

FY2022-2023

Community Development Block Grant
HOME Investment Partnerships Program

General Rules & Guidelines
for Funding Applications

Housing & Community Development Funding Guidelines



City of Billings
Community Development Division
PO Box 1178
Billings, Montana 59103

Organizations planning to undertake activities designed to prevent, prepare for, or respond to the coronavirus pandemic must apply through the City's online platform at www.BillingsMT.gov/CDBGcv.

Affordable Housing Developers should refer to the City's [Affordable Housing Development Program](#) for guidance on preparing funding applications specific to housing development.

The Affordable Housing Development Program has separate guidance and application documents for new construction, acquisition, infrastructure, rehabilitation, and demolition activities to support the development of multi-family, single-family and mixed-use affordable housing.

The processes outlined herein are specific to general applications, including the City's application to establish funding through federal resources for the Affordable Housing Development Program.

All Community Development materials can be made available in specialized formats upon request.

Section I:	Important Dates	4
Section II:	Introduction	5
	Consolidated Planning & Resource Allocation Processes	5
	Significant Aspects of the Process.....	7
	Community & Neighborhood Task Force Involvement.....	7
	Public Comment Period.....	7
	Applicant Presentations to Neighborhood Task Forces	7
	Neighborhood Task Force Rankings	7
	Budget Allocation Process.....	7
	Budget Allocation Process Flowchart	8
	Consolidated Plan Strategies.....	9
Section III:	Federal Requirements	10
	Low-Income Individuals / Households	10
	Income Guidelines Chart.....	10
	Low-Income Areas.....	10
	HUD Requirements for Subrecipient Agreements	11
	Performance Measurements	13
	Quarterly & Annual Reporting	13
	Monitoring	14
Section IV:	Activity & Application Guidance	15
	Eligible Applicants	15
	Applications Initiated by Task Forces	15
	Location & Residency	15
	Timeliness.....	15
	Leveraged Funding	15
	Funding Types & Sources	16
	Funding Objectives, Budget, Eligible & Ineligible Activities Chart	17
Section V:	CDBG Guidelines	18
	CDBG Major Funding Areas Chart	18
	Administration Guidelines.....	18
	Housing & Neighborhood Guidelines.....	19
Section VI:	HOME Guidelines	20
	Home Major Funding Areas Chart.....	20
Section VII:	Application Submission	21
	Application Format.....	21
	Required Accompanying Documentation	21
	Application Deadline, Completeness & Signature	21
	Technical Assistance.....	22
	Mandatory Subrecipient Meeting.....	22
Section VIII:	Awards, Reports & Agreements	23
	Census Low-Income Area Map	24
	Neighborhood Task Force Areas Map	25

SECTION I - IMPORTANT DATES

Event	Date / Time / Location
Application Released	Friday, December 10, 2021
Application Deadline	<p>Friday, January 28, 2022, 5:00pm</p> <p><i>Submit To:</i> beckettb@billingsmt.gov</p> <p>LATE APPLICATIONS WILL NOT BE ACCEPTED!</p>
Tentative City Council Work Session <i>Recommendations Presentation</i>	<p>Monday, April 18, 2022, 5:30pm</p> <p>Council Chambers, City Hall 210 North 27th Street, Billings, Montana 59101 <i>Virtual participation may also be facilitated</i></p>
City Council Regular Meeting <i>Public Hearing & Action</i>	<p>Monday, April 25, 2022, 5:30pm</p> <p>Council Chambers, City Hall 210 North 27th Street, Billings, Montana 59101 <i>Virtual participation may also be facilitated</i></p>
Beginning of Project Year	<p>July 1, 2022</p> <p>Subrecipient Agreements Finalized & Projects Begin</p>
Project Year End <i>for Housing & Neighborhood Activities</i>	June 30, 2023
<p>Please contact Brenda Beckett at 406-657-8286 or beckettb@billingsmt.gov for technical assistance on completing an application or additional information.</p>	

SECTION II - INTRODUCTION

Community Development Block Grant (CDBG) and HOME Investment Partnership (HOME) funds are made available to the City of Billings on an annual basis from the Federal Government through the U.S. Department of Housing and Urban Development (HUD). The CDBG Program was established in 1974. The primary objective of the program is the development of viable urban communities by providing decent housing, a suitable living environment, and expanding economic opportunities for low-income individuals. The HOME Program was established in 1992 to expand the supply of affordable housing and the City of Billings became a participating jurisdiction in 1994.

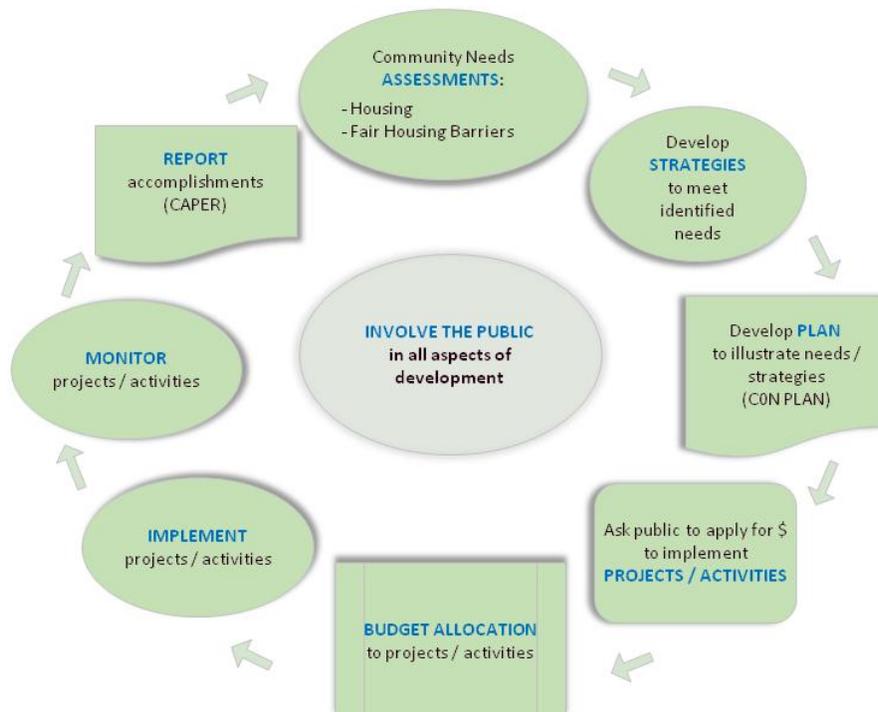
Please note: HUD has not released budget levels as of the time of application release. Budget projections for the FY2021-2022 year in CDBG and HOME maintain level funding amounts from last year's budget, making the total anticipated budget to approximately \$950,000 for both programs.

Impact of Limited Funding & Long Term Sustainability: In order to accommodate historically low funding levels, the Community Development Board has previously implemented priority budgeting resulting in program elimination / drastic reductions. In FY2012-2013, the Community Development Board and City Council eliminated grant programs for non-profit organizations, opting for sustainable programs creating program income through City-managed loans.

Therefore, the City is not accepting applications from non-profit organizations for grants. Applications generated for core programs managed by the City are first priority for funding, including the First Time Homebuyer Program, required affordable housing programs, home repair programs, infrastructure, and support for the Billings Metro VISTA Project.

Consolidated Planning & Resource Allocation Processes

The purpose of the Consolidated Planning process is to identify the housing and community development needs of low-income households in Billings and develop strategies for addressing those needs in a comprehensive, coordinated fashion utilizing available federal and nonfederal resources. The entire process also includes budget allocation, project / activity implementation, monitoring, and reporting.



Overall consolidated plans are developed every five years and must be submitted to HUD not less than 45 days prior to the start of the grantee's program year start date (July 1 for the City). The City's five-year [Consolidated Plan for FY2020-2024](#) identifies activities to be carried out from July 1, 2020 through June 30, 2025 to address priority needs in the community and serves as a guiding document for the use of the City's CDBG Program and HOME funding.

The City's latest one-year [Annual Action Plan](#) identifies goals, strategies, activities and funding sources to be undertaken and utilized from July 1 through June 30. The City must also report on the performance of activities funded via the [Comprehensive Annual Performance Evaluation Report \(CAPER\)](#) in September of each year.

The FY2020-2024 Consolidated Plan and each Annual Action Plan follows a development process with integrated priorities identified through a Needs Assessment and Housing Market Analysis. The development process also included input from neighborhood groups and public hearings on housing and community development needs, relative to findings from available data sources. All reports can be found on the City's website at www.CityofBillings.net/CDreports.

Focused on CDBG and HOME activities, the Consolidated Plan combines the planning and application requirements for the CDBG and HOME Programs. Consolidation of the submission requirements for the CDBG and HOME Programs allows program planning and citizen participation to take place in a comprehensive context covering both programs. The CDBG and HOME programs covered by the Consolidated Plan have three basic goals:

1. **To provide decent housing**, including maintaining the affordable housing stock in the community, increasing the availability of permanent housing that is affordable to lower-income households without discrimination, increasing support of housing which enables persons with special needs to live independently, and assisting homeless persons obtain affordable housing.
2. **To provide a suitable living environment**, which includes improving the safety and livability of neighborhoods, increasing access to quality facilities and services, reducing the isolation of income groups within areas by de-concentrating housing opportunities and revitalizing deteriorating neighborhoods, restoring and preserving natural and physical features of special value for historic, architectural, or aesthetic reasons, and conserving energy resources.
3. **To expand economic opportunities**, including creating jobs accessible to lower-income individuals, providing access to credit for community development activities which promote long-term economic and social viability, and empowering lower-income persons living in federally assisted and public housing to achieve self-sufficiency.

All activities undertaken by the City utilizing CDBG and HOME funding must primarily benefit low income persons. The strategies described in the Consolidated Plan outline a specific course of action for the community's housing and community development activities. The plan builds on local assets to meet the needs of the community and sets forth goals, objectives, and performance measures to ensure progress in achieving the strategies described in the plan.

Significant Aspects of the Process

The City utilizes significant public comment processes and coordinates input from various organizations and groups in order to maximize collaborative efforts while developing and implementing the Consolidated Plan. Both the Needs Assessment and Housing Market Analysis are utilized by City staff as primary planning tools for the development and implementation of Consolidated Plan activities.

Community & Neighborhood Task Force Involvement: The City of Billings makes special provisions for the involvement of the public, including seven established Neighborhood Task Forces: North Park; Central - Terry; South Side; Southwest Corridor; North Elevation; West End; and Billings Heights. A Neighborhood Task Force map is located on page 25 and the Neighborhood Task Force officers contact list is located on page 26.

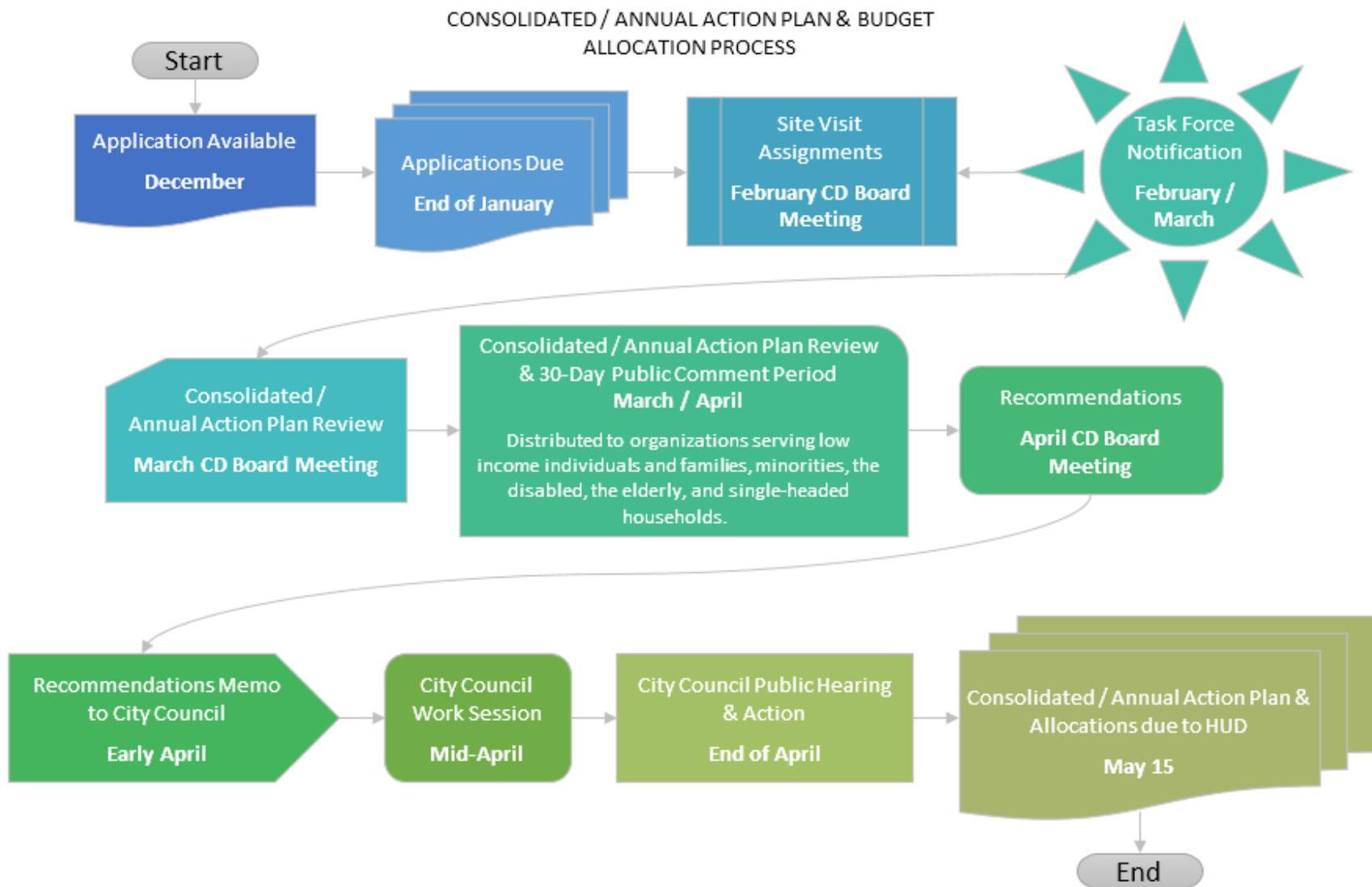
Public Comment Period: A formalized public comment period is held for no less than 30 days and various community groups are visited during this time to garner feedback on studies, plans and activities. Agenda items are also scheduled for a City Council Work Session and regular City Council meeting; the latter includes an additional, specific public hearing to review the Consolidated Plan and activities. All meetings are open to the public, advertised in the regionally-distributed Billings Times newspaper and agendas offer a specific time for additional public comment.

Applicant Presentations to Neighborhood Task Forces: Organizations applying for funding which will benefit a particular or multiple Neighborhood Task Forces should plan on making informational presentations to task forces prior to application submission. A current list of task force contacts may be obtained by contacting Robbin Bartley at bartleyr@billingsmt.gov / 406-247-8676.

If multiple Task Forces are impacted by the proposed project or activity, the applicant may consider attending an Adjacent Neighborhood Committee meeting. Meetings are held quarterly either virtually or at 4:00pm on the first floor of the Miller Building, 2825 3rd Avenue North, Billings, MT. Applicants can contact Wyeth Friday at 406-657-8249 or via email at fridayw@billingsmt.gov to be placed on the agenda for a presentation.

Budget Allocation Process: City staff and the Community Development Board begin preparing for the grant allocation process each October. Applications are generally available the beginning of December and are due in mid-January. The Community Development Board may conduct applicant site visits to review each application with involved staff. In addition, City staff visit each of the seven neighborhood task forces to garner housing / neighborhood activity rankings prior to the public comment period. Final recommendations are forwarded to the City Council for action each April and a public hearing is held to receive comments. The Annual Action Plan is then submitted to HUD for approval by May 15.

The Budget Allocation Process flowchart (following page) illustrates the significant aspects of public involvement and input processes utilized for Consolidated Plan development and implementation. All plans and studies are posted on the City's website and emails are distributed announcing application and Consolidated Plan postings.



Consolidated Plan Strategies

Activities must be designed to address one or more of the strategies and goals of the City's [Consolidated Plan](#) to: create, preserve, and expand affordable housing options; promote neighborhood revitalization through foreclosure program, impact poverty; and prepare, prevent, and respond to the coronavirus pandemic. The City will continue to offer programs on a citywide basis to ensure equal opportunity in all Billings neighborhoods.

First Time Home Buyer

- Promote financial security, home equity, housing self-sufficiency, housing and neighborhood quality and stability.
- Increase minority homeownership, promote equal access and opportunity, and decrease segregation citywide.
- Improve affordable housing opportunities for the elderly, persons with disabilities, and other special populations.
- Reduce predatory lending through education and standardized procedures.

Housing Rehabilitation

- Help current homeowners maintain their homes in safe, quality condition.
- Increase value, quality, and durability of existing affordable housing stock.

Affordable Housing Development

- Expand access and availability of decent, affordable housing citywide.
- Improve the physical quality of affordable housing.
- Foster suitable living environment and quality of life through the improvement of physical conditions including infrastructure for housing projects and housing development.

Foreclosure, Acquisition, Rehabilitation

- Mitigate the negative community impact of vacant, foreclosed properties.
- Improve affordable housing quality, condition, safety, livability, and accessibility.
- Stabilize property values in neighborhoods with existing vacant, foreclosed homes.
- Eliminate the potential for crime related to existing vacant, foreclosed properties.

Billings Metro VISTA Project

- Provide resources to nonprofit organizations to undertake poverty impact activities and to support the low income individuals and families they serve.
- Focus areas include: education, healthcare, food security, economic opportunity, housing, financial literacy, and others.

Prevent, Prepare for, and Respond to the Coronavirus

- Provide public service activity and public facility improvement funding to prevent, prepare for, and respond to the coronavirus. Priority needs have been identified in the City's [Community Assessment Report](#), including, but not limited to:
 - **Low-Income Beneficiaries:** Rent, mental health care, meal distribution, mortgage payments, internet access, utility assistance, childcare, etc.
 - **Public Improvements & Facilities:** Handwashing stations, additional public restrooms / cleaning, infrastructure, low-income park improvements, etc.
 - **Social Service Agencies & Public Health Support:** Client remote access, vaccination activities, virtual service ability, exposure prevention - staff training, unmet hospital / public health needs, FEMA match, facility social distancing, etc.

SECTION III - FEDERAL REQUIREMENTS

A variety of regulations apply to the use of CDBG and HOME funds. All requirements must be considered prior to applications for funding are submitted to ensure the applicant has the capacity to manage and properly report on the use of federal funding.

Low-Income Individuals / Households

The City defines **low-income individuals / households**¹ as individuals or households with incomes at or below 80% of the median income (see chart below). **One of the key provisions of the CDBG and HOME Program regulations is that most activities or services provided must principally benefit lower-income individuals, and such benefit must be documented.** Elderly and disabled individuals are automatically considered lower-income if assisted under a public service activity. However, demographic information must be provided on all beneficiaries, regardless of presumption of eligibility.

2021 INCOME GUIDELINES				
<i>Income limits are established by HUD and are reviewed each year, resulting in expected changes each March / April.</i>				
Size of Household	Extremely Low Up to 30%	Very Low 31% - 50%	Low Income 51% - 80%	
			51% - 60%	61% - 80%
1	\$16,800	\$28,000	\$33,600	\$44,800
2	\$19,200	\$32,000	\$38,400	\$51,200
3	\$21,600	\$36,000	\$43,200	\$57,600
4	\$24,000	\$40,000	\$48,000	\$64,000
5	\$25,950	\$43,200	\$51,840	\$69,150
6	\$27,850	\$46,400	\$55,680	\$74,250
7	\$29,800	\$49,600	\$59,520	\$79,400
8+	\$31,700	\$52,800	\$63,360	\$84,500

All successful applicants will be required to maintain income data, racial / ethnic characteristics, and head-of-household status and other demographic information for all individuals receiving services under a CDBG or HOME funded project. Organizations receiving funding will enter into a sub-recipient agreement with the City and be monitored on site by Community Development staff.

Low-Income Areas

Lower-income neighborhoods are areas where at least 51% of the households are lower-income as determined by Census data. A map identifying areas in Billings based on the Census, which are considered low-income under the terms of the City's Community Development Division, is included on page 26. Outlined areas on the map are low-income neighborhoods. In order to qualify as a low-income area, at least 51% of the residents of the neighborhood must be low-income, which is defined as individuals whose income is less than or equal to 80% of the median income for the city. Neighborhoods, which qualify as a

¹ Income category naming standards vary by funding source. For example, CDBG defines 'low income' as ≤50% of the Area Median Income (AMI) and households with incomes ≤80% AMI are considered 'moderate-income'. HOME defines 'low income' as ≤80% AMI.

low-income area, are eligible for certain neighborhood improvement activities undertaken with Community Development funds.

Low-income neighborhoods must be primarily residential in character, and improvements in low-income areas must primarily benefit low-income residents of the area. For example, improvements to a commercial area located in a low-income area that is primarily commercial **would not be eligible** as a low-income benefit activity. Improvements to a facility in a neighborhood which does not primarily serve the low-income neighborhood (but rather serves the city as a whole) such as Dehler Park located in the North Park Task Force Neighborhood **would not be eligible**. Applicants must demonstrate projects primarily serve low-income neighborhoods and can demonstrate this through gathering beneficiary data.

Areas in Billings that qualify as low-income for Community Development activities continue to include the North Park and South Side Task Force Neighborhoods, and parts of the Central-Terry Task Force Neighborhood. Other areas eligible are the North Elevation Task Force and portions of the Southwest Corridor, Billings Heights, and West End Task Force neighborhoods.

HUD Requirements for Subrecipient Agreements

Organizations receiving funding approval from the City Council will be required to enter into a written agreement with the City of Billings covering (but not limited to) the following items:

1. Statement of Work & Budget: The agreement shall describe each task to be undertaken, including a schedule for completing each task. It shall also include a budget indicating the amount of CDBG / HOME funds allocated to each task described in the statement of work. The statement of work and budget shall be in sufficient detail to provide a sound basis for the City to effectively monitor performance under the agreement.

2. Records & Reports: The following records and reports must be maintained and submitted to the City of Billings in order to assist the City in meeting its record keeping and recording requirements:

- **Equal Employment Opportunity:** Information on the percentages of women and minorities employed.
- **National Objective:** Information showing compliance with the national objective of benefiting low-income individuals or areas. Public service activities must document that the individuals benefiting from CDBG funds are low-income in the application, and reimbursements will only be made for services rendered to individuals residing and receiving services within the city limits.

3. Program Income: Treasury Circular 1075 requires that cash advances to a recipient organization shall be limited to the minimum amounts needed and shall be timed to be in accord only with actual, immediate cash requirements of the recipient organizations in carrying out the purpose of the approved project or program. This requirement prevents the City from advancing funds to Subrecipients. **As such, all requests for payment by a Subrecipient will be on a reimbursement basis.**

4. Other Program Requirements: The organization will be required to conform to the following Federal Laws as applicable:

- **Fair Housing:** Affirmatively furthering fair housing (Public Laws 88-352 and 90-284, Executive Order 11063).
- **Discrimination:** Section 109 of the Housing and Community Development Act prohibits discrimination on the grounds of race, color, national origin, or sex in the uses of federal funds.

In addition, discrimination on the grounds of creed is prohibited in Montana. HUD also prohibits discrimination due to sexual orientation and gender identity for all federal programs.

- **Labor Standards:** Davis-Bacon Wage Rates applies to construction work in excess of \$2,000 or if assistance is requested to support eight or more housing units for CDBG projects. For HOME projects, Davis-Bacon Wage Rates applies to projects requesting assistance for 12 or more housing units. Projects involving volunteer labor only may be exempt from Davis-Bacon if the individual volunteers for the work and does not receive services for any work provided on-site for the project.
- **Environmental Standards:** The City of Billings will assume responsibility for completing the environmental review requirements for each CDBG / HOME assisted activity. This process generally takes 45-60 days to perform the review, publicize notices, and allow for a review and comment period.
- **Employment and Contracting Opportunities:** Subrecipient organizations will be required to comply with Executive Order 11246 prohibiting discrimination in employment on federally assisted construction contracts and Section 3 of the Housing and Urban Development Act of 1968 requiring, to the greatest extent feasible, employment opportunities for residents from lower-income areas.
- **Lead-Based Paint:** The use of lead-based paint is prohibited and rehabilitation work on residential structures built prior to 1978 must be conducted according to HUD regulations on lead-based paint.
- **Use of Debarred, Suspended, or Ineligible Contractors:** CDBG funds cannot be used to employ debarred contractors. A determination of the eligibility of a contractor to perform work on a City-assisted project may be obtained from the Community Development Division.
- **Uniform Administrative, Cost Principles and Audits:** Organizations will be required to comply with the policies, guidelines, and requirements of the Uniform Administration, Cost Principles and Audit requirements set forth in 2 CFR Part 200.
- **Conflict of Interest:** No person who is an employee, grant consultant officer, elected official, or appointed official to the City or of any public agency receiving funds, who exercises and functions or has responsibility with respect to City funds or who are in a position to participate on a decision-making process or gain inside information with regard to such activities, may obtain a personal financial interest or benefit from the activity, or have an interest in any contract with respect thereto, or the proceeds there under, either for themselves, or those with whom they have family or business ties during their tenure or for one year thereafter.
- **Prohibition Regarding Displacement of Lower-Income Households:** Displacement is generally not applicable to public service activities. All projects funded with CDBG and HOME funding is subject to this prohibition.

5. Reversion of Assets: The agreement shall specify that if an organization ceases to use any assets acquired with CDBG funds for the purpose described in the agreement, the sub-recipient shall either pay to the City the fair market value of the asset or transfer control of the asset to the City.

6. Religious Organizations (Special Conditions): Affiliated with religious organizations that are performing activities which have been determined by HUD to be free from sectarian influences will be required to agree to HUD's "Special Conditions for Religious Organizations."

Performance Measurements

In October 2006, HUD began to require additional performance measurements for all CDBG / HOME awardees which includes the identification of objectives and expected outcomes of the project or activity. The application has been updated to include performance measurements. Public Service activity outputs are typically measured by number of low-income persons affected by the activity. Housing and Neighborhood activity outputs can be measured by the number of housing units or households, number of people assisted, or number of businesses assisted / expanded. The City's application process for funding through these programs includes identification of HUD objectives and outcomes to ensure compliance with activity requirements.

HUD PERFORMANCE MEASUREMENTS	
<i>Objectives</i>	<i>Outcomes</i>
Suitable Living Environment	Availability or Accessibility
Decent Housing	Affordability
Economic Opportunities	Sustainability

Quarterly & Annual Reporting

All activities funded by the City must illustrate measureable results as a result of federal funding investment. Different types of activities have different forms and data fields for reporting.

Client Data Reporting: Beneficiary data must be gathered on all clients and households served with federal funding, and submitted on a quarterly basis to the Community Development Division:

- **Client Data Form:** Optional form to be used by Subrecipients if they do not have a system in place to garner income, ethnicity, race, and other demographic data. Please ensure the organization is utilizing the current year's income guidelines. New guidelines are typically published by HUD each spring.
- **Direct Benefit Summary Data - Quarterly Report:** Required for all projects until funding is fully drawn.

Requests for Reimbursement: Requests may be made on a quarterly basis to reimburse funded activities. This report must be accompanied by the Direct Benefit Summary Data - Quarterly Report.

Equal Employment Opportunity Practices: Guidance is provided to meet compliance with Section 3 and equal opportunity regulations for positions supported (either in part or in full) with federal funding. Recruitment efforts must include targeting to low and very-low income individuals, and race / ethnicity documentation must be provided on applicants for any positions supported by federal funding.

- **Grantee Employment Summary:** Form to be used when a position, supported with federal funds, is being advertised / filled.
- **Interview and Hiring Form:** Form must be used to document demographic information. If the form is not filled out by the employment applicant, it must be filled out by the interviewer based on observation only.
- **Applicant Summary Sheet:** List all applicants for federally-supported positions.

Year-End Reporting: Reports are due by July 31 of each open activity year. For example, if a Subrecipient fully expended CDBG Public Service funding the first year, annual reports are still due for years one through three for the entire activity period. Outcomes on annual reports must match quarterly report totals.

- **Annual Report - Public Services:** Report to be utilized for all CDBG Public Service (social service) activities, and must be reported in number of INDIVIDUALS (not households) served with the project.
- **Annual Report - Housing & Neighborhood:** Report to be utilized for all HOME and CDBG Housing & Neighborhood Activities. Outcomes must be reported on HOUSEHOLDS, not individuals.
- **Annual Audit Report:** This report must be submitted by all Subrecipients, including Public Service, and Housing and Neighborhood activities.

Monitoring

The City of Billings is required by HUD to conduct on-site monitoring of sub-recipient organizations receiving CDBG funds to assure compliance with CDBG regulations. All organizations will receive advance notice of the scope and timing of the monitoring visit.

SECTION IV - ACTIVITY & APPLICATION GUIDANCE

Eligible Applicants

Any individual, non-profit organization, business, or governmental agency may apply for CDBG / HOME funds. Applicants must be in compliance with all federal, state, and local laws / regulations. Neighborhood Task Forces may initiate an application, but must work through a City department if the activity involves improvements to parks, streets, etc.

Applications Initiated by Task Forces: Neighborhood Task Forces are required to submit applications by the January deadline so that all Task Forces and other organizations can be made equally aware of the applications submitted. Task Forces are encouraged to prioritize neighborhood needs on a multi-year basis. Technical assistance via Community Development staff is available to Task Force officers to develop and present a neighborhood initiative for consideration by the Community Development Board.

In 2005, the City Council implemented a policy regarding the generation of applications via City staff for projects involving publicly-owned land, including projects identified for funding through the City's Capital Improvement Plan (CIP). If improvements to a neighborhood park are prioritized by a Neighborhood Task Force, the officers of the Task Force should contact the Parks & Recreation Department directly. City staff members are familiar with the application process for Community Development funding and they must generate the application for funding on publicly-owned land. Likewise, infrastructure projects (streets, sewer / water, etc.) involving publicly-owned land must be generated through the Public Works Department. Projects involving improvements funded additionally by the CIP **must** refer to the amount and year of funding already committed in the CIP.

Location & Residency

Activities must be located within the Billings city limits or demonstrate that a majority of the clients served reside within the City of Billings. If awarded funds, requests for reimbursement can only be submitted for clients residing AND receiving services inside the City of Billings limits.

Timeliness

The Department of Housing and Urban Development (HUD) requires that the City of Billings expend CDBG / HOME funds in a timely manner. Projects will be evaluated and prioritized based on timely expenditure of funds. **Applicants planning to expend at least 50% of allocated CDBG / HOME funds by April 30 are prioritized for funding.** Funding not expended within project timelines will be reallocated.

PLEASE NOTE: Priority is given to projects that can expend funds by this upcoming April to assist the City in meeting HUD's timeliness deadlines. Organizations seeking support for projects that cannot expend funds by this upcoming April should wait until the project is ready for implementation to apply.

Leveraged Funding

Projects requiring additional funding should generate the majority of project funding commitments **prior to an application being submitted** through Community Development. The Community Development Board prioritizes projects with high leveraged funding ratios and generally advises applicants to come to the Board

for final funding amounts to complete a financing package for the project, rather than coming to the Board for initial funding in hopes other funding will be generated in the future. This practice ensures the City will not encumber funds that will jeopardize the timely expenditure of funding, as mandated via federal regulation. Funding not committed and expended in a timely manner is subject to recapture by HUD.

Funding Types & Sources

CDBG and HOME funding can provide financial assistance to support strategies identified in the Consolidated Plan. Both funding sources have limitations on what types of activities can be funded.

Please note: Final federal allocation amounts may not be determined until April of each year. Preliminary budget figures are offered in these guidelines, but may change due to federal actions. Application awards are contingent on federal appropriations and funding awarded may be less than estimates presented in this document.

Funding Objectives, Budget, Eligible & Ineligible Activities

	CDBG	HOME
Primary Objectives	<p>The development of viable urban communities by providing decent housing, a suitable living environment and expanding economic opportunities principally for persons of low income.</p> <p>Must meet one of the following national objectives:</p> <ul style="list-style-type: none"> • Benefit lower-income households; OR • Result in the prevention or elimination of slums or blighted conditions. 	<p>Provide coordinated financial assistance in the development of affordable, low-income housing.</p> <p>Expand the supply of safe and sanitary affordable housing for low-income residents in Billings.</p> <p>Strengthen the ability of local governments and other housing development entities to actively participate in community housing enhancements.</p>
Budget Estimates	<ul style="list-style-type: none"> • CDBG New Entitlement Funding: \$650,000 • Program Income: \$50,000 • Total CDBG Estimate: \$700,000 • Administration Cap (<i>Maximum 20%*</i>): \$130,000 • Public Service Cap (<i>Maximum 15%*</i>): \$97,500 	<ul style="list-style-type: none"> • HOME New Entitlement Funding: \$300,000 • Program Income: \$100,000 • Total HOME Estimate: \$450,000 • Administration Cap (<i>Maximum 10% of New Entitlement*</i>): \$30,000 • Community Housing Development Organizations (<i>Minimum 15%* New Entitlement</i>): \$45,000
Eligible Activities	<i>Housing & Neighborhood - Bricks & Mortar / Building Projects</i>	<i>Affordable Housing Projects</i>
	<ul style="list-style-type: none"> • Property Acquisition • Disposition & Relocation • Public Facilities & Improvements • Clearance & Building Abatement • Housing Rehabilitation & Home Repair Programs • Economic Development 	<ul style="list-style-type: none"> • New Construction of Housing Units • Acquisition of Property for an immediate and eligible use, Site Improvements, & Demolition Activities related to New Housing • First-Time Home Buyer Assistance • Construction of Transitional Housing Units
	<i>Public Services</i>	<i>Community Housing Development Organizations (CHDOs)</i>
	<i>Public Service Eligible Activities:</i> Social Services Purchase of Equipment Fair Housing Education Operation / Maintenance of a Public Facility or Improvement	<p>Minimum 15% of Entitlement must be designated to CHDOs to implement housing activities, including: acquisition / rehabilitation / new construction of rental & homebuyer units</p>
Ineligible Activities	<p>Improvement to Buildings Used for the General Conduct of Government, Political Activities, Income Payments, Religious Activities, and any activities or improvements the City of Billings already funds through alternative mechanisms.</p>	<p>Any activity that does not result in housing benefit that does not have a specific address to report.</p> <p>The City of Billings does not fund homeowner occupied housing rehabilitation programs at this time.</p>

**Maximum / Minimum amounts are typically based on total budget. However, program income and budget allocations vary by category. For more information, contact Community Development staff.*

SECTION V - CDBG GUIDELINES

Examples of CDBG projects funded in the past includes the preservation and rehabilitation of the city's existing affordable housing stock through housing rehabilitation activities, funds to support down payment and closing cost assistance for first time homebuyers, funding of public service activities (up to 15%), Special Assessment Grants, and other public improvements which benefit low -income areas.

Traditionally, both nationally and in Billings, CDBG funds have been used to fund bricks and mortar improvements such as housing rehabilitation, park improvements, and other public facility improvements. In 1984, the CDBG Program was amended by HUD and the cap on funding to public service activities was set at 15%. Funding for public service activities is intended to complement low-income neighborhood revitalization efforts.

Please note: Priority is given to projects that can expend funds by this upcoming April to assist the City in meeting HUD's timeliness deadlines.

<i>CDBG Major Funding Areas</i>		
<i>Categories</i>	<i>Administration</i>	<i>Housing & Neighborhood Bricks & Mortar LOAN Projects</i>
<i>Budget Limitations</i>	Maximum 20% of CDBG	Approximately 65% of CDBG
<i>Project Term</i>	One Year	One Year
<i>Funding Request Limits</i>	None	None
<i>Estimated # of Awards</i>	One	Two - Three
<i>Project / Activity Examples</i>	Housing Needs Assessment	Housing Rehabilitation Programs
	Assessment of Fair Housing	Minor Home Repair Programs
		Wheelchair Ramps
	AmeriCorps VISTA - Public Service	Infrastructure

Administration Guidelines

The City typically applies for CDBG funds to facilitate administration to manage the program. Projects funded through this category include allocations to facilitate five-year studies required by HUD, including the Needs Assessment and Housing Market Analysis. Other projects include administration for the AmeriCorps VISTA project, which brings volunteers to Billings to facilitate capacity-building efforts to impact poverty / homelessness.

Housing & Neighborhood Guidelines

This category is reserved for projects that are considered “bricks and mortar”, or building projects. Projects requiring inclusion on the City’s Capital Improvement Plan (CIP) for additional City funding (infrastructure, parks improvements, etc.) **must** refer to the amount and year of funding already committed in the CIP. Funding must be expended within three years of allocation.

Please note:

- **Projects located in a task force area with a completed Neighborhood Plan must comply with the neighborhood plan.**
- **Projects impacting City parks, facilities, programs, or functions must be coordinated with the appropriate City Department staff prior to application submission.**

SECTION VI - HOME GUIDELINES

Funding from the HOME program must be allocated to support affordable housing activities for low and very low-income individuals. Activities not involving affordable housing are not eligible. The City of Billings has historically funded the following overall programs through this annual allocation process:

- **First Time Homebuyer Program** - Funding for direct down payment and closing costs assistance is established through this program, which is managed by City staff.
- **Community Housing Development Organizations (CHDOs)** - A CHDO is a private nonprofit, community-based service organization whose primary purpose is to provide and develop decent, affordable housing for the community it serves. Guidance regarding CHDOs can be found [online](#).
- **Affordable Housing Development Program** - This program assists in acquisition, demolition, rehabilitation and new construction of housing units. City staff typically applies to fund this program utilizing the annual allocation process described herein. The funding application submitted by staff can include both CDBG and HOME funding, depending on the anticipated allocation from HUD.
 - **Organizations and developers interested in pursuing an application through the Affordable Housing Development Program will be required to apply for funding through a separate application process.** Detailed requirements and the application for this program are available [online](#). There is no deadline to apply, and applications are considered on a first-come, first-served basis.
 - **Applications from certified Community Housing Development Organizations (CHDOs) will always receive priority consideration for funding for affordable housing development projects.**

<i>HOME Major Funding Areas</i>			
<i>Categories</i>	<i>Administration</i>	<i>Housing Assistance</i>	<i>Community Housing Development Organizations (CHDOs)</i>
<i>Budget Limitations</i>	Maximum 10% of HOME	Approximately 75% of HOME	Minimum 15% of HOME
<i>Project Term</i>	One Year	One Year	One Year
<i>Funding Request Limits</i>	None	None	None
<i>Estimated # of Awards</i>	One	One - Two	One
<i>Project / Activity Examples</i>	Housing Needs Assessment	First Time Homebuyer Program	Acquisition / Rehabilitation of Rental Housing
	Analysis of Impediments to Fair Housing Choice	Tenant-Based Rental Assistance - <i>no longer accepting applications in this category</i>	New Construction: - Rental Units - Homeownership Units
	General Administration Costs	Affordable Housing Development Program	

SECTION VII - APPLICATION SUBMISSION

Application Format & Accompanying Documentation

A completed application includes the following components and must be submitted in FULL to the Community Development Division office by 5:00pm on the deadline date (see Section I, Important Dates) via email to beckettb@billingsmt.gov in Adobe format:

- Completed and signed application
- Organization's Board Member List
- Treasurer / Financial Report through December 31
- Current Bylaws
- Articles of Incorporation
- Most recent agency audit / IRS Form 990
- Completed Project Budget & Summary
- If position funding is requested:
 - Job Descriptions, Personnel Policies, Affirmative Action Policy

Application Deadline, Completeness & Signature

Applications must be in the Community Development office by 5:00pm on the deadline date (see Section I, Important Dates). The elevator is promptly turned off at 5:00pm, so please plan to be early with your submission. **The Community Development Board will NOT consider late applications or applications submitted using earlier versions of the application document.**

The applications and attachments must be complete and all requested information attached. **The Community Development Board will NOT consider incomplete applications.** Non-profit organizations must have the chairperson of their Board of Directors sign the application to assure the application has been authorized by their governing board.

Technical Assistance

Staff will be available to provide an overview of the application form and answer questions upon request. You may also call Brenda Beckett at 406-657-8286, email at beckettb@billingsmt.gov, or visit the Community Development office with questions or concerns. Assistance is available in the Community Development office, if needed, including access to a computer to complete the application.

Mandatory Subrecipient Meeting

Awardees are **required** to attend a Subrecipient meeting scheduled in June. Housing and Neighborhood activities are typically reviewed at 9:00am, Economic Development and / or Deposit Assistance activities are typically reviewed at 9:45am, Subrecipient Agreements are typically reviewed at 10:00am and Public Service activities are typically reviewed at 11:00am. **Individuals responsible for contract execution, reimbursement requests and quarterly reporting are required to attend.**

SECTION VIII - AWARDS, REPORTS & AGREEMENTS

Please see Section I, Important Dates, for the dates the Community Development Board will finalize recommendations to present to the City Council, and for the date of City Council action regarding recommendations.

Process for Awards, Reports & Agreements

The process for executing contracts for CDBG and HOME funding includes the following:

- **Mandatory Subrecipient Meeting:** Mandatory attendance to receive technical assistance on the Subrecipient Agreement, requests for reimbursement process and quarterly / annual reporting at the Subrecipient Meeting.
- **Environmental Review Record:** Community Development staff completes the environmental review process for all awards.
- **Agreement Completion:** Subrecipient completes the Subrecipient Agreement as instructed and provides a signed copy of the Agreement and project budget to the Community Development Division no later than July 31. The project budget does not have to include total organizational budget. Failure to comply with this deadline may result in funding allocation.
- **City Signature:** Subrecipient Agreement is routed to the City Administrator for signature.
- **HUD Authorization:** Official authorization of the submitted Consolidated Plan received. **Funds are not officially committed until this authorization is received.**
- **Activities:** Activities are carried forth as per the CDBG / HOME Application and Subrecipient Agreement.
- **Quarterly Reports / Requests for Reimbursement:** Quarterly requests for reimbursement are submitted, accompanied with progress report, receipts for reimbursement and data collected on individuals served / housing units generated:
 - July through September - report due October 31.
 - October through December - report due January 31.
 - January through March - report due April 30.
 - April through June - report due July 31.

Quarterly reports are mandatory while a balance of funds remains in the City accounts. After all funding has been expended; annual reports are submitted for three years to illustrate the results of capacity-building efforts. **If CDBG funding is utilized for any part of a staff position please be sure report indicates what other fund contributes to the salary / wage, amounts and percentages.**

- **Annual / Audit Reports:** Annual and Audit reports are due July 31, includes demographics and total number of clients served through the activity. **Figures reported should match the total of the quarterly reports!**
- **Monitoring:** Subrecipients are monitored on an annual basis by the Community Development Division. This may include in-office and on-site reviews.
- HUD has prepared a guide for CDBG Subrecipients ([Playing by the Rules: CDBG Subrecipient Handbook](#)) on the administrative requirements for receiving grants. Subrecipients are expected to review this manual for important information regarding implementing CDBG activities.

