Montana State Legislature

Exhibit 2

This exhibit is "The Community Development Block Grant Program" pamphlet; a portion of this exhibit has been scanned for your research. To obtain a copy please contact the Montana Historical Society and may be viewed there.

Montana Historical Society Archives, 225 N. Roberts, Helena, MT 59620-1201 Phone (406) 444-4774.
Scanning by: Susie Hamilton

Copies of the separate *CDBG Application Guidelines* for Housing and Neighborhood Renewal projects and for Public Facilities projects, CDBG publications such as *Documenting Benefit to Low and Moderate Income Persons* and *The Community Needs Assessment Process*, and other resource materials useful to potential CDBG applicants are available on the Montana CDBG website:

http://comdev.mt.gov/CDD_cdbg.asp

For more information about the program or for copies of program guidelines and application materials for the 2006 CDBG program, you can also contact us by phone or E-mail:

Gus Byrom, CDBG Program Manager for
Housing & Public Facilities
(406) 841-2777
gbyrom@mt.gov

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(406) 841-2791
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Or, you may contact us at the following address and phone number:

Community Development Block Grant (CDBG)
Community Development Division
Montana Department of Commerce
P. O. Box 200523
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EXHIBIT 2
DATE 1/16/07

The Montana Community Development Block Grant Program (CDBG)

Providing Financial Assistance to Local Governments for Public Facilities, Housing, and Economic Development Projects

Montana Department of Commerce

September, 2006

EQUAL HOUSING OPPORTUNITY

PURPOSE

Montana's *Community Development Block Grant (CDBG) Program* is a federally-funded competitive grant program designed to help communities of less than 50,000 population with their greatest community development needs. The program was established by the federal Housing and Community Development Act of 1974.

All projects funded by CDBG must principally benefit low and moderate income (LMI) persons. The basic categories for CDBG projects are:

1. *Economic Development*
2. *Housing and Neighborhood Renewal*
3. *Planning*
4. *Public Facilities*

The Montana Department of Commerce (MDOC) administers the program in coordination with the U.S. Department of Housing and Urban Development (HUD).

MDOC's Business Resources Division (Karyl Tobel, CDBG ED Program Manager, 841-2733) administers the *Economic Development* category. The *Housing and Public Facilities* categories are administered by the MDOC Community Development Division (841-2791). Both the Business Resource Division and the Community Development Division have *Planning Grant* funds.

HOW DOES MONTANA'S CDBG PROGRAM WORK?

FUNDING AMOUNTS

During 2006, the CDBG Program expects to have available:

- $225,000 for Planning Grants,
- $2.7 million for Public Facilities projects (estimated), and
- $1.4 million for Housing and Neighborhood Renewal projects (estimated).

The Planning Grant funds are from Montana's Federal Fiscal Year (FFY) 2006 CDBG Funds and would be available to successful applicants in July, 2006.

The Public Facilities and Housing and Neighborhood Renewal grants would be awarded from the state's FFY 2007 CDBG allocation and would be available to successful applicants in April, 2007, pending Congressional funding approval.

APPLICATION DEADLINES FOR 2006

- **Planning grant applications** for FFY 2006 funds are due **April 21, 2006**.
- **Public Facilities applications** for FFY 2007 funds are due **May 26, 2006.**
- **Housing and Neighborhood Renewal applications** for FFY 2007 funds are due **December 8, 2006**.

GRANT CEILINGS

Type of Grant	Grant Ceilings
Housing & Neighborhood Renewal	$ 450,000
Planning	$ 15,000
Public Facilities	$ 450,000

DISTRIBUTION OF CDBG FUNDS FOR THE 2006 (FFY 2007) PROGRAM

Montana's total allocation of federal CDBG funds for FFY 2006 is $6,886,683. FFY 2007 funds will be announced when Congress completes action on the FFY 2007 federal budget.

ELIGIBLE APPLICANTS

By federal law, eligible applicants are limited to general-purpose local governments: towns and cities under 50,000 population, and counties. (A separate CDBG program for Montana's Indian tribes is administered by HUD from Denver.)

Local governments can apply to the Montana Department of Commerce on behalf of:

- private nonprofit corporations such as a local economic development corporation, human resource development council or area agency on aging; or
- special purpose government agencies such as a housing authority or a water or sewer district; or
- for-profit private businesses.

ELIGIBLE PROJECTS

Eligible Housing and Neighborhood Renewal Projects

There are several basic types of activities that can be undertaken using CDBG funds under the Housing category:

- Neighborhood Renewal
- Energy Conservation
- Home Buyer Assistance
- Housing Rehabilitation
- New Construction
- Partnerships with For-Profit Housing Developers
- Preservation of HUD Project-Based Assisted Multi-Family Housing.

Eligible Public Facilities Projects

Public Facilities projects can include conventional community facilities such as water, sewer, and solid waste. Projects can also include those designed to principally serve low and moderate-income persons such as Head Start centers, mental health centers, child care centers for low-income children, senior centers, group homes for abused children, and hospitals or nursing homes.

Eligible Planning Grant Projects

CDBG Planning Grants can be used to assist local governments in a variety of planning activities including planning, research, or studies necessary to develop a CDBG project, or to prepare or update a local growth policy, a housing plan, preliminary engineering report (PER), preliminary architectural report (PAR), capital improvements plan (CIP) – or similar planning efforts needed to help a community address critical needs.

KEY APPLICATION REQUIREMENTS

CDBG-funded housing and public facilities projects must demonstrate that at least 51% of the project's beneficiaries are low or moderate income (LMI).

For housing and neighborhood renewal projects, this is accomplished by assuring that LMI persons will live in the housing units constructed or rehabilitated and that the housing costs are affordable.

For public facility projects, this is accomplished by assuring that at least 51% of the families that will be served by the project are LMI. For example, making sure that at least 51% of the residents in the geographic area of a water or sewer project are LMI can meet this requirement. LMI status can be documented by using U.S. Census data or by conducting a local income survey. LMI benefit in public facilities projects can also be demonstrated by paying special assessments or hookup charges for LMI families. The LMI requirement can also be met by using CDBG funds to assist a facility that will primarily serve LMI persons, such as a Head Start Center or a senior citizens center. MDOC's publication, *Documenting Benefit to Low and Moderate Income Persons*, includes suggestions on how to comply with the CDBG LMI requirement.

Community Needs Assessment Process

Congress requires each CDBG recipient to "identify its community development and housing needs, including the needs of low and moderate-income persons, and the activities to be undertaken to meet such needs." Communities must conduct a "needs assessment process" before applying for CDBG funding and consider their overall needs before selecting a project for a CDBG application.

CDBG's community needs assessment process requirement is not intended to duplicate the planning programs already established by many Montana communities. Therefore, MDOC encourages applicants to review their existing growth policy and overall community development objectives and priorities to meet this requirement. The community's CDBG planning and needs assessment process should also be coordinated with any local economic development strategies.

MDOC's publication, *The Community Needs Assessment Process*, presents several alternative community needs assessment techniques, a sample community opinion survey, and includes a discussion of how local planning programs can be meshed with a needs assessment process to avoid duplicating local planning efforts.

Citizen Participation

Congress places strong emphasis on involving the public in the preparation of CDBG applications. In general, two public hearings are required before a local government submits a CDBG application. The *first public hearing* is intended to be held as part of the needs assessment process before a specific project is selected and is designed to solicit public comments on local needs and how to deal with the various community problems that have been identified.

The *second public hearing* is held after the proposed CDBG project has been selected – when the draft of a CDBG application has been prepared, but before it is submitted to MDOC. This second hearing is intended as an opportunity for local citizens to hear about the project being proposed and how it might affect them, and to get public reaction to the project. For example, if a water or sewer project is being proposed, local officials should discuss any potential increases in water or sewer rates or tax assessments that may result.

Other Application Requirements

Complete application requirements are described in the *Montana CDBG Program Application Guidelines* – separate guidelines for *Housing Projects* and for *Public Facilities Projects* are updated for each year's program. Requirements vary according to the type of activities being proposed. A uniform, multi-agency, common application form is available in separate versions for Housing and Public Facilities projects.

Past grants to some of Montana's smallest communities demonstrate that the capacity to compete and successfully administer a CDBG project is not dependent upon a community's size or financial resources. Copies of past successful grant applications can be loaned to applicants to help them understand how to apply for CDBG funds and write a competitive application.