

Capital Project Application Guidelines and Instructions

Each year, federal funding is made available, either through loans or, in rare cases, grants, to support capital projects (typically predevelopment, construction and rehabilitation of facilities) serving low and moderate income communities in Anne Arundel County. Past projects have included construction of a day and vocational facility for individuals with developmental disabilities, rehabilitation of a historic Rosenwald school to house Head Start and other community services, and the adaptive re-use of a historic school building into a regional Boys & Girls Club facility.

Please note, there is a separate application process for applicants interested in applying for financing for affordable rental housing projects. For more information, please see [Financing for Affordable Rental Housing \(acdsinc.org\)](https://www.acdsinc.org/financing) or contact Elisha Harig-Blaine at eharig-blaine@acdsinc.org or (410) 222-3236.

Projects must meet federal funding guidelines. All program rules and goals are identified in the Capital Projects Activity Recommendation Form, which can be downloaded below.

ACTIVITY SELECTION GUIDELINES

- The proposed program or project must be an eligible activity based on Federal Guidelines.
- The proposed program or project must meet one of the goals and strategies described in the County's Consolidated Plan, as further detailed below beginning on page 8.
- Priority will be given to projects and programs which address the **priorities and guiding principles outlined in the County's Consolidated Plan:**

Affordable Housing

The County will make the creation and stabilization/preservation of affordable housing, as well as related services, its top housing and community development priority. Affordable housing that meets the specific needs of homeowners, renters, homeless and special needs populations will be given preference for funding.

Communities of Opportunity

To the extent possible, priority will be given to projects and programs creating new affordable housing units and building low-income households ability to secure affordable housing in Communities of Opportunity (COOs). COOs are areas that have no or low concentrations of low- and moderate-income households, and that rank high on indices of quality of life. Generally, these are areas where there is a lack of both

affordable rental and affordable homeownership units and a relatively lower number of Non-White and Hispanic residents.

Neighborhood Revitalization Areas

Revitalization efforts and public service dollars (operating funds) will be prioritized to three main neighborhood revitalization areas, which are the **Severn, Brooklyn Park Glen Burnie, and Maryland City** communities. These areas have their own unique assets and are targeted by the County for place based community development initiatives across a range of disciplines. At the same time, these areas contain a higher concentration of low and moderate income households, older – yet affordable – housing stock in need of updates, repairs, and other needs compared to the County as a whole. These communities have approved Sustainable Community Initiative (SCI) designations from the State of Maryland and are targeted for revitalization programs. The County's SCI planning process involved thorough stakeholder engagement processes and needs assessments that resulted in an SCI Action Plan for each area.

- The recommended activities must provide maximum public benefits relative to cost.
- The recommendation should define the outcomes the activity will produce and how those outcomes will be measured.
- The recommended activity must not duplicate services available from the County or services being provided by another organization serving the same service area/population as the proposed activity.
- All activities should leverage other funding sources to the greatest extent possible, demonstrating cost sharing opportunities and in-kind contributions.

OVERVIEW OF FEDERAL GUIDELINES

CDBG PROGRAM

In order to qualify for federal CDBG funds, public service activities must meet the *Low and Moderate Income Benefit* National Objective, as described below.

Low and Moderate Income (LMI) Benefit – In order to qualify as meeting this objective an activity must benefit Low and Moderate Income persons (LMI persons). This is accomplished by serving persons whose households earn 80 percent of area median income (AMI) and below (see chart below as an example, but please note these income limits will be updated in the next year), or by serving persons presumed to be Low and Moderate Income such as those with special needs, persons with disabilities, homeless persons and the elderly. Additionally, in order to meet the criteria of LMI benefit, a project must serve a minimum of 51 percent low and moderate income persons OR the project must be located in an area predominantly inhabited by LMI residents. However, activities which serve more than the required LMI persons are reviewed more favorably since they are serving more persons with limited incomes than what is required by the federal regulations.

Household Size	Income Limit 80% of Area Median Income
1	\$ 72,950
2	\$ 83,400
3	\$93,800
4	\$104,200
5	\$112,550
6	\$120,900
7	\$129,250
8	\$137,550

* Issued by HUD for the Baltimore Metropolitan Area and adopted by ACDS and its Subrecipients; effective April 1, 2025.

Slums and Blight

For an activity to meet this objective, it must be designed to prevent or eliminate slum and blight conditions. If proposing an activity which your organization believes to meet this objective, contact the ACDS staff to provide technical assistance to determine if the activity meets the federal definition of slums and blight.

Eligible Capital Activities

In addition to meeting a national objective, the proposed project must be an eligible CDBG activity. These activities include, but are not limited to:

- Acquisition and/or rehabilitation of real property, which is:
 - (1) blighted or deteriorated;

- (2) appropriate for rehabilitation or conservation;
 - (3) appropriate for historic preservation, urban beautification, open spaces and the provision of recreational opportunities;
 - (4) needed for the provision of eligible public works, facilities and improvements;
 - (5) appropriate for the development of housing; or
 - (6) needed for other public purposes.
- Acquisition, construction, reconstruction, or installation of public improvements or facilities, such as:
 - (1) shelters for the homeless;
 - (2) water and sewer facilities;
 - (3) flood and drainage improvements;
 - (4) community, senior and health centers; or
 - (5) parking, streets, curbs, gutters and sidewalks, parks, and playgrounds.
 - Clearances, demolition, and removal of buildings.
 - Removal of architectural barriers to the handicapped or elderly.
 - Acquisition, construction and reconstruction of privately owned utilities necessary for neighborhood revitalization and to prepare sites for the construction of sale or rental housing.
 - Rehabilitation of public housing and improvements of other publicly owned residential buildings.
 - Rehabilitation of historic properties.
 - Homeownership assistance to income eligible homebuyers.

Ineligible Activities

The following activities are ineligible for assistance through the CDBG program:

- Construction of, or improvements to, general government buildings and schools.
- Routine operation, maintenance, and repair of public facilities.

HOME Program

The HOME Program was created to provide decent affordable housing to low income households. The following activities are eligible for HOME funds:

- Rehabilitation and reconstruction of owner-occupied housing.

- Acquisition, rehabilitation, or construction of affordable housing for homebuyers.
- Acquisition, rehabilitation, or construction of affordable housing for renters.
- Financial assistance for rent and security deposits for low-income tenants who have special needs, as defined in the County's Consolidated Plan.

AGENCY REQUIREMENTS

EXHIBIT III

All agencies applying for funding must meet the following requirements:

Personnel

The agency must provide adequate administration of the program to ensure completion of the project. If the project is accepted for funding, the agency may be required to provide a copy of its Personnel Policies and Drug-Free Workplace Policy.

Non-Discrimination

Each agency receiving funds from the County is required to assure that it will conduct its business in compliance with the non-discrimination requirements of the County, State and Federal governments, as applicable. Equal Opportunity in Employment policies will be required.

Accounting

Each agency shall maintain accounting records which are in accordance with general accepted accounting principles and auditing practices, such as described in 2 CFR Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards as applicable.

Audits and Financial Reports

An agency must provide a copy of its most recent Independent Audit and Management letters for the past three years. Non-federal entities that expend \$1,000,000 or more in a year in federal awards shall have a single or program-specific audit conducted for that year. Non-federal entities that expend less than \$1,000,000 a year in federal awards must submit a financial statement and other support documents to show how the CDBG funds were utilized. Local governments and nonprofit agencies are required to comply with 2 CFR Part 200, Subpart F.

Insurance

Contractor Insurance

The Grantee shall ensure that the Contractor purchases and maintains (or cause to be purchased and maintained) insurance at the following insurance coverage during construction:

- (1) Worker's compensation statutory benefits as required by the laws of the State of Maryland and employee's liability coverage with limits of at least \$100,000 each accident, \$100,000 employee disease, and \$500,000 disease policy limits;
- (2) Automobile liability insurance with at least \$1,000,000 combined single limit coverage to include owned, non-owned and hired automobiles; and
- (3) Commercial general liability with minimum limits of coverage at \$1,000,000 Each Occurrence (Bodily Injury or Property Damage), \$2,000,000 General Aggregate that applies on a per project basis, \$2,000,000 Products/Completed Operations Aggregate and \$1,000,000 Per Person or Organization (Personal and Advertising Injury).

Grantee Insurance

The Grantee shall carry sufficient insurance coverage to protect grant asset from loss due to theft, fraud, and/or undue physical damage at the following insurance coverage:

- (1) Commercial general liability with minimum limits of coverage at \$1,000,000 Each Occurrence (Bodily Injury or Property Damage), \$2,000,000 General Aggregate that applies on a per project basis, \$2,000,000 Products/Completed Operations Aggregate and \$1,000,000 Per Person or Organization (Personal and Advertising Injury);
- (2) Automobile liability insurance with at least \$1,000,000 combined single limit coverage to include owned, non-owned and hired automobiles;
- (3) Worker's compensation statutory benefits as required by the laws of the State of Maryland and employee's liability coverage with limits of at least \$100,000 each accident, \$100,000 employee disease, and \$500,000 disease policy limits;
- (4) Property/fire insurance on any building or structure that is to be improved utilizing VLT funds in an amount not less than the value of the improvements.

Prior to signing the agreement, the Grantee must furnish the Corporation with certificates evidencing the type, amount, class of operations and effective dates and dates of expiration of the insurance policies required. The insurance coverage certification shall include substantially the following statement, "The insurance covered by this certification shall not be canceled or materially altered, except after thirty (30) consecutive calendar days from when a written notice has been delivered to the Corporation whom shall be named as an additional insured in all insurance policies on a primary basis. In addition, the Corporation must be provided with an additional insured form number CG 20 10 11 85 or a relative equivalency for all liability policies, except for worker's compensation and automobile liability policies. Additional insured status to remain in effect for the term of the contract, including the warranty period.

Indemnification

All agreements will include an indemnification clause stating that the Grantee agrees to indemnify, defend, save and hold ACDS, its successors and/or assigns, harmless from any and all loss, liability, damage or claims of any nature whatsoever arising out of this Agreement.

Other Federal Requirements

An Agency may be responsible for complying with other Federal Requirements, depending on the size and scope of the proposed project. These requirements may include: Fair Housing and Equal Opportunity rules, Affirmative Marketing requirements, Handicapped Accessibility, Equal Opportunity Employment, Section 3 Economic Opportunities, Minority and Women Owned Business outreach, Labor requirements, Conflict of Interest, Debarred Contractors, Flood Insurance, Site and Neighborhood Standards, Lead Based Paint, Uniform Relocation Act, and Environmental Review

**ANNE ARUNDEL COUNTY
CONSOLIDATED PLAN GOALS: FY 2026 – FY 2030**

EXHIBIT IV

Goal and Strategy	Geographic Area
<p><i>Goal 1: Affordable Housing.</i> <i>Strategy: Promote safe, quality, affordable housing available to County residents</i></p>	Countywide
<p><i>Strategy 1A: Increase the supply of affordable units.</i></p>	Priority Revitalization Communities Opportunity Areas
<p><i>Strategy 1B: Increase the supply of affordable homeownership housing units.</i></p>	Priority Revitalization Communities
<p><i>Strategy 1C: Preserve and improve the conditions of existing affordable rental and homeownership units including adaptability and usability.</i></p>	Countywide
<ul style="list-style-type: none"> • • • Strategy 1D: Increase the supply of deeply affordable rental housing with supportive services. 	Countywide

EXHIBIT IV

Goal and Strategy	Geographic Area
Strategy 1E: Address barriers to homeownership by supporting underserved households through first-time homebuyer programs and homeowner preservation programs. <ul style="list-style-type: none"> • 	Countywide
Strategy 1F: Support resources and programs that help low-income tenants, including individuals with special needs, obtain and retain housing. <ul style="list-style-type: none"> • 	Countywide

Description& Strategy	Geographic Area
<ul style="list-style-type: none"> • GOAL 2: END HOMELESSNESS • Prevent and end homelessness 	Opportunity Areas
Strategy 2A: Prevent and divert people from becoming homeless.	Countywide
<ul style="list-style-type: none"> • Strategy 2B: Increase and sustain supporting pathways to sustainable housing opportunities for people who experience homelessness. 	Countywide

EXHIBIT IV

Description & Strategy	Geographic Area
<i>Strategy 2C: Increase capacity of and enhance low barrier emergency shelter, interim, and “next step” housing options for people experiencing homelessness.</i>	Countywide
<i>Strategy 2D: Improve the homeless response system.</i>	Countywide
<i>Strategy 2E: Improve Homeless Planning Initiatives.</i>	Countywide
<ul style="list-style-type: none"> • Strategy 2F: Identify scope of and develop plan for youth experiencing homelessness. • 	Countywide

Description & Strategy	Geographic Area
GOAL 3: SUSTAINABLE COMMUNITIES Promote healthy and sustainable communities .	Countywide
<ul style="list-style-type: none"> • Strategy 3A: Create initiatives which support the ability of the County to respond to natural disasters and infectious diseases. • 	Countywide
<ul style="list-style-type: none"> • Strategy 3B: Create and support initiatives and programs which provide a path to improved financial and economic wellbeing. • 	Countywide
<ul style="list-style-type: none"> • Strategy 3C: Support Initiatives that improve the quality of life for communities, with priority given to communities within designated Neighborhood Revitalization Areas and Housing Commission managed communities. • 	Countywide

EXHIBIT IV

Description & Strategy	Geographic Area
<p><i>GOAL 4: FAIR HOUSING Implement the County's Fair Housing Plan</i></p>	<p>Countywide</p>
<ul style="list-style-type: none"> • Strategy 4A: Support the implementation of the Baltimore Regional Fair Housing Plan, which includes a local Anne Arundel County component. 	<p>Countywide</p>

https://acdsinc.sharepoint.com/sites/ACDSDocuments/Planning/Budget & Planning Development/Budget Process/2027/FY2027_ApplicationGuidelines_Capital.docx