

## Key Points

### Community Development Block Grant (CDBG) Program

**Intro:** There are several different methods used by the U. S. Department of Housing and Urban Development (HUD) for distributing Community Development Block Grant (CDBG) Program funding, all intended to benefit low- to moderate-income (LMI) persons. One distribution occurs for communities with populations over 50,000, also known as “entitlement communities,” which in Montana includes the cities of Billings, Great Falls, and Missoula. (Persons or community organizations interested in utilizing CDBG funds *within the City of Billings* can contact the City’s Community Development Program office, Brenda Beckett or Vicki Lapp, at 657-8281. The Community Development office is located on the 4<sup>th</sup> Floor of the Parmly Library Building on North Broadway in Billings.) Another distribution of HUD funds is allocated to Montana’s Indian tribes. And the final allocation of HUD funding is made available through the State of Montana-Department of Commerce and is distributed to Montana communities on a competitive basis. It is this **competitive CDBG process** that is explained below.

#### ➤ Programs funded

1. Housing (rehabilitate substandard housing or support construction of new permanent long-term housing; can include demolition of vacant deteriorated units, acquiring sites, and community revitalization or clean-up activities)
2. Public Facilities (basic community infrastructure improvements, such as water and sewer facilities; and community facilities designed for use or “benefit” of persons of low or moderate income, such as nursing homes, senior centers, Head Start centers, mental health centers)
3. Planning Grants (to plan Housing and Public Facilities; initial planning activities such as preparing a growth policy, conducting a housing study, preparing a capital improvement plan, developing an architectural design, or preparing a preliminary engineering report)
4. Economic Development (stimulate economic growth by assisting Montana’s private sector to create or retain jobs for low and moderate income persons; makes fixed-rate financing available at reasonable interest rates; intended for use to bridge funding gaps where alternative sources of financing are not quite adequate)

#### ➤ Eligibility

1. Counties – mainly the unincorporated jurisdiction of a county
2. Municipalities – an incorporated city or town (*Except for Cities of Billings, Great Falls, & Missoula*)
3. Coordinated applications – two or more eligible applicants (For example: a regional water system that may involve an incorporated town or city and also involves the county government)
4. County or Municipal applications – can be made On Behalf of Sub-recipient Entities:
  - a. county water or sewer districts;
  - b. public housing authorities;
  - c. and private, non-profit organizations [e.g., human resources development councils (HRDCs), hospital associations, community housing development organizations (CHDOs).]  
*Non-Profit organizations must have an Internal Revenue Service 501(c)(3) or 501(c)(4) non-profit designation to be an eligible sub-recipient of CDBG funds.*

#### ➤ Application Process

Organizations that wish to access CDBG funds are encouraged to meet with County Commissioners or City officials early in the planning stages of their projects, so that officials are made aware of all entities desiring sponsorship of applications. Eligible local government jurisdictions may only submit one application for a Planning grant, one application for a Public Facilities grant, and one application for a Housing and Neighborhood Renewal grant for each federal fiscal year’s program. Congress and HUD continue to place pressure upon CDBG recipients to expend funds more quickly. The CDBG guidelines require that the older the fiscal year of the original grant award, the higher

percentage of expended funds before the eligible sponsoring entity can re-apply. This provides an incentive for CDBG recipients to complete their current projects as expeditiously as possible in order for them to re-apply for additional CDBG funding. *Local governments with a current CDBG planning grant are ineligible to apply for an additional planning grant until their current planning project is completed and closed out.*

Yellowstone County holds official public hearings each year about CDBG grants, and Big Sky EDA assists Yellowstone County with its county-sponsored grant applications. Notices of public hearings are published in *The Billings Gazette*. The Montana Department of Commerce is holds W2ASACT workshops and CDBG application workshops usually in the Spring. For information on upcoming MDOC workshops, please visit [http://comdev.mt.gov/CDD\\_Workshops.asp](http://comdev.mt.gov/CDD_Workshops.asp). There is no fee to attend, and pre-registration is *not* required.

➤ **Application Deadlines**

Check the state website <http://comdev.mt.gov> for current application deadlines for each category of CDBG competition. Keep in mind that each final application package could require up to at least 100 hours of preparation. Developing a competitive proposal requires careful and timely advance planning, to assure meeting all public input requirements along with preparing accurate cost estimates, budgets, and developing any necessary sub-recipient agreements or other required documents.

➤ **Resources for more information**

For *Housing, Public Facilities, and Planning grants*, contact Gus Byrom, (406) 841-2777, or email [gbyrom@mt.gov](mailto:gbyrom@mt.gov) or refer to the MDOC website at: <http://comdev.mt.gov>.

For *Economic Development* grants, contact Karyl Tobel, (406) 841-2733, or email [ktobel@mt.gov](mailto:ktobel@mt.gov). You may also contact Al Jones, the Department of Commerce Regional Development Officer for southcentral Montana, at phone (406) 655-1696, or email [aljonesrdo@bresnan.net](mailto:aljonesrdo@bresnan.net). The CDBG-ED Program materials and application guidelines are available online at: [http://businessresources.mt.gov/BRD\\_CDBG](http://businessresources.mt.gov/BRD_CDBG).

**CDBG PROGRAM CHARACTERISTICS**

CDBG Program	Application Deadline	Grant Ceiling	% Match Required	Types of Programs Funded
Housing and Neighborhood Renewal	November (Check website for date)	\$450,000	25%	<ul style="list-style-type: none"> <li>• rehabilitation of substandard housing</li> <li>• construction of new permanent, long-term housing</li> <li>• financing or subsidizing construction of new permanent, residential units where a local nonprofit organization sponsors the project</li> <li>• site improvement or provision of public facilities to publicly-owned land or land owned by a nonprofit organization to be used or sold for new housing</li> <li>• demolition of vacant, deteriorated housing units with the intent of making the site available for new construction</li> <li>• acquiring sites for use or resale for new housing</li> <li>• converting existing nonresidential structures for residential use.</li> </ul>

				<ul style="list-style-type: none"> <li>neighborhood renewal activities can include cleaning up junk and debris or improving or constructing public facilities such as sidewalks, streets, or neighborhood parks</li> </ul>
Public Facilities	May (check State web site for date)	\$450,000	25%	<ul style="list-style-type: none"> <li>making basic community infrastructure improvements, such as water and sewer facilities, affordable to low and moderate income families</li> <li>designing facilities for use predominantly by persons of low and moderate income such as nursing homes, senior centers, Head Start centers, or mental health centers</li> </ul>
Planning Grants	April (check State web site for date)	\$15,000	100%	<ul style="list-style-type: none"> <li>undertaking activities to implement a growth policy,</li> <li>planning for housing needs</li> <li>neighborhood redevelopment plans, urban renewal plans, analyses of impediments to fair housing choice, and environmental and historic preservation studies.</li> <li>planning for re-use of vacant industrial areas (“brownfields”) for possible redevelopment.</li> <li>conducting income surveys necessary to be eligible for CDBG assistance.</li> <li>preparation of grant applications for CDBG Housing or Public Facilities projects.</li> </ul>
Economic Development	OPEN	\$400,000 TOTAL PER YEAR (applicant may submit more than one application in a given year)	100% (from benefiting businesses)	<ul style="list-style-type: none"> <li>lending out to local business at low, fixed rates [program income (loan repayments) may then be retained by the local government as part of its Revolving Loan Fund]</li> <li>defraying the cost of training for new or retained employees.</li> <li>improving or providing infrastructure for businesses.</li> <li>grant funds may also be used to help business with technical assistance, but specific guidelines regarding these technical assistance grants have yet to be determined</li> </ul>