

## OVERVIEW OF THE ECONOMIC DEVELOPMENT PROCESS

### I. INTRODUCTION

Each year, a portion of the annual ACEDP allocation is set aside to fund the Economic Development Set-Aside (EDSA). The primary focus of the EDSA is the creation of job opportunities for low and moderate income (LMI) families. Another activity that is funded through the EDSA is downtown revitalization. Funding for this activity is rare and must meet the national objective of preventing or eliminating conditions of slum and blight and have a significant level of investment, both public and private, directed to resolve the identified problems in the downtown area.

Grants awarded through the EDSA normally fall into two general categories:

1. Infrastructure support for a new or expanding industry, and;
2. Loans for fixed asset financing.

This chapter of the Administrative Procedures Manual is limited to identifying the responsibilities of the grantee as they relate to documenting benefit for an EDSA grant. Additional guidance and general policies for the development of an EDSA grant application are detailed in each specific application package.

Information documenting benefit is required during the application phase, quarterly throughout the project, and upon completion of the job creation for the project.

For downtown revitalization projects, evidence that the project will address the national objective of preventing or eliminating conditions of slum and blight must be provided during the application phase and a commitment of grant funds will not be made until documentation sufficient to address this objective is received.

### II. STATUTORY CITATIONS FOR ECONOMIC DEVELOPMENT PROJECTS

- A. Economic development activities are CDBG-eligible – **CFR 24 Part 570.201(o) and CFR 24 Part 570.203.**
- B. Documenting low and moderate income benefit for economic development projects – **CFR 24 Part 570.208(a)(4).**
- C. Guidelines for evaluating and selecting economic development projects – **CFR 24 Part 570.209.**
- D. Standards for documenting public benefit for economic development projects – **CFR 24 570.209(b).**
- E. Amendments to economic development projects after review determinations – **CFR 24 Part 570.209(c).**

### III. DOCUMENTING JOB CREATION

#### A. Application Phase

During the development of an EDSA application, the company(ies) that will benefit from the grant must complete the **Job Creation Plan (Form 97)** as part of the application process. The plan provides basic information about the number and type of jobs that will be created if the project is funded.

The plan also contains a certification from the company(ies) that any new jobs resulting from the project will meet the 51 percent low and moderate income benefit requirement of the Arkansas Community and Economic Development Program (ACEDP).

Certain baseline employment data will be needed to determine a starting point for counting new jobs. Along with the Job Creation Plan, a copy of the company's payroll will be submitted reflecting at a minimum the following information: employee identification (SSN), job title, hours worked per pay period, and the most current weekly pay total.

#### B. Grant Phase

**After the grant agreement for the project is signed, the grantee is responsible for ensuring that the company(ies) benefiting from the project submit information documenting benefit for the project.** A Job Creation Packet, including Job Creation Information Instructions (Form 120) and all other related forms, have been developed to provide guidance to grantees regarding the information that needs to be submitted to document benefit resulting from the project. Following is a brief summary of the documents that are included in the Job Creation Packet and need to be completed by the company(ies) during the project:

1. The **Job Creation Plan (Form 97)** (submitted with the application) provides a detailed description of the number and types of jobs that will be created as a result of the project. It provides basic information on the number of jobs that are expected to be filled by LMI persons and a proposed timeframe for when the jobs will be created. The plan also documents current employment and information on documenting how jobs will be made available to LMI persons.
2. The **Income Certification Form (Form 98)** will be provided to the company(ies) benefiting from the grant. This form should be completed by **every person** that applies for a job created as a result of the project funded, in whole or part, with grant funds. The grantee should complete column B of the form for the company(ies) based on the income information provided in the grant agreement. These forms will be used as source documentation for determining LMI benefit for the project and may be used to complete the Job Activity Logs (Form 99). The company(ies) must provide copies of these forms to the Grantee to document the benefit resulting from the project.
3. The **Job Status Report (Form 100)**, along with income certification forms will be submitted on a quarterly basis to the Arkansas Economic Development Commission. These reports will provide a cumulative record of job creation activity, including LMI benefit, during the project. After the initial reports are submitted, they will be updated quarterly reflecting any new job creation

activity. The reports also give the grants division a tool to determine how the company(ies) is/are doing compared to how it/they expected to do.

4. The **Final Job Creation Report (Form 101)** is one of the closeout documents for an EDSA grant. This report provides an overall summary of the job creation activities relevant to the grant. It also provides a certification from the company(ies) that job creation activities resulting from the grant are completed and the project is ready for closeout. **A copy of the company's payroll should be attached to this report for verification.**
5. The **Equal Opportunity Direct Benefit Form (Form 58)** is one of the closeout documents for an EDSA grant. This document provides a summary of equal opportunity data for the beneficiaries of the project. Information provided on this form should be consistent with the data provided on the Final Job Creation Report.

#### IV. METHODS FOR DOCUMENTING JOB CREATION (CFR 24 PART 570.208(A)(4))

An economic development project may be funded for the purpose of either creating or retaining **permanent** jobs where at least 51 percent of the jobs, **computed on a full-time basis**, involve the employment of low and moderate income persons. To qualify for an economic development grant, the activity must meet the following criteria:

- A. For an activity that creates jobs, the grantee must document that at least 51 percent of the jobs were “**made available to**” low and moderate income persons.
- B. For an activity that retains jobs, the grantee must document that the jobs would actually be lost without ACEDP assistance and that either or both of the following conditions apply with respect to at least 51 percent of the jobs at the time the ACEDP assistance is provided:
  1. The job is known to be held by a low or moderate income person; or
  2. The job can reasonably be expected to turn over within the following two years and that steps will be taken to ensure that it will be filled by, or made available to, a low or moderate income person upon turn over.
- C. Jobs that are not held by or filled by a low or moderate income person may be considered to be “**available to**” low and moderate income persons for these purposes **only if**:
  1. Special skills that can only be acquired with substantial training or work experience or education beyond high school are not a prerequisite to fill such jobs, or the company agrees to hire unqualified persons and provide training; **and**
  2. The grantee and the assisted company take actions to ensure that low and moderate income persons receive first consideration for filling such jobs.

**V. SLUM AND BLIGHT DOCUMENTATION FOR DOWNTOWN REVITALIZATION PROJECTS**

As previously stated, any downtown revitalization project must address the national objective of aiding in the prevention or elimination of conditions of slums and blight. This documentation must be provided prior to being awarded a grant for this particular activity. In order to document meeting this national objective, the proposed activity must meet one or more of the criteria outlined in CFR 24 Part 570.208(b). These criteria are detailed in the Downtown Revitalization Application Package. Once a project has met the standard for this national objective, no further documentation is needed for the project.