

CT Communities Challenge Grant Program

Notice of Funding Availability – Round 3

Date Released: March 1, 2023

Summary: The Department of Economic and Community Development (“DECD”) is undertaking a competitive grant application process to fund multiple projects under the CT Communities Challenge Grant Program in an effort to improve livability, vibrancy, convenience, and equity of communities throughout the state. The Program is intended to potentially create approximately 3,000 new jobs. It is DECD’s goal to allocate up to 50% of the funds to eligible and competitive projects in distressed municipalities.

Successful projects will likely include multiple of the below elements:

- **Transit-oriented development** that densifies commercial and/or residential land uses near transit hubs.
- **Downtown / major hub development** that improves or reuses existing property (Brownfields remediation may be a component of such application).
- **Essential infrastructure** that facilitates future development.
- **Housing** to support affordability, accessibility, and local workforce.
- **Mobility improvements** that increase connectivity to transit and promote economic activity, including pedestrian, ADA, and bicycle improvements.
- **Public space improvements** that provide amenities to the community, including open spaces, public art projects, wayfinding, and lighting and safety improvements.

Other projects that will enhance the livability, vibrancy, convenience, and equity of communities throughout the state are also eligible, provided that other DECD funding does not support such projects through current or future dedicated programs (e.g., Brownfields grants).

Round 3 Schedule:

Wednesday, March 1, 2023

Wednesday, May 3, 2023

July 2023 (Tentative)

Notice of Funding Availability/Applications Open

Application Deadline

Announcement of Awards

Note: there is no Intent to Apply Form for Round 3.

Application Process and Forms: The Application Form is available on the DECD Website on the Funding Opportunities Page dedicated for the CT Communities Challenge Grant Program:

https://portal.ct.gov/DECD/Content/Business-Development/05_Funding_Opportunities/CT-Communities-Challenge-Grant

Applications are due by 3:00 PM on Wednesday, May 3, 2023. You will submit your application by uploading it to a unique SharePoint link. You must request your unique SharePoint link by emailing CTCommunitiesChallenge@ct.gov by 3:00 PM on Friday, April 28, 2023.

Application Page Limit (excluding attachments): DECD encourages all applicants to be as succinct as possible with their responses to the questions in the application forms. DECD will only accept responses to the questions included in the space provided within the forms. Responses presented outside of the forms may not be reviewed. Incomplete applications will be rejected.

Grant Size: \$1M to \$10M per project. Applications requesting grant amounts outside this range are ineligible.

Available Funding (Round 3): DECD will release up to approximately \$20 million in this competitive round.

Source of Funding and Enabling Statutes: Public Act No. 21-2 (2021), Sec. 488, authorizes the DECD Commissioner, in coordination with the Secretary of the Office of Policy and Management, to implement this Program under the state's Economic Action Plan.

Eligible Applicants: Municipalities, economic development agencies and regional councils of governments are eligible to be the primary applicants for this Program. DECD encourages public-private partnerships. Eligible entities are welcome to partner with one or more of the following types of organizations: private developers, business organizations, other institutions, or each other to submit an Application.

All applicants (or Project Applicant Teams) must provide proof of access to the site, site control or a path to site control if required to implement the project.

Applicants may submit multiple projects; however, DECD recommends that applicants submit shovel-ready applications.

Eligible Uses: DECD prefers that nearly all (more than 95%) of grant funds be used for construction- and renovation-related hard costs. It is preferable that soft costs (design and engineering-related soft costs, land acquisition, project management, administrative and DECD's legal expenses to prepare the Contract) are funded from non-DECD sources. DECD's legal expenses for the DECD contract work (Assistance Agreement) are usually in the range of \$5K to \$10K depending on how complicated the project is.

Infrastructure Projects: For proposed projects involving essential infrastructure that facilitates future development and include a private developer partner, applicants may be required to submit a private developer guaranty on the proposed end-use of the project.

Mortgage Lien: If selected for a CT Communities Challenge grant, Applicant may be required to provide a non-recourse mortgage (the "Mortgage") of its property as security for the Applicant's obligations of completing the Project. DECD shall release the Mortgage when DECD has determined in its sole judgment that the Applicant, Implementing Partner and/or Project Developer has completed the Project. If the Project is not

completed by five years after the award date, DECD may foreclose the Mortgage but not seek a deficiency judgment. The Mortgage may be subordinated to the lien of a lender or other entities providing financing for the redevelopment of the Project Property referred to in the Commissioner's Proposal. Completion of the Project shall be demonstrated by Municipality providing proper documentation that shall be determined in the award letter. Before submitting a Round 3 application, all applicants will be required to confirm that the property owner is willing to enter into such a mortgage agreement with DECD.

Match Criteria: This is a matching grant program: therefore, preference will be given to applications that demonstrate public-private partnership and significant leverage of state funds with private and local funding. The minimum match requirement for projects located in distressed municipalities is 25% and for projects located in other municipalities is 50%. In general, contributed soft costs from third party vendors and contribution of land will be accepted for match; however, in-kind applicant staff time will not be counted.

Please note that any federal funds in the project will trigger a review by the State Historic Preservation Office (SHPO) pursuant to Section 106 of the National Historic Preservation Act (NHPA).

Affordable Housing Requirement: For all proposed projects that involve a net addition of 10 or more residential dwelling units for rent, a portion of those units must be deed-restricted for 30 years to be offered at below-market rent. If the project involves a net addition of 10 or more residential dwelling units for sale, some of those units must be deed-restricted in perpetuity to be offered for sale at below-market price. Applicants may choose whether to provide 10% of units affordable to households making 50% of the area median income (AMI), or 20% of units affordable to households making 80% of AMI. Affordable unit rent may not exceed 30% of the criteria AMI, and affordable unit sale price may not exceed an amount that would lead to expected monthly housing costs exceeding 30% of the criteria AMI. Expected monthly housing costs are the expected sum of monthly property taxes, 30-year mortgage payment assuming 3% down payment and prevailing interest rates, and any common charges. Units must be on-site, the unit sizes and finishes must be comparable to market-rate units, the unit bedroom counts for affordable units must be in the same proportion as market-rate units, and the affordable units must be distributed evenly throughout the market-rate units. If construction is phased, affordable units must be constructed as proportionally as is feasible in each phase. Affordable units must use the same building access as market-rate units and have comparable access to building amenities. Under special circumstances, the DECD Commissioner may approve projects not in compliance with the above policy following a written request with detailed justification from the applicant.

Prevailing Wage Requirement: Generally speaking, CT Communities Challenge grant recipients are likely subject to prevailing wage rates under state law. This is because prevailing wage requirements generally apply to any state-funded construction projects of \$1,000,000 or more. Before submitting a Round 3 application, all applicants will be required to confirm that they have assessed the applicability of prevailing wage rates to their project.

A summary of the state's prevailing wage law is available on the Department of Labor website: <https://www.ctdol.state.ct.us/wgwkstnd/prevailing-rates/3153smry.htm>. Applicants are responsible for assessing the applicability of prevailing wage statutes to their project, pursuant to C.G.S. Section 31-53 and 31-53c. The applicability of prevailing wage as per the statutes is dependent on various factors including, but not limited to, the amount of cumulative DECD financial assistance (See C.G.S. Section 31-53c(a)(2)) received for the proposed project/project site over the years, the entity entering into the grant contract with DECD, the funding sources for the overall project, previous, current and future ownership of the improvements/parcel/property, the entity that will be holding the construction contract (primary recipient

versus a private entity), the nature of the improvements (public versus private), the type of project (new construction versus rehabilitation) and the nature of the end uses (public versus private). For further questions regarding the applicability of the prevailing wage rates for your project, please contact Mary Toner, Wage Enforcement Agent, Wage and Workplace Standards Division at the CT Department of Labor (mary.toner@ct.gov; 860-263-6606).

Definitions:

1. **Distressed Municipalities List:** The Distressed Municipalities' lists identify the state's most fiscally and economically distressed municipalities. The lists are based on statistical indicators measuring the fiscal capacity of each municipality including tax base, personal income of residents and the residents' need for public services. The 2022 Distressed Municipalities list includes: Ansonia, Bridgeport, Bristol, Chaplin, Derby, East Hartford, East Haven, Griswold, Groton, Hartford, Meriden, Montville, New Britain, New London, North Stonington, Norwich, Plainfield, Putnam, Sprague, Sterling, Torrington, Waterbury, West Haven, Winchester, and Windham.
2. **Opportunity Zones:** A Qualified Opportunity Zone (OZ) is an economically distressed community where new investments, under certain conditions, may be eligible for preferential tax treatment. Localities qualify as OZs if they have been nominated for that designation by a state, the District of Columbia, or a U.S. territory and that nomination has been certified by the Secretary of the U.S. Treasury via her delegation of authority to the Internal Revenue Service (IRS). Please click the links for more information on [Connecticut's OZ Program](#), the [CT OZ Map](#) and the [U.S. HUD OZ Map](#).
3. **Economic Development Agencies:** "Economic development agency" means: (A) a municipal economic development agency or entity created or operating under C.G.S., Chapters 130 or 132; (B) a nonprofit economic development corporation formed to promote the common good, general welfare and economic development of a municipality or a region that is funded, either directly or through in-kind services, in part by one or more municipalities; (C) a nonstock corporation or limited liability company established or controlled by a municipality, municipal economic development agency or an entity created or operating under Chapter 130 or 132; or (D) an agency, as defined in Section 32-327.
4. **Regional Councils of Governments (COGs):** For the latest list of the COGs and the list of member municipalities, please visit: <https://portal.ct.gov/OPM/IGPP/ORG/Planning-Regions/Planning-Regions---Overview>
5. **Transit-oriented Development** - C.G.S. Section 13b-79o, *Transit-oriented Development* refers to the development of residential, commercial, and employment centers within one-half mile of walking distance of public transportation facilities, including rail and bus rapid transit and services, that meet transit supportive standards for land uses, built environment densities, and walkable environments, in order to facilitate and encourage the use of those services.
6. **Brownfields** – C.G.S. Section 32-760 (2), "Brownfield" means any abandoned or underutilized site where redevelopment, reuse or expansion has not occurred due to the presence or potential presence of pollution in the buildings, soil or groundwater that requires investigation or remediation before or in conjunction with the redevelopment, reuse, or expansion of the property.

7. **Environmental Justice** – The U.S. EPA defines [Environmental Justice](#) as the fair treatment and meaningful involvement of all people regardless of race, color, national origin, or income, with respect to the development, implementation, and enforcement of environmental laws, regulations, and policies. This goal will be achieved when everyone enjoys: (1) the same degree of protection from environmental and health hazards, and (2) equal access to the decision-making process to have a healthy environment in which to live, learn, and work.

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Award/Scoring Criteria:

Note: DECD will require proof of commitment of full capital stack and private leverage value of the proposed project, as presented in the Application (e.g., bank term sheets, offer letter from funding agency, etc.). In order to be considered in the scoring of a CT Communities Challenge grant application, a project or project phase must have a complete capital stack assuming CT Communities Challenge funds are awarded.

A. Features and Characteristics of Proposed Project that support the livability, vibrancy, convenience and equity in the local community and region

- Downtown and major hub development
- Transit-oriented Development
- Optimal mix of uses to generate vibrancy of neighborhoods
- Connectivity options for pedestrians and non-pedestrians
- Optimal increase in residential density, supported by available infrastructure, that will enhance the vibrancy of community
- Improvement of infill, vacant, dilapidated, and underutilized sites in the community
- Public space improvements including open spaces, active gathering spaces, public art etc.
- Adaptive Reuse of property
 - Brownfield Redevelopment
 - Historic and/or cultural preservation
 - Redevelopment of Areas with Available Infrastructure
- Other features and characteristic that will enhance livability, vibrancy, convenience, and equity of communities

B. Community Benefit/Engagement, Inclusive Growth and Resilience

- Diversity Equity and Inclusion (DEI) of development team
- Proactive efforts for proposed development to serve and benefit existing communities, their people, and their cultures
- Mitigation of previous negative effects on historically disenfranchised communities, including people with disabilities and elder residents
- Consideration of Environmental Justice (EJ) initiatives and goals
- Provision of some asset that is otherwise absent in the community
 - affordable/workforce housing
 - food access
 - open/recreational space
 - gathering space
 - public/regional facilities
 - ADA Improvements
- Enhancing resiliency/green energy/sustainability

- Location in an Opportunity Zone, Enterprise Zone, or Distressed Municipality category

C. Economic Impact

- Return on Investment
 - Local match/share of total cost
 - DECD share of total cost
 - Total debt leverage
 - Private debt leverage
- Job creation (permanent full-time equivalent; direct)
- Increase in tax contribution/increase in grand list/increase in property value

D. Shovel-readiness

- Level of planning/drawings (conceptual, 30%, 60%, 90% etc.)
- Assembly of funding/capital stack and presence of private and other partners crucial to project implementation
- Level of local approvals obtained (zoning and other permits); plan or path charted out to obtain necessary local and state permits
- Level of infrastructure available (missing infrastructure and cost/plan/source)

E. Applicant team

- Applicant Team experience completing similar projects and on time
- Private partner experience completing similar projects and on time
 - Project examples and available references
- New partnerships that offer creative and dynamic solutions to the challenge project described in the application

Contact/Questions: Questions regarding the Application should be addressed to CTCommunitiesChallenge@ct.gov. Any clarification or supplemental information will be added to the dedicated [Program Webpage](#).

Mailing List: Sign up for the [Mailing List](#) to receive any notifications on this Program.

***Disclaimer:** DECD reserves the right to amend or cancel this NOFA, to modify or waive any requirement, condition or other term set forth in this NOFA or the program application, to request additional information at any time from one or more applicants, to select any number of applications submitted in response to this NOFA, or to reject any or all such applications, in each case at DECD's sole discretion. DECD may exercise the foregoing rights at any time without notice and without liability to any applicant or any other party. Applications to this NOFA shall be prepared at the sole expense of the applicant and shall not obligate DECD to procure any of the services described therein or herein from any applicant. DECD shall not be obligated to any applicant until a final written agreement has been executed by all necessary parties thereto and all applicable approvals have been obtained. As such, any funds expended by the applicant prior to these approvals will be done so entirely at the risk of the applicant.*