

MICHIGAN COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) PROGRAM JOB CREATION AND RETENTION PROJECTS

Under the Community Development Block Grant (CDBG) federal funds are available to provide grants or loans for economic and community development projects to eligible counties, cities, villages and townships, usually those with populations under 50,000. See [CDBG fact sheet for qualifying communities](#).

The Michigan Strategic Fund administers the CDBG program in cooperation with the Michigan Economic Development Corporation (MEDC).

Eligible projects are those directly related to a for-profit private business location or expansion project that will result in the creation of permanent jobs, with at least 51% of the jobs held by low- and moderate-income people. These projects must present a business case for approval. Two types of projects are eligible:

- Economic development infrastructure projects
- Direct assistance - machinery and equipment, job training, waste water pre-treatment facilities, rail enhancement, and utility and pipeline projects.

SCREENING GUIDELINES

- **Cost Per Job** – Proposed projects are expected to create or retain the largest number of jobs with the least amount of CDBG investment.
- **Minimum Leverage Ratio** – Proposed projects are expected to leverage private and other public funds.
- **Job Creation** – Priority will be given to projects creating or retaining 10 or more permanent full-time jobs that pay an average hourly rate of at least 75% of the average hourly wage rate of the applicable county.
- **Minimum Local Participation** – Proposed public infrastructure projects are expected to have lo-

cal government funding for public infrastructure activities. Funding priority will be given to projects where local funding for public infrastructure is 10% or more of the total public infrastructure costs. In the case of direct assistance, local match is not required unless a community has an inactive Revolving Loan Fund (RLF).

- **Financial Viability** – The business must be financially viable and with skills to successfully operate the business.
- **Economic Impact** – Proposed projects are evaluated on their economic impact including the diversification of the economic base of the local and state economies.

CDBG APPROVAL PROCESS

It typically takes between 3-5 months until funds can be spent or contracts signed by communities and businesses. The process usually takes place as follows:

1. Business development manager (BDM) identifies project with a business case presented by the company and community and presents it to the MEDC management team.
2. The management team authorizes review of the project's eligibility for CDBG incentives.
3. Project specialist reviews process and timing of project with the business community.
4. Community is given a pre-application to prepare and should also start the environmental review.
5. Community submits pre-application to the MEDC.
6. MSF board considers pre-application for final approval at monthly board meeting.
7. If approved, community submits final application and signs grant documents.
8. Work can begin. Community works closely with CDBG staff to ensure compliance with all federal requirements.

FEDERAL PROGRAM REQUIREMENTS

The CDBG program must comply with federal requirements briefly outlined below. For a more comprehensive summary [please contact CDBG staff directly](#).

- 1. Environmental Review** – Prior to the commitment of CDBG funds and other public and private funds, environmental review procedures must be completed. No funds may be committed or any costs incurred until after the local government receives a letter authorizing the commitment of funds. If a local government or business commits funds prior to written authorization, CDBG funds will not be made available to the project. This review takes a minimum of 2 months to complete.
- 2. Federal Labor Standards Requirements (Davis-Bacon and related acts)** – Local government or other grant recipients using CDBG funds for construction activities over \$2,000 must comply with federal labor standards.
- 3. Property Acquisition and Relocation** - When acquisition and/or relocation occur as a result of a CDBG-funded project, the local government must comply with the Uniform Relocation Assistance and Real Property Acquisition Policies Act.

CONTACT

To find out if your project is eligible for CDBG funding, contact your MEDC business development manager. For information on additional MEDC services, contact the MEDC Customer Assistance Center at 517.373.9808.