts that exceeds 10%, or a change in the method of distribution of funds;
- 2) Carry out an eligible activity, using funds from any program covered by the Consolidated Plan (including program income), not previously described in the action plan; or
- 3) Change the purpose, scope, location, or beneficiaries of an activity.

Citizen Participation Plan Process: The uniformed and modified provisions regarding reasonable notice and the public comment period, as specified in Part 4 of the State of North Carolina’s CPP related to the Development of the ConPlan and AAPs, will be applicable when the State develops the final Substantial Amendment to either the ConPlan or the AAPs. It is essential to emphasize that a Substantial Amendment does not require a public hearing.

- *In the event of a disaster, pandemic, or other public health emergency resulting in a special allocation of funds that occurs during the development of the Consolidated Plan for the current period or to the Annual Action Plan for the current or previous year to aid in the response, the duration for posting a notice and public comment period will be modified. Unless specified differently by HUD, the notices will be posted to Commerce’s website for a minimum duration of seven (7) calendar days prior to the public comment period.*

Substantial Modification for CDBG-CV PY 2019 AAP: The North Carolina Department of Commerce, Rural Economic Development Division (REDD), as the administrator of the North Carolina CDBG-CV program proposes a 4th Substantial Amendment to the PY 2019 AAP of the 2016-2020 ConPlan – North Carolina. **This Substantial Amendment focuses on modifications to the Method of Distribution (MOD) for the CDBG-CV program. It aims to facilitate a shift towards a**

continuous application process while raising the maximum funding allocation to \$2 million. Additionally, the amendment prioritizes CDBG-CV funds for areas within the state designated as disaster zones due to the impacts of Tropical Storm Helene.

Notice of Public Comment: The State of North Carolina is providing notice for the following public comment period related to 4th Substantial Amendment to the PY 2019 AAP of the 2016-2020 ConPlan – North Carolina:

- **Comment Period to Modify the Method of Distribution (MOD) for the CDBG-CV Program:** A seven (7) calendar day public comment period will commence on **Thursday, April 3, 2025**. During this time, the proposed Substantial Amendment will be posted on the North Carolina Commerce website and communicated via email to program stakeholders. This notice aims to inform the public and invite feedback on the proposed Substantial Amendment until **Wednesday, April 9, 2025**.
- Citizens are invited to access the 4th Substantial Amendment and the Citizen Participation Plan (CPP) by visiting www.commerce.nc.gov. For those who prefer a physical copy, requests can be made to obtain one by contacting Shycole Simpson-Carter, Special Programs Manager, at 919-814-4678 or via email s.simpson-carter@commerce.nc.gov. It is important to note that all feedback collected during the public comment period will be incorporated into the final Substantial Amendment submitted to HUD. Kindly submit written and electronic public comments through the specified methods below no later than 5:00 pm EST on Wednesday, April 9, 2025:

By email to: compliance@commerce.nc.gov

By US Postal Service, mail to:

Attn: State CDBG Program Public Comment
North Carolina Department of Commerce
Rural Economic Development Division
4346 Mail Service Center
Raleigh, NC 27699-4346

By using TTY Relay Service to:

Initiate communication by, please dialing 711 (or 800-735-2962 for English assistance or 888-825-6570 for Spanish assistance) using your TTY device. A relay operator will respond by stating, "Relay North Carolina."

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AP-30 Methods of Distribution – 91.320(d)&(k)

Distribution Methods

Table 1 - Distribution Methods by State Program

1	State Program Name:	CDBG and CDBG Coronavirus (CDBG-CV)
	Funding Sources:	CDBG CDBG-CV
	Describe the state program addressed by the Method of Distribution.	This statutory provision remains unaltered.
	Describe all of the criteria that will be used to select applications and the relative importance of these criteria.	<p>The Neighborhood Revitalization program will operate as a competitive program, providing grants of up to \$750,000 to each selected recipient. Grantees will be chosen based on several criteria, including the number of low-to-moderate income (LMI) individuals served, organizational capacity, feasibility, and the design of projects with an emphasis on sustainability and resilience in regions affected by storms.</p> <p>The Economic Development category conducts an initial application meeting to assess the viability of projects in accordance with Community Development Block Grant Economic Development (CDBG ED) requirements. Each application is evaluated against several criteria: the capability of the operator, the projected impact of the project, the likelihood of timely completion, the extent of benefit to (LMI) individuals, adherence to public benefit standards, leveraging capacity, and compliance with CDBG regulations. Furthermore, the project undergoes an underwriting process that considers key factors outlined by the U.S. Department of Housing and Urban Development (HUD) in the Federal Register dated January 5, 1995. These factors include the reasonableness of costs, commitment of funding sources, financial feasibility of the project, and the soundness of the anticipated return on investment.</p>

The CDBG Infrastructure (CDBG-I) component of the CDBG Program, administered by the North Carolina Department of Environmental Quality (NCDEQ), disseminates announcements regarding funding opportunities and conducts various workshops aimed at interpreting the application, review, and award procedures. It is important to note that eligibility for the State CDBG program is restricted to non-entitlement local government units.

The CDBG Coronavirus (CDBG-CV) program will be structured as an ongoing application process, contingent upon the availability of adequate funding. Each grantee may receive a maximum award of up to \$2,000,000. Furthermore, this program will prioritize the allocation of funds for new and additional fund requests aimed at eligible CDBG-CV activities within areas of the State most impacted and distressed by Tropical Storm Helene. This focus is intended to mitigate the increased risk of transmission of COVID-19 and response to adverse impacts arising from COVID-19.

The activities funded by the CDBG-CV will encompass public services, infrastructure improvements, and targeted economic development support for small businesses with a workforce of 100 or fewer employees, including microenterprises. The State will maintain its use of the previous CDBG Method of Distribution (MOD) established at the inception of the CDBG-CV to directly the second and third tranches of funding, to the North Carolina Department of Public Safety. Through a subrecipient agreement with the North Carolina Office of Recovery and Resiliency (NCORR), which will oversee the direct administration of these funds via the statewide Housing Opportunities and Prevention of Evictions (HOPE) program, focusing on public service activities such as emergency rent and utility assistance. It is anticipated that approximately 5% of the total funding, as stipulated by the HUD, will be dedicated to covering administrative expenses incurred by the State and its grantees. Grantees will be selected based on criteria including the number of low- and moderate-income individuals served, organizational capacity, project feasibility, design, and the necessity of the project in preparation for, response to, and prevention of COVID-19.

Each program area has an individual website with additional information for potential applicants.

<p>If only summary criteria were described, how can potential applicants access application manuals or other state publications describing the application criteria? (CDBG only)</p>	<p>This statutory provision remains unaltered.</p>
<p>Describe the process for awarding 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. (ESG only)</p>	<p>This statutory provision remains unaltered.</p>
<p>Identify the method of selecting project sponsors (including providing full access to grassroots faith-based and other community-based organizations). (HOPWA only)</p>	<p>This statutory provision remains unaltered.</p>
<p>Describe how resources will be allocated among funding categories.</p>	<p>This statutory provision remains unaltered.</p>
<p>Describe threshold factors and grant size limits.</p>	<p>This statutory provision remains unaltered.</p>
<p>What are the outcome measures expected as a result of the method of distribution?</p>	<p>This statutory provision remains unaltered.</p>