

## What are the program requirements for CDBG?

The CDBG Economic Development Program is funded with federal dollars; therefore, federal requirements apply, including:

- **Environmental Review** -- An environmental review must be conducted for all projects. The environmental review and product budget must include all portions of the project, not just those for which CDBG financing is proposed. In addition, no funds can be committed to the project, CDBG or non-CDBG, prior to project approval.

Although these projects are time sensitive, the applicant should be prepared to withhold committing to any funds to the project (including land acquisition, bidding/contracting for construction, ordering equipment, and any site preparation) prior to approval will jeopardize CDBG involvement in the project.

- **Federal Prevailing Wage** -- Project line items that include CDBG assistance require the payment of federal prevailing wage.
- **Competitive Procurement** -- Public, off-site infrastructure project that include CDBG assistance must be competitively procured according to federal regulations.

Additional federal requirements may apply. The CDBG Economic Development Program staff will guide applicants through these requirements as needed.

## For Additional Information:

The CDBG Economic Development Program application may be found on the Ohio Development Services Agency's website. Interested applicants should contact the Economic Development Coordinator for more information.



### Contact:

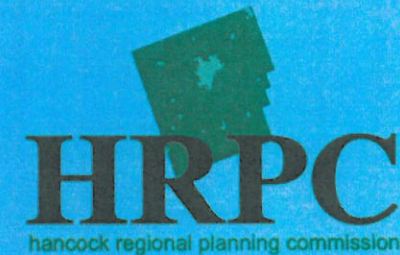
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# The Community Development Block Grant Economic Development Program



Federal Funding Resources for Eligible Economic Development Projects



# What is the Community Development Block Grant Economic Development Program?

The Community Development Block Grant (CDBG) Economic Development Program is federal funding that provides up to \$500,000 per project for:

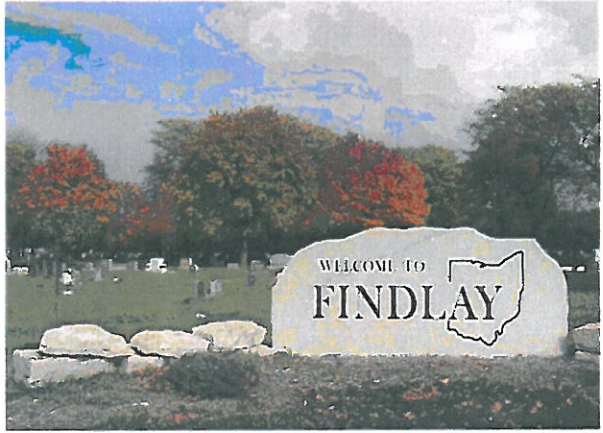
- Low-interest, fixed asset, gap financing to Ohio businesses; or
- Grants to communities for public infrastructure improvements associated with for-profit business expansion and job creation.

## Who is eligible to apply?

Non-entitlement cities and counties may apply on behalf of for-profit businesses committing to create at least five jobs within its jurisdiction.

A majority of the jobs created must be taken by or made available to low and moderate income (LMI) persons.

For-profit businesses cannot directly apply for CDBG funding.



## Fixed Asset Loans

Funds are granted to communities to make loans to local, for-profit businesses for fixed-asset financing. Loan repayments remain in a local Revolving Loan Fund and may be used to finance additional CDBG-eligible projects in the community.

- **Low and Moderate Income jobs (LMI)** -- 51% of the jobs created or retained must be taken by or made available to LMI persons.
- **Gap Financing** -- Loans are only available for projects in which gap financing is required. In all cases, private financing should be maximized before considering CDBG assistance.
- **Funding per Job** -- Assistance is limited to providing \$25,000 per job created.
- **Leverage** -- Assistance is limited to providing no more than half of the total financing required for the project (\$1:\$1 leverage ratio).
- **Equity** -- A borrower must be prepared to provide cash equity of at least 5 percent of the total fixed asset cost.
- **Private Financing** -- At least 15 percent of the project's fixed asset cost must be privately financed.

Nonprofit businesses are not eligible for CDBG assistance.

## Off-site Infrastructure Grants

Funds are granted to communities to help pay for publicly owned infrastructure improvements directly related to job creation or retention by a for-profit business. The applicant community must demonstrate need for the level of funding requested.

- **Low and Moderate Income jobs (LMI)** -- 51% of the jobs created or retained must be taken by or made available to LMI persons.
- **Funding per Job** -- Assistance is limited to providing \$9,999 per job created.
- **Amount of Assistance** -- In most cases, assistance is limited to providing no more than half of the total off-site infrastructure cost. Some distressed communities may qualify for up to 75% of the off-site infrastructure cost.
- **Private Financing** -- The job-creating business must be committed to making an on-site private investment in coordination with its committed job creation.
- **Private Financing** -- At least 15 percent of the project's fixed asset cost must be privately financed.

**Ohio CDBG Economic Development Program Statistics for the period 2005 - 2010**

- Since 2005, 63 communities have received CDBG Economic Development Program funding.
- Approximately 1,525 jobs were created or retained for LMI citizens.
- There were 2,304 citizens whose jobs were created or retained as a result of CDBG-assisted economic development projects.
- The average annual CDBG cost per job was \$10,586.
- Non-CDBG capital investment in CDBG Economic Development Program projects totaled more than \$523 million, resulting in a CDBG leverage ratio of \$18.5:\$1.
- Total additional local tax revenues generated annually was more than \$4 million.
- Projected additional dollars expended in the local economy annually was more than \$43 million.
- There were 50 businesses created, expanded, or retained.

**Eligible fixed asset costs include:**

- Land/Building Acquisition
- Machinery and Equipment
- New Construction
- Renovation/Leasehold Improvements
- Site preparation/On-site Infrastructure

**Eligible off-site infrastructure costs include:**

- Electric
- Gas
- Rail
- Sanitary Sewer
- Street Improvements
- Storm Sewer
- Water