



Participant Handout

CDBG & HOME Application Workshop | January 14, 2021 | 10:30am-12:00pm

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***PLEASE NOTE:** This handout contains very brief information that was shared during the application workshop. It is not meant to be inclusive of all information relevant to applying for and utilizing CDBG or HOME grant funds. The best comprehensive resource for all information related to these grants is the [Grants Administration Manual](#), which is updated on an annual basis. The manual covers common questions related to these grants and is an invaluable resource.

IMPORTANT DOCUMENTS

[Grants Administration Manual](#) – This should be your main reference document when applying to and throughout the course of your work with CDBG & HOME grants. It will answer nearly all questions. (URL: <http://www.ci.missoula.mt.us/DocumentCenter/View/53794/Missoula-HUD-Grants-Administration-Manual->)

[PY21 Application Guidelines](#) – You will want to review this document in full before crafting your application. (URL: <http://www.ci.missoula.mt.us/DocumentCenter/View/53947/CDBG-HOME-Application-Guidelines-2021>)

You can find all application materials and the above guide documents on our website:

<http://www.ci.missoula.mt.us/2601/HUD-Grant-Programs>

PLANS AND ASSESSMENTS

A Place to Call Home: Meeting Missoula's Housing Needs (2019)

Missoula Community Planning, Development & Innovation, previously known as the Office of Housing & Community Development, released [A Place to Call Home: Meeting Missoula's Housing Needs](#) in 2019. It is Missoula's first effort at a comprehensive housing policy designed to help all Missoulians, resulting from the rapidly changing landscape of housing access and affordability in Missoula. It is guided by some of Missoula's strongest values and shared principles, seen below:

- **Diversity:** A healthy housing market includes options and resources for all Missoulians.
- **Innovation:** A commitment to innovation will ensure that this Housing Policy is as dynamic as the community it aims to serve.
- **Collaboration:** Missoula's Housing Policy relies on the collaborative spirit of this community and strong public-private partnerships.
- **Achievability:** While the goals of this Housing Policy are ambitious, they are also achievable. They reflect realistic projections of city resources and the opportunities we have at our disposal.

Applicable Action Areas:

- Reduce barriers to new supply and promote access to affordable homes
- Partner to create and preserve dedicated affordable homes



Consolidated Plan

The [Consolidated Plan](#) is the guiding document for housing policy-related funding streams and is approved by City Council and HUD. The most recent Consolidated Plan for City of Missoula is the 2019-2023 plan.

Community Needs Assessment

The Community Needs Assessment is our way of gathering input and guidance from Missoulians on the priorities, challenges, and goals of the community. A Community Needs Assessment is released annually in coordination with the CDBG & HOME application cycle so that we can take community feedback into account when making funding decisions. The past few years showed community interest in increasing housing that is affordable to all income levels and improving infrastructure such as sidewalks, roads, sewer, and broadband.

Annual Action Plan

The [Annual Action Plan](#) is a document that Community Planning, Development & Innovation drafts annually to outline the ways in which our funding decisions tie back to our housing policies—*A Place to Call Home* and the *Consolidated Plan*.

CDBG & HOME BACKGROUND

General

- The Community Development Block Grant (CDBG) and HOME Investment Partnerships Program (HOME) funds are made available to the City of Missoula on an annual basis from the Federal Government through the U.S. Department of Housing and Urban Development (HUD).
- The City's CDBG and HOME Programs are administered by the Office of Community Planning, Development & Innovation (CPDI).
- All applications must comply with the regulations of the CDBG and HOME programs found at 24 CFR Part 570 and 24 CFR Part 92, and described by the specific guidelines below.
- CDBG and HOME funds are meant to be gap funding, meaning that they may not be the sole source of funding for a project and are intended to fill an unmet gap left by other funding sources.

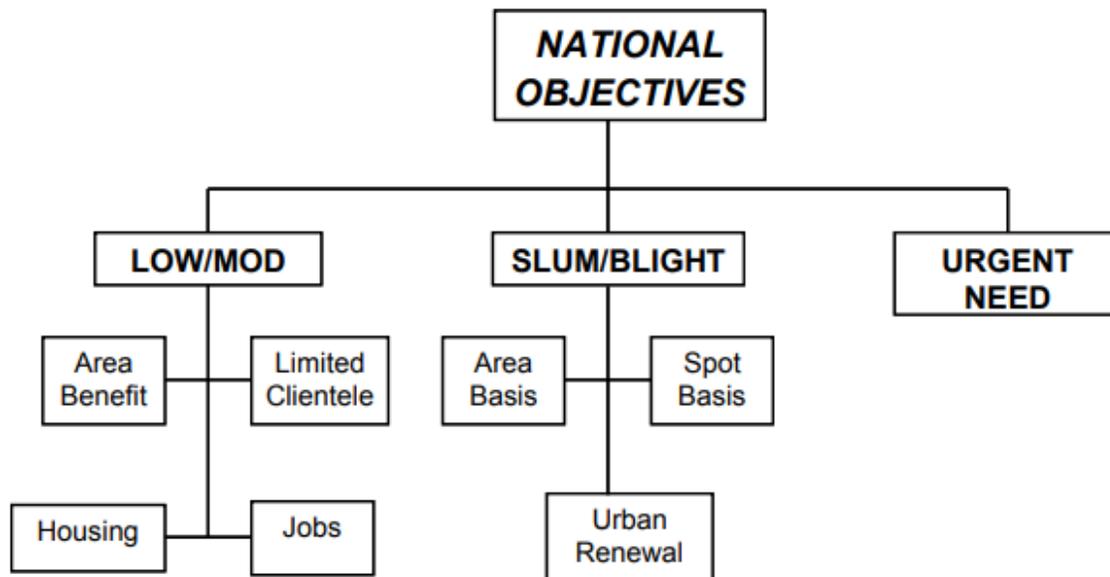
What is the Community Development Block Grant (CDBG)?

City of Missoula is an entitlement community through the CDBG Entitlement Program, which provides annual grants on a formula basis to entitled cities and counties to develop viable urban communities by providing decent housing and a suitable living environment, and by expanding economic opportunities, principally for low- and moderate-income persons.

<https://www.hudexchange.info/programs/cdbg-entitlement/>

At the HUD level, CDBG is organized around 3 primary objectives. All projects must demonstrate that they contribute to one of these objectives. (Grants Administration Manual page 8)

1. Provide benefit to low/moderate income persons
 - Area: Service Area
 - Clientele 51%
 - Housing based on unit type and count
2. Further the elimination of slums and blight (change the physical environment of a deteriorated area)
3. Meet an Urgent Need (this is a rare category for CDBG, must apply to alleviating emergency conditions like flood, earthquake, etc.)



For City Purposes, a CDBG project must:

1. Meet one of the three national objectives of the CDBG Program
2. Be located within the Missoula City limits or demonstrate that reasonable benefits from the activity will accrue to City of Missoula residents.
3. Address one of Objectives stated in the Five-Year Strategic Plan provided that there is a direct connection to the City of Missoula’s Housing Objectives
4. Be identified as an eligible CDBG activity in one of the following categories:
 - Housing Activities – like acquisition, rehab, demolition, clean up
 - Infrastructure and public facilities– such as sidewalk expansion in LMI neighborhoods funded a few years ago.

While a project may be appropriate for more than one category, the applicant **must identify the project’s primary category.**

CDBG activities involving homeowner rehabilitation, homebuyer and/or rental housing activities must adhere to affordability requirements used for the HOME program.



If CDBG funds are combined with other funding sources for a project that is new construction of permanent rental housing of five or more units, the project must provide a smoke free environment in common areas, inside units, and within 25 ft. of the building.

CDBG funds can be used for the following activities:

- Housing – acquisition, rehabilitation, demolition clean-up
- Economic development
- Public infrastructure, public facilities

Note: CANNOT be used for new housing construction

What is the HOME Investment Partnerships Program (HOME)

The HOME Investment Partnerships Program (HOME) provides formula grants to States and localities that communities use - often in partnership with local nonprofit groups - to fund a wide range of activities including building, buying, and/or rehabilitating affordable housing for rent or homeownership or providing direct rental assistance to low-income people. HOME is the largest Federal block grant to state and local governments designed exclusively to create affordable housing for low-income households.

<https://www.hudexchange.info/programs/home/>

HOME projects must:

(Grants Administration Manual page 13)

1. Provide decent affordable housing to lower-income households
2. Be located within the Missoula City limits
3. Be identified as an eligible HOME activity in one of the following categories:
 - **Homeowner rehabilitation:** assist existing owner-occupants with the repair, rehabilitation or reconstruction of their homes.
 - **Homebuyer activities:** acquisition and/or rehabilitation or new construction of homes for homebuyers.
 - **Rental housing:** Affordable rental housing may be acquired and/or rehabilitated, or constructed.

Homeowner rehabilitation, homebuyer and rental housing activities **must adhere to HOME period of affordability requirements:**

HOME activities are subject to minimum and maximum subsidy limits. Annually, HUD establishes limits on the maximum HOME subsidy per unit. 24 CFR 92.205(c) states:

“The minimum amount of HOME funds that must be invested in a project involving rental housing or homeownership is \$1,000 times the number of HOME-assisted units in the project.”

All HOME applications are subject to City of Missoula Underwriting and Subsidy Layering review. The purpose of this review is to ensure project feasibility while also ensuring that the appropriate amount of HOME funding is being provided to the activity. Additional information may be requested to complete this review.

HOME applicants must ensure a **public comment period of 14 days** prior to submitting your application and host one public meeting at least 7 days in advance of submitting your application.



If HOME funds are combined with other funding sources for a project that is new construction of permanent rental housing of five or more units, the project must provide a smoke free environment in the following areas:

- common areas, including but not limited to community rooms, community bathrooms, lobbies, reception areas, hallways, laundry rooms, stairways, offices and elevator;
- within all units; and
- within 25 feet of building(s), including entry ways, porches, balconies and patios.

Smoke free includes the use of all burning tobacco products, including electronic cigarettes (“e-cigarettes”). Projects may adopt more restrictive policies.

HOME funds may be used for the following activities:

- Homeowner rehabilitation
- Homebuyer activities (development, down payment assistance)
- Rental housing (development, rehabilitation)
- Tenant-based rental assistance (TBRA)

APPLICATION REQUIREMENTS

- In recognition of the fact that CDBG-HOME funds are intended to be “gap financing,” **all applications must demonstrate that the proposed activity would not be feasible but for the CDBG and/or HOME investment.** CPDI staff may deny requests for funding if it determines that the CDBG and/or HOME investment is not required for project feasibility.
- All applications must demonstrate that the activity is **sufficiently feasible such that it will commence during the 12-month program year** – July 1, 2021 – June 30, 2022.
- CPDI reserves the right to not award any CDBG and/or HOME funds if the proposed activity **does not sufficiently address the City of Missoula’s goals.**
- **Provide proof of corporate authorization**, such as a board resolution, to request these funds. A sample resolution is attached at the end of this document.
- By the date of application submission, **have drawn down and expended 50% of PY2020 CDBG and/or HOME funds and 100% of any PY2019 or prior year CDBG or HOME funds**, unless a reasonable explanation is provided to CPDI

Application Requirements. For city applications you must...

- Demonstrate that the activity needs this funding for Gap Financing
- Show that the project is feasible during the program year (July 1 to June 30)
- Must meet the City’s goals as discussed in the Consolidated Plan
- Show that the entity applying has corporate authorization
- Must draw down prior year funds (if applicable)



We measure performance through collection of quarterly reports. The City also does monitoring for HUD including on-site review of files to ensure compliance.

Projects may start no earlier than July 1 and should wrap by June 30 the following year in most instances.

SCORING PROCESS AND CRITERIA

In Program Year 2021, the City of Missoula and its partners will more strategically focus resources on activities with direct housing outcomes and will not consider applications for public services.

Applications will be reviewed and scored by 5 scorers; an aggregate of scores make the final scores.

Low-Moderate Income Benefit (50 points possible)

Applications will receive points based on measurable outcomes on which they will report. Reviewers will look for more than just number of people served, but also for the results of the service provided. In light of this, a higher number of “people served” in one application over another does not necessarily mean that application will receive more points. The focus will be on both the quality and quantity of the outcome measurement. For example, one LMI household that occupies a new unit of housing will be weighted more than one LMI household receiving a public service benefit. (Please see Tables in Application Guidelines Document)

| CDBG Applications | |
|-------------------------------------------------------------------|------------------|
| LMI Beneficiaries % (80% AMI) | Points Available |
| 0%-50% | 0 points |
| 51%-60% | 10 points |
| 61%-70% | 20 points |
| 71%-80% | 30 points |
| 81%-90% | 40 points |
| 91%-100% | 50 points |
| HOME Applications | |
| LMI Beneficiaries % [80% AMI (Homebuyer); 60% AMI (Rental)] | Points Available |
| 0%-20% | 0 points |
| 21%-40% | 10 points |
| 41%-60% | 20 points |
| 61%-80% | 30 points |
| 81%-99% | 40 points |
| 100% | 50 points |

Community Benefit (50 points possible)

Applicants are required to describe the larger community impact of their activity. How is this activity moving the needle in terms of achieving Missoula’s goals as stated in Housing Policy and/or the Consolidated Plan 2019-2023? What changes will result in the community as a result of this activity? What kind of period of affordability will the project include? Applicants must provide quantitative and qualitative data that demonstrate this impact.



Project Feasibility (100 points possible)

Aspects considered:

- organizational capacity
- commitment of funding sources
- project timeline
- outreach / marketing plan
- community need
- market assessment
- site control, and/or other factors
- applicant is likely to complete project within the proposed grant period

Program Delivery Experience (50 points possible)

- Applicant's tenure and quality of past program delivery experience demonstrates sufficient capacity to carry out the proposed activity.
- CDBG / HOME activities previously funded by City of Missoula will use past report data to confirm.
- If you're a new grantee or an existing grantee applying for a new area, you must submit third party verification of your program accomplishments.