# City of Fayetteville, NC

# Can-Do EDGE Grant

(**E**XTERIOR **D**ESIGN AND **G**ATEWAY **E**NHANCEMENTS)

# Program Guidelines

Established: April 15, 1999
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**Program Summary**

The City of Fayetteville's Can-Do EDGE Grant supports Fayetteville's small businesses and property developers by funding visible exterior upgrades such as storefronts, signage, lighting, landscaping, and site frontages. The goal is to strengthen business Council-designated priority areas, address exterior deterioration, and spur private reinvestment. The program aims to attract investment, support local businesses, and encourage development. In addition, the program spurs design projects that capitalize on the rehabilitation of existing properties and/or the introduction of compatible infill, ultimately fostering a vibrant and thriving business community. All projects must demonstrate job creation or retention for low- and moderate-income residents.

The program provides a 50/50 matching funding for eligible exterior improvements. The minimum project size is $15,000 (from all sources). Awards are capped at $25,000 citywide and $50,000 within Council Priority Redevelopment Area. Requests above these thresholds may be considered with City Manager approval and are subject to available funds. Requests above $50,000 will require City Council approval through a public hearing per the Local Development Act, N.C.G.S. § 158-7.1 and be subject to a deed of trust to secure the city's investment through the compliance period of 3 years. Eligible applicants include small businesses and property owners with small business tenants.

The Economic and Community Development (ECD) Department has established this policy to outline the guidelines for administering the Can-Do EDGE Grant and evaluating projects for potential funding through CDBG. The Can-Do EDGE Grant Program supersedes any prior City guidelines governing CDBG-assisted commercial exterior improvement assistance.

**1. Program Administration**

The Director of the Economic and Community Development (ECD) Department serves as the program administrator and is responsible for ensuring compliance with all applicable federal Community Development Block Grant (CDBG) regulations under **24 CFR Part 570.203** and **24 CFR Part 570.209**.

**Program Availability and Application Process**

The Can-Do EDGE Grant is available year-round, subject to funding availability. Program information is published on the City's website at **www.fayettevillenc.gov/ecd**. Applications must be submitted electronically through the City's **Neighborly Portal**, accessible via the program webpage.

Funding for the program is appropriated annually by City Council through the CDBG Annual Action Plan and is available beginning July 1 of each year. Funding may be adjusted mid-year through a substantial amendment to the Action Plan, depending on demand and program performance.

**Grant Review Committee**

Completed applications will be presented by the Economic Development Manager to the Grant Review Committee, which includes:

- ECD Director (or designee)
- Two representatives from Development Services (one with code enforcement expertise, one with planning/zoning expertise)

The Grant Review Committee's charge is to confirm that each grant request meets all threshold requirements established in this policy. Specifically, the Committee reviews projects to ensure:

- Compliance with written program guidelines;
- Resolution of any outstanding code enforcement violations;

- Compatibility with planning and zoning regulations; and
- Sensitivity to community concerns.

This program is **a competitive process**. Applications are reviewed on a quarterly basis, and funds are committed to eligible projects until exhausted. Funding will then be replenished with the next program year beginning July 1.

**Grant Evaluation and Selection**
Grant evaluation and selection reviews will be conducted by the Economic Development Manager to ensure HUD compliance. The City will apply HUD's evaluation and selection guidelines in evaluating all applications (24 CFR 570.209(a)) to ensure CDBG assistance is necessary and reasonable. Applicants must demonstrate:

- The project is financially viable without an undue return to the owner;
- The CDBG subsidy is limited to the amount necessary to make the project feasible;
- Reasonable project costs, supported by third-party cost estimates; and
- That market demand exists for the proposed business or development.
- The Grant Review Committee will document compliance with these standards in the evaluation and selection memorandum for each project.

**Duplication of Benefits**
Prior to approval of any grant, the City will verify that no duplication of benefits occurs in accordance with federal requirements. Applicants must disclose all sources of federal, state, local, insurance, or private financing for the project. CDBG assistance may only be used for unmet need, and applicants must provide evidence that CDBG funds are not duplicating other funding sources for the same costs.

**Federal Labor Standards & Hiring Requirements**

- **Davis-Bacon Act (29 CFR Part 5 Subpart A):** For CDBG-funded projects, Davis-Bacon requirements apply when the total construction cost is more than $2,000. Federally funded construction projects must pay workers no less than the locally prevailing wages and fringe benefits for similar work, as determined by the U.S. Department of Labor. The applicable wage determination must be included in all construction contracts, and contractors and subcontractors must submit weekly certified payroll reports (Form WH-347) to document compliance with the prevailing wage rates. Contractors must also ensure that workers are properly classified according to their duties and that wage determinations and the "Notice to Employees" are posted at the job site in a visible location.

- **Copeland "Anti-Kickback" Act (29 CFR Part 3):** This Act prohibits contractors and subcontractors from inducing, by any means, any person employed on a federally assisted construction project to give up any part of the compensation to which they are entitled. Contractors must submit weekly statements of compliance with each certified payroll to verify that all wages have been paid in full and no kickbacks or unauthorized deductions have occurred.

- **Contract Work Hours and Safety Standards Act (CWHSSA) (29 CFR Part 5):** This Act applies to federally assisted contracts exceeding $100,000 that involve mechanics or laborers. It requires contractors and subcontractors to pay overtime compensation at a rate of one and one-half times the basic rate of pay for all hours worked in excess of 40 in a workweek. CWHSSA also includes safety standards to protect laborers and mechanics from unsafe and unhealthy working conditions.

- **Fair Labor Standards Act (FLSA):** The FLSA governs matters such as federal minimum wage rates and overtime (O/T) requirements. These standards are generally applicable to all labor performed and may be preempted by other, often more stringent, federal standards such as the Davis-Bacon and Related Acts (DBRA) prevailing wage requirements and the Contract Work Hours and Safety Standards Act (CWHSSA) overtime provisions. Contractors must ensure compliance with federal minimum wage and overtime requirements and maintain accurate records of hours worked and wages paid for all covered employees.

- **Section 3 (24 CFR 75):** For CDBG-funded projects, Section 3 requirements apply when the total construction cost is more than $200,000. Employment, training, hiring, and contracting opportunities must be provided for low- and very low-income residents and businesses employing them.

- **Federal Labor Standards Provisions** All contracts should include the Federal Labor Standards Provisions (**HUD-4010**). Labor standards requirements apply to the entire scope of the construction project, not solely to the portion funded with CDBG assistance.

Applicants should account for these requirements early in project planning, as they may affect budgets, contractor selection, and reporting.

**2. Use of Funds**

CDBG funds may only be used for exterior improvements that enhance the visual appeal, safety, or functionality of a commercial property's exterior. All improvements must comply with applicable local building codes and zoning regulations. Improvements must remain with the property for a minimum of three (3) years following the disbursement of grant funds per this policy. Projects must be approved and have a fully executed agreement in place before any work begins.

To be approved, applicants must submit a complete application package, including proof of the required matching contribution, prior to City approval.

All projects must comply with applicable local, state, and federal regulations, including building codes, zoning ordinances, and accessibility standards.

Funds may be used for a range of commercial and mixed-use developments, including office, retail, food service, medical or health service facilities, hospitality venues, child care centers, business incubators or co-working spaces, light manufacturing or industrial facilities, educational or workforce training facilities, cultural or community venues, technology or research facilities, and other eligible commercial projects that support job creation or retention and meet CDBG requirements.

Funds cannot be used for equipment purchases, operating expenses, or working capital. Funds are provided on a reimbursement basis after ECD approval and inspection of completed work and will not be advanced. With ECD and contractor approval, the City may issue the reimbursable 50% directly to the contractor after the applicant has paid the initial 50% and signed a completion release; any cost overruns are the applicant’s responsibility. Work must start within 6 months of award and be completed within 18 months. Only costs incurred after ECD approval are eligible for reimbursement.

**Contractor Selection and Oversight**

- The grantee is responsible for selecting and managing contractors and ensuring that projects are completed within the approved timetable and budget.

- The City will review the grantee's contractor selection, confirm that the contractor is registered in SAM.gov and not suspended or debarred, and determine cost reasonableness by reviewing project cost estimates. The City must concur with contractor selection before funds are released.

### 3. Eligible Applicants

Applicants must demonstrate the financial and operational capacity to complete the proposed acquisition (as determined by the primary lender) and comply with all program requirements (as determined by the City).

#### a. Small Business Requirements

Eligible applicants must be small business owners or property owners with a secured small business tenant. A "small business" is defined as a for-profit entity that:

- Has a physical place of business within the U.S.
- Is independently owned and operated.
- Is not dominant in its field of operation.
- Meets U.S. Small Business Administration (SBA) size standards (varies by industry).

Applicants must also be in good standing with the City of Fayetteville, including being current on all applicable taxes, permits, and having no outstanding fines or fees owed by the owner or any interested parties.

#### b. Conflict of Interest

No employee, agent, consultant, officer, elected official, or appointed official of the City who exercises or has exercised any functions or responsibilities with respect to CDBG-assisted activities, or who is in a position to participate in a decision-making process or gain inside information with regard to such activities, may obtain a financial interest in any contract, subcontract, or agreement with respect to the CDBG activities, or in the proceeds thereof, for themselves or those with whom they have family or business ties, during their tenure and for one year thereafter. Exceptions may be granted by HUD on a case-by-case basis pursuant to 24 CFR 570.611(d). The City and its officers are additionally subject to N.C.G.S. § 14-234.

#### c. Ineligible Business Types

Funding will not be provided to: adult entertainment establishments; nightclubs/private clubs; vape, hemp, and tobacco shops; gambling establishments; home-based businesses; or educational, institutional, nonprofit, or showroom-only uses.

### 4. Public Benefit Standards

All CDBG-assisted economic development activities must meet HUD's aggregate public benefit standards under 24 CFR 570.209(b)(1). These standards ensure that the amount of CDBG funds invested in an activity is reasonable relative to the public benefit achieved. Activities, when considered in the aggregate, must satisfy at least one of the following minimum thresholds:

- *Job Creation or Retention Standard*: The assisted activity must create or retain at least one full-time equivalent (FTE), permanent job for every $35,000 of CDBG funds used; or
- *LMA Benefit Standard:* The assisted business must provide goods or services to an area where the number of low- and moderate-income (LMI) persons served equals at least one LMI person for every $350 of CDBG funds used.

Each project must document how it contributes toward meeting one of these standards and maintain supporting records in accordance with 24 CFR 570.506(b).

**a. Job Creation and Retention Requirements**

Eligible applicants must create or retain at least one full-time equivalent (FTE) job per $35,000 of CDBG funds used. For purposes of this requirement, an FTE equals 40 total work hours per week, which may be met by one full-time position or by combining part-time positions (e.g., two 20-hour-per-week jobs equal one FTE; four 10-hour-per-week jobs equal one FTE).

Jobs counted toward this requirement must meet the following conditions:

- Jobs must be created within 1 year.
- Each job must be held by or made available to a low- or moderate-income (LMI) individual, as defined by 24 CFR 570.3 as calculated by 24 CFR 5.609.
- Each assisted project must create or retain at least one FTE job that strengthens the City's workforce by being accessible to LMI residents. If more than one job is created or retained, at least 51% must be made available to or held by LMI persons.
- For developer- or property owner-led projects, job creation or retention may be achieved through tenants occupying the assisted property, provided the tenants meet the job requirement.
- All applicants must agree to remain and operate at (or maintain eligible tenants at) the assisted property for a minimum of three (3) years following the disbursement of grant funds.
- All applicants must submit annual monitoring reports for at least three (3) years to track job creation/retention, financial health, and continued operation.
- For jobs "held by" LMI persons, the City will require income certification from each employee at the time of hire using HUD-approved self-certification forms or third-party income verification.
- For jobs "made available to" LMI persons, the business must provide evidence of "first consideration" to LMI applicants, including copies of job postings, outreach to workforce agencies, and applicant pool data.
- For jobs claimed as "retained," the business must demonstrate that the job would be lost without CDBG assistance and that the job is either currently held by an LMI individual or will turn over within two years and be made available to LMI persons Documentation demonstrating this includes, but is not limited to written statement from the business explaining the circumstances of potential layoffs, downsizing, or closure that would occur without assistance, recent financial statements, loan denial letters, or internal memos showing impending layoffs or closure prior to CDBG intervention.
- All applicants must maintain insurance coverage, including general liability and property insurance, with the City listed as an additional insured.

*(Compliance with these requirements is monitored post-grant; see Section 7.)*

**b. LMA Benefit calculation**

Activities that provide an area-wide benefit must demonstrate that the service area meets the Low- and Moderate-Income Area (LMA) national objective under 24 CFR 570.208(a)(1). An activity qualifies under this category if it benefits all residents in a defined geographic area where at least 51 percent of the residents are low- and moderate-income (LMI).

To determine LMA eligibility and funding amount:

1. Identify the geographic area where the activity's goods or services will be provided. The service area should be reasonable and directly related to the nature of the activity (e.g., neighborhood, census tract, or multi-tract service area).
2. Using HUD's most recent Low/Moderate Income Summary Data (LMISD), calculate the percentage of LMI residents within the service area.
3. Identify the total population within the service area using LMISD or other reliable demographic data.
4. Multiply the number of persons expected to benefit by $350 to determine the maximum CDBG assistance amount.
5. Maintain documentation of the service area boundaries, LMISD calculations, population data, and funding calculation in the project file to demonstrate compliance with the LMA national objective.

**5. Eligible Properties:**

**a. To qualify for funding under this program, properties must meet the following eligibility criteria:**

- Comply with all applicable local building codes.
- Be located at street level, with a storefront or commercial exterior visible from the public right-of-way.
- Be located within the Fayetteville city limits.
- Be zoned for uses generally associated with business activities, such as commercial, retail, office, hospitality, or light industrial, as defined by the City's Development Ordinance.
- For tenant-based projects, have a lease term of at least one (1) year.
- Be in a condition, either currently or after rehabilitation or reconstruction, that is acceptable to the primary lending institution. The City of Fayetteville will follow the lending institution's guidance and requirements for property condition standards.

**b. Historic Preservation Requirements**

If the property is located within the City's Historic District, proposed work must receive approval from the Historic Resources Commission (HRC). Even if the property is not in a designated historic district, it may still be subject to review under **Section 106: National Historic Preservation Act of 1966** , which requires additional approval if the building has historical significance.

**c. Environmental Review Requirements:**

All projects using CDBG funds must comply with 24 CFR Part 58, which requires the City to complete an Environmental Review Record (ERR) before funds can be committed or spent. The ERR evaluates potential environmental impacts and ensures the project meets federal, state, and local environmental standards.

For routine maintenance, repair, replacement in kind, or minor rehabilitation that does not change the use, footprint, or capacity of a structure or site, the project will remain **Categorically Excluded, Not Subject To (CENST)** review. Examples include roof patching, restriping or resealing a parking lot, painting, and replacement of mechanical systems with equivalent equipment.

For major projects involving a change of use, replacement or reconstruction of major components, or an increase in building or site footprint or capacity by 20 percent or more, a **Categorically Excluded, Subject To (CEST)** environmental review will be required. This includes:

- **Phase I Environmental Assessment (EA):** Conducted by an independent environmental consultant to identify potential environmental issues.
- **Phase II Environmental Assessment (if needed):** Required at the discretion of the ECD Director if Phase I identifies Recognized Environmental Concerns (RECs).
- **Mitigation or Remediation Plan:** Required if Phase II confirms RECs and must be approved before the project can proceed.

The ERR process can take up to 90 days to complete. Findings at any stage may affect a project's eligibility for funding

**d. Uniform Relocation Act**

For purposes of the Uniform Relocation Assistance and Real Property Acquisition Policies Act (URA, 49 CFR Part 24), relocation assistance is not required when the property is vacant prior to the initiation of negotiations and the acquisition is voluntary under §24.101(b)(1). In a voluntary acquisition where the property is occupied, any person or business displaced as a direct result of the project is entitled to applicable URA relocation benefits. Staff must determine whether an occupant qualifies as "displaced" under the URA and, if so, identify the benefits due. Any transaction involving an occupied property must be reviewed with the department director prior to finalizing the acquisition. If the property isn't vacant before negotiations and anyone there has to move or loses the ability to operate because of our project, stop and talk to the department director—URA may apply.

In all voluntary acquisitions, staff must issue a General Information Notice to any occupants and provide the seller with an appraisal establishing the estimate of fair market value in accordance with URA requirements (§24.102(d)). Fair market value must be determined before making a written offer, typically through a full URA-compliant appraisal, and the seller must receive that estimate—either the full appraisal or a summary with sufficient detail to explain how the value was determined. If the seller disagrees, they may request a review appraisal, which can affirm, increase, or decrease the original value. While the seller is not obligated to accept the offer, it must be at or above the approved fair market value. Unlike private banking transactions, where appraisals are often for internal use only, URA requires transparency, giving the seller the right to review the valuation before deciding.

**6. Project Investment Limits:**

a. **Maximum City Grant Amount:** Up to $25,000 citywide and $50,000 within Council-designated Priority Areas. Requests above these thresholds may be considered with City Manager approval and are subject to available funds. Requests above $50,000 will require City Council approval through a public hearing per the Local Development Act, N.C.G.S. § 158-7.1 and be subject to a deed of trust to secure the city's investment through the compliance period of 3 years.

b. **Per-Job Investment Standard:**
   1. Within the City limits, the City may invest up to $35,000 per eligible full-time equivalent (FTE) job created or retained.
   2. In Council-designated priority areas, the City may increase its investment up to $50,000 per eligible FTE job, consistent with 24 CFR 570.209(b)(3)(i)(a), so long as this increase does not conflict with the aggregate public benefit standard below.

c. **Aggregate Public Benefit Standard:** In addition to per-job investment limits, the City will ensure compliance with HUD's aggregate public benefit standards. The Can-Do EDGE Grant overall may not exceed $35,000 per full-time equivalent (FTE) job created or retained, and the aggregate assistance to all projects must meet the minimum HUD standards for public benefit. At the City's option, the grant may be excluded from the aggregate standards if the grant meets one or more of the criteria found at 24 CFR 570.209(b)(2)(v).

d. **Minimum City Investment:** $7,500.
e. **Funding Availability:** While the program allows grants up to the maximum cap, the City typically has access to approximately $150,000 in available funds without advance planning. Requests significantly above this amount may require additional time and funding commitments to structure.

7. **Compliance and Monitoring:**

ECD staff will inspect completed work to confirm compliance with approved plans and program guidelines before any funds are disbursed. All required permits must be obtained, inspected, and closed by the City or the relevant authority.

In addition to financial monitoring, ECD staff will require each applicant to submit annual reports for three (3) years following disbursement. These reports must include:

- Documentation verifying compliance with the job creation and retention requirements; and
- A financial statement with sufficient detail to allow ECD staff to evaluate the **ongoing operation** and financial health of the business (or the tenant business, in the case of developer- or property owner-led projects).

8. **Recapture Enforcement:**

Failure to comply with program requirements may result in recapture of grant funds, disqualification from future City-funded programs, and any other legal remedies available to the City. Events of default include, but are not limited to, failure to create or retain the required jobs, unauthorized sale or transfer of the property, business closure or cessation of operations, occupancy by a prohibited business within the three-year compliance period, material misrepresentation, removal or substantial alteration of grant-funded improvements without City approval, or failure to maintain required program records. Structured as a reimbursable, forgivable loan, awards of $50,000 or more shall be secured by a recorded deed of trust or other security instrument approved by the City Attorney's Office for a minimum of three (3) years. The City will monitor compliance annually, and any default may result in repayment of assistance under the recapture provisions. The City Attorney's Office may pursue any legal action necessary to enforce this agreement and protect the City's investment.

9. **Required Documents**

a. **Applicant Required Documents**

- **Business & Organizational Documents**
  - Completed application form (via Neighborly)
  - Organizational documents (Articles of Incorporation/Organization, Operating Agreement, or Partnership Agreement)
  - Certificate of Good Standing (NC Secretary of State)
  - Active UEI number from Sam.gov
  - Copy of lease agreement (for tenant-based projects; must confirm at least a one-year term)
  - Evidence of insurance coverage (property, liability, workers' compensation if applicable)
- **Property Documentation**
  - Current property tax receipts (showing all taxes paid)
  - Proof of Ownership or owner consent form
  - Zoning Consistency Determination

- Project Description (including scope of work and proposed improvements)
- Itemized Cost Estimates from at least two licensed contractors (show of good faith)
- Work writeups, Architectural Drawings, or other documents to support construction

- **Financial Capacity**
  - Proof of minimum 50/50 matching investment
  - Current profit & loss statement (within the last 6 months)
  - Last three current business bank statements
  - Last two years' tax returns (business and personal for all owners with ≥20% ownership)
  - Personal financial statements (for all owners with ≥20% ownership)
  - Business plan with financials (if a new business)
- **Compliance & Acknowledgements**
  - Signed acknowledgement of Davis-Bacon requirements (if construction is included)
  - Job creation/retention plan (per CDBG requirements)

b. **Staff Required Documents**

- **Verification & Property Review**
  - UEI number verification (Sam.gov)
  - Photographs of subject property
- • **URA Compliance**
  - General Information Notice (GIN)
  - Notice of Eligibility (if displacement occurs)
  - Relocation impact evaluation (if occupied)
- • **Environmental & Historic Review**
  - Environmental Review Record (ERR)
  - NEPA determination record (if separate)
- • **Grant Review & Compliance Oversight**
  - Project decision record
  - Conflict of Interest Disclosure (24 CFR 570.611) (N.C.G.S 14-234)
  - Documentation of compliance with National Objective (LMJ)
  - Monitoring plan/checklist for annual compliance (jobs, insurance, financials)

**10. Recordkeeping & Grant Close-out**

The City will maintain records sufficient to document compliance with CDBG regulations for each assisted project. Records will include but are not limited to applications, underwriting memoranda, environmental reviews, labor standards, URA compliance, national objective documentation, loan documents, and annual monitoring reports.

All records must be retained for a minimum of five (5) years after HUD has closed the City's CDBG grant from which the project was funded, or longer if litigation, audit, or other unresolved matters remain.

**11. Additional Crosscutting Federal Regulations**

**a. Nondiscrimination and Equal Opportunity:**

Projects must comply with Title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d), Section 109 of the Housing and Community Development Act of 1974, the Age Discrimination Act of 1975, and Section 504 of the Rehabilitation Act of 1973, as amended. No person shall, on the basis of race, color, national origin, religion, sex, age, or disability, be excluded from participation in, denied the benefits of, or subjected to discrimination under any program or activity funded in whole or in part with CDBG funds.

**b. Americans with Disabilities Act (ADA):**

All facilities open to the public must comply with the accessibility standards of the ADA (42 U.S.C. 12101 et seq.) and Section 504 of the Rehabilitation Act of 1973, ensuring equal access for individuals with disabilities.

Reviewed by:

Christopher Cauley — 7/1/26

Christopher L. Cauley, MPA, CEcD — Date

Economic and Community Development Director

Approved by:

7/1/26

Jodi Phelps, — Date

Assistant City Manager