

**COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG)  
NEEDS ASSESSMENT HEARING  
THOMPSON FALLS  
AUGUST 17, 2020**

**INTRODUCTION**

***Purpose***

The purpose of this hearing is to inform the public as to the various funding programs offered by CDBG and to discuss how such programs can best serve the community, particularly concerning persons of low to moderate-income.

There are four funding categories under Montana's CDBG Program:

1. Housing Stabilization Program
2. Public Facilities
3. Planning Grants
4. Economic Development

***Funding***

CDBG is funded by the federal government but administered by the state. Since 1982 CDBG has awarded more than \$191,000,000 to Montana Municipalities. A unit of local government such as the City of Thompson Falls and Sanders County may apply for up to \$450,000 for a public facilities project, \$50,000 for a planning project, \$400,000 for economic development, and funding for housing projects. The City may also apply for funding on behalf of nonprofit agencies or special districts.

***Eligibility***

Municipalities may apply if they demonstrate that over 51% of the persons served by the proposed project will be low to moderate-income (LMI) and that the total population is less than 50,000.

Based on 2015 data: **Thompson Falls is 55% LMI**

**PROJECTS FOR LIMITED CLIENTELE OF DISADVANTAGED GROUPS**

HUD defines the limited clientele populations is below:

- |                                     |  |
|-------------------------------------|--|
| ▪ abused children                   | ▪ severely disabled adults or children |
| ▪ elderly persons (age 62 or older) | ▪ illiterate adults                    |
| ▪ battered spouses                  | ▪ persons living with AIDS             |
| ▪ homeless persons                  | ▪ migrant farmworkers                  |

Limited Clientele Populations are presumed to be 100% LMI and eligible for CDBG funding.

**Example of projects that serve Limited Clientele of Disadvantaged Groups:**

- |                      |                            |
|----------------------|----------------------------|
| ▪ Head Start Centers | ▪ Child Care Centers       |
| ▪ Senior Centers     | ▪ Mental Health Facilities |
| ▪ Nursing Homes      | ▪ Women's Shelters         |

**HOUSING STABILIZATION PROGRAM**

Housing Stabilization Program funds are utilized for projects that will create or preserve affordable housing with a specific focus on addressing health and safety issues and ADA improvements for single-family units. An individual must inspect each eligible unit with construction repair expertise that will identify critical health and safety repairs needed for each activity. Eligible projects involve the new

construction or rehabilitation of single-family housing with 1 to 4 units, whether for rent or purchase or are owner-occupied by persons of low to moderate-income.

Eligible activities include, but are not limited to:

- ✓ Rehabilitation of existing substandard housing that is suitable for rehabilitation;
- ✓ Acquisition of land and structures to complete infill development;
- ✓ Demolition of substandard housing that is not suitable for rehabilitation, or non-residential structures that are not suitable for rehabilitation that results in new alternative housing being developed;
- ✓ Conversion of non-housing structures into housing units; and,
- ✓ Replacement of manufactured housing through the payment of installation and connection costs for housing units that are not less than five years old.

Housing Stabilization Program project must be completed as a collaboration between a local government entity and a nonprofit organization, with preference given to projects involving a Certified Housing Development Organization (CHDO). Through this collaboration, the local government is the applicant and grantee and decides the nature and extent of involvement in CDBG-assisted projects and establishes project roles and responsibilities in a project management plan. Applications for the 2021 funding cycle of Housing and Neighborhood Renewal grants are expected to be due by September 15, 2020.

The Housing Stabilization Program guidelines are the mechanism that allows eligible entities to access the pool of funds set aside for these activities for a period of five (5) years. If approved, Commerce sends an award letter establishing the applicant's five year period to propose activities according to the project strategy listed in the application, but does not award any funding to a grantee or their sub-recipients.

During the five year certification, the grantee will identify individual housing sites or units and request funds to complete housing development and rehabilitation activities to assist low to moderate-income households. The Housing Stabilization Program funds are awarded for site-specific activities according to needs identified and the availability of funds on a first-come, first-served basis.

Recommendations for the award are based, in part, upon an analysis of the proposed project's impact to address health and safety needs and ADA improvements and the coordinated partnerships that will support site-specific activities. The maximum per activity award will be determined based on an Activity Request Form that is accompanied by a budget, implementation schedule, and inspection report completed by an individual with rehabilitation expertise.

**Period of Affordability**

CDBG recapture provisions are in effect for a period of affordability. CDBG-assistance will be secured by a lien or other financial tool to ensure the investment on the property does not unduly enrich the assisted household. The lien and accompanying restrictions will be in place for a period based on the amount of direct CDBG subsidy to the buyer, as follows:

CDBG Assistance	Period of Affordability
Less than \$15,000	Five years
\$15,000 - \$40,000	10 years
More than \$40,000	15 years
Newly constructed rental	20 years

For more information visit: <https://comdev.mt.gov/Programs/CDBG/Housing/ApplicationForms>

### **PUBLIC FACILITIES**

In Public Facilities projects, CDBG funds are most often used in combination with other federal, state, or local funds to make basic community infrastructure improvements, such as water and sewer facilities, affordable to low and moderate-income families. Public facility projects can also include facilities designed for use predominantly by persons of low and moderate-income such as nursing homes, senior centers, Head Start centers, or mental health centers.

**Applications for the 2020 funding cycle of Public Facilities grants are due by September 15, 2020.**

### **PLANNING GRANTS**

A community may also apply for planning grants. Grants up to \$50,000 are possible but require a one dollar match by the community for every three dollars of grant. CDBG planning grants may be used for the preparation of plans, studies, training or research in any of these areas:

- Growth Policies
- Comprehensive Capital Improvement Plans (CCIP)
- Subdivision Regulations
- Zoning Regulations
- Regional or Neighborhood Plans
- Downtown Revitalization or Master Plans
- Housing Plans
- Comprehensive Economic Development Strategy (CEDS)
- Tax Increment Finance District (TIFD)
- and Targeted Economic Development District (TEDD)
- Historical and Architectural Preservation Studies
- ADA Self-Assessment Plans
- Brownfield Redevelopment Plans
- Preliminary Architectural Reports (PAR)
- Preliminary Engineering Reports (PER)
- Site-Specific Development Plans
- Business Plans

**Application Deadline: October 15, 2020**

### **ECONOMIC DEVELOPMENT**

Typically, CDBG provides funds to be administered through the Municipality or County in the form of loans to private businesses. The business typically uses the funds to finance projects and promote jobs for LMI persons. The maximum amount of funding per year is \$400,000 per local government. Applications for ***Economic Development grants are accepted on an open cycle.***

**How do you think Thompson Falls should use CDBG funding to help low to moderate-income persons?**