



Application Packet

Community Development Block Grant (CDBG)

Public Service Grants for County Fiscal Year (CFY2026)

(July 1, 2025 – June 30, 2026)

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DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

Marc Elrich
County Executive

Scott Bruton
Director

August 5, 2024

Montgomery County is pleased to announce the opening of the FY26 (July 1, 2025, to June 30, 2026) federal Community Development Block Grant (CDBG) public services funding application process. Annually, this funding supports nonprofit organizations in assisting low- and moderate-income residents of Montgomery County. Assistance may include health, education, workforce development, and housing services. The maximum amount for each grant is \$45,000.

For County FY25 (July 1, 2024 - June 30, 2025), the County awarded \$660,000 to nineteen (19) nonprofit organizations providing services to lower-income County residents under this program. We anticipate that a similar amount of CDBG funding for FY26 will be determined by HUD in the early part of 2025 and will be available for FY26. The County is accepting grant applications for FY26, starting on or around July 1, 2025. Funding for FY26 will be available beginning August 5, 2024.

Applications are due to the County's Department of Housing and Community Affairs by September 13, 2024, after which DHCA staff will review them for completion and eligibility and forward the eligible applications to the Community Development Advisory Committee (CDAC), a body of County residents appointed by the County Executive, for review and funding recommendations. Successful applicants will be notified when the County Executive releases his budget in March 2025.

Applicants are encouraged to review the "Fact Sheet and Funding Policy" and the "Application Instructions" before completing and applying. DHCA staff Katherine Canales and Trivens Kargbo will be available to answer any questions or provide technical assistance in completing an application. Ms. Canales and Mr. Kargbo Staff can be reached at Katherine.Canales@montgomerycountymd.gov or Trivens.Kargbo@montgomerycountymd.gov.

DHCA will host its annual public hearing, where applicants can express ideas and concerns about DHCA's past performance, current needs, and future community development funding priorities. The hearing is scheduled for Tuesday, October 1, 2024. DHCA welcomes and encourages all applicants to attend and participate in the public hearing. More information about the grant program and the public hearing can be found at <https://www.montgomerycountymd.gov/DHCA/grants/publicinformation.html>. You may also email cdbg@montgomerycountymd.gov with questions or to register to testify.

Thank you for your interest in the CDBG public service grant program.

Sincerely,

Pofen Salem

Pofen Salem, Chief
Division of Finance and Administration

Division of Finance and Administration

Asset Management

Grants Administration

Licensing and Registration

Management Services

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montgomerycountymd.gov/311



711 TTY

Facts in Brief

- ❖ **Maximum Grant Amount:** \$45,000.
- ❖ **Application Limits:** two applications/organization.
- ❖ **Award Date:** on or after July 1, 2025.
- ❖ **Submission Deadline:** Friday, September 13, 2024, at 4:00 p.m.
- ❖ **Submission Format:** email completed application and attachments to cdbg@montgomerycountymd.gov. See page 10 for detailed instructions.
- ❖ **Staff contact:** If you have additional questions, you may contact staff at:
 - Katherine Canales- Katherine.Canales@montgomerycountymd.gov
 - Trivens Kargbo - Trivens.Kargbo@montgomerycountymd.gov

Only complete applications received by the deadline will be considered.

This packet contains information about the Community Development Block Grant (CDBG) program and instructions for applying for CDBG public service grants. To discuss whether a specific proposal may be eligible for these funds or to learn more about the application requirements, please contact the Grants Administration staff listed above.

Public Service Grants Fact Sheet and Funding Policy

A. Introduction

Montgomery County receives an allocation of Community Development Block Grant (CDBG) annually from the U.S. Department of Housing and Urban Development (HUD) to fund activities that primarily benefit low- and moderate-income (LMI) residents of the community. Each year, Montgomery County uses a competitive application process to deploy a portion of its CDBG funds available to non-profit groups in the form of public service grants. Eligible public service activities include, but are not limited to, programs concerned with eviction prevention, housing-related supportive services, employment, crime prevention, positive youth development, health care, education, mental health, or recreational activities.

B. Background on Federal Funding Source

To help potential applicants determine the eligibility of their project for a public service grant, it is important to be familiar with the basic requirements of the CDBG program as described below. Potential applicants should also review the contractual requirements they will be expected to meet if they are selected for Federal funding (see Section F. Contractual Requirements).

In addition to the provision of public services funded with CDBG dollars, the County, through the Department of Housing & Community Affairs, directly administers CDBG funds to carry out a wide range of community development activities such as affordable housing, neighborhood revitalization, economic development, and the provision of improved community facilities and services.

By regulation, only a relatively small amount of CDBG funds may be used for public services. For the current fiscal year, the County received nearly \$5 million in CDBG funds, with \$660,000 awarded to nineteen nonprofit public service grant recipients. The amount of funding for fiscal year 2026 has not been determined.

CDBG National Objectives

Federal legislation and regulations have established national objectives that all CDBG-funded activities must meet. For this public service grant program, the activities that can be funded are limited to those that will meet the national objective of benefiting low- and moderate-income (LMI) persons.

HUD Income Limits – Effective May 2024

Section 8 Definition	Extremely Low	Very Low	Low
CDBG Definition	Very Low	Low	Moderate
Family Size	(30% of median)	(50% of median)	("80%" of median*)
1	32,500	54,150	68,500
2	37,150	61,900	78,250
3	41,800	69,650	88,050
4	46,400	77,350	97,800
5	50,150	83,550	105,650
6	53,850	89,750	113,450
7	57,550	95,950	121,300
8	61,250	102,150	129,100

* These figures are less than 80% of Local Area Median Income, as determined by HUD for Montgomery County due to prevailing levels of construction costs or fair market rents, or unusually high or low family incomes.

To meet this objective, each public service activity must serve no less than 70 percent LMI persons (although the County reserves the right to require that each activity serve a greater percentage of LMI persons.) The applicable percentage will be determined at the time a grantee’s contract is drafted, but applicants should plan to meet the highest number of LMI persons possible.

It is imperative that applicants anticipate, plan, and describe in detail in their applications the methods they will use to determine and document the incomes of the persons they serve through their CDBG-funded activities. Failure to do so may result in activities being ineligible for reimbursement and could require repayment of previously approved payments in the contract.

C. County Policies and Priorities for Public Service Grants

Each year, Montgomery County receives many more applications for CDBG public service grants than there are funds available. The competition is greatest among applicants requesting funds for staff and operating costs associated with providing services to some of our most vulnerable residents: the elderly, children and youth, recent immigrants, the homeless, people with mental and physical disabilities, and victims of violence.

In addition to the Federal requirements, Montgomery County has developed policies and priorities to guide its use of CDBG funds. These policies and priorities are based on federal requirements for the CDBG program and local needs and funding priorities.

Policies

These general policies and priorities apply to all applications for CDBG funds:

- CDBG funds will not go to one organization for the same project (or a substantially similar project) for more than three (3) years;
- Grantees who receive funds in year one, are not guaranteed funding in years two and three – future funding is dependent on many factors, including performance;
- Grantees may only lease, not purchase, capital equipment with CDBG funds; and,
- The acquisition of land, or the construction, acquisition, and/or rehabilitation of buildings is not eligible for a public service grant. (For information on loan programs that may be available to fund these activities, please contact Lawrence Cager at lawrence.cager@montgomerycountymd.gov .

Priorities

Funding priority will be given to eligibility activities that:

- provide services that respond to critical, identifiable, and unmet needs;
- have a high benefit to low-income persons;
- are clearly defined as to scope, location, need, budget, goals, beneficiaries and means for evaluation of program progress, with evaluation criteria that are specific, measurable, and realistic;
- present a reasonable, sound budget and have a clear plan of action that is consistent with the budget and that demonstrates that the applicant has the capacity and the capability to implement the proposed plan successfully;
- maximize the use of outside funds (non-CDBG or other county funds); and,
- support or coordinate with other community development efforts.

In addition, because the demand for these funds exceeds the amount received from HUD, the County is committed to funding projects that are ready to proceed immediately after funds are received, and those prepared to spend the funds within a twelve-month period (any funds that are not spent within this timeframe are subject to recapture by the County.)

Participating and Non-Participating Jurisdictions in the County

The Cities of Rockville, Gaithersburg and Takoma Park operate their own Community Development Block Grant programs and should be contacted directly with funding requests for public service activities inside their city limits or principally serving their city residents.

The following jurisdictions do not participate with the County in these programs; therefore, no activities that operate strictly within these areas, or that primarily serve residents of these areas, may be funded with CDBG funds: Town of Barnesville, Town of Chevy Chase View, Chevy Chase Village, Village of Chevy Chase (Section 3), Town of Laytonsville, and Village of Martin's Additions.

D. Community Development Advisory Committee

Determining the allocation and award of CDBG funding is a difficult and time-consuming process. To guide this effort, a group of dedicated volunteers is appointed by the County Executive to sit for three-year terms on the Community Development Advisory Committee (CDAC).

Committee members, all of whom are County residents, review applications and meet with eligible applicants to discuss funding requests. Working with staff from DHCA, and with input from the Director of DHCA, the CDAC recommends to the County Executive which applicants should receive funding and in what amounts.

E. Application Review and Recommendations

Applications for public service grants are accepted by DHCA on an annual, cyclical basis. The deadline date for submission of applications varies slightly from year to year, but it is usually in mid-September. Projects submitted after the deadline will not be considered for review unless it can be demonstrated that the application is for funding of an emergency nature or represents a unique, one-time opportunity that cannot wait for the normal round of applications. These out-of-cycle requests will be reviewed at the discretion of the Director of DHCA.

All applications are reviewed by the staff of DHCA to determine eligibility under HUD's criteria and conformance with the County's CDBG funding policies and priorities. All applications accepted for competition are then reviewed by the CDAC.

After discussion and consultation through the review process, cyclical applications will be recommended for funding to the Director of DHCA and to the County Executive. The County Executive will then make recommendations to the County Council as part of the overall budget process.

The County Council, as part of the budget process, then makes the final selection of those activities and projects to be funded with CDBG funds. The Council usually approves the budget in late May.

F. Contractual Requirements

Each grantee selected to receive funds is required to sign a contract with the County. Costs incurred prior to the execution of an agreement with the County are not reimbursable. Under County and Federal laws and regulations, certain requirements must be met in order to negotiate an agreement and disburse funds. These requirements include the following:

1. Applicants must demonstrate that they are a private nonprofit organization or a governmental agency.
2. After an application is approved for funding, a contract will be prepared and sent by County staff to the person identified by the applicant as the authorized official for signature. The contract will specify the amount of the award, the period for which the project is approved, the contract term, and administrative provisions. Special conditions attached to the award also will be specified in the agreement. Grantees will be required to file regular reports on

expenditures, progress toward goals, and beneficiaries. DHCA will provide forms for these reports.

3. Grantees are required to obtain insurance as specified by Montgomery County and to comply with all applicable federal, state, and local laws, codes, and regulations. The cost of insurance is reimbursable as a project expense.
4. As part of any grant agreement, recipients will be required to comply with affirmative action and equal opportunity laws. In the event of non-compliance, the agreement may be terminated or suspended in whole or in part.
5. All recipients will be required to comply with the federal government's audit requirements as described in OMB Circular A-133 (for HUD's programs, these requirements are codified at 24 CFR Part 84.) Recipients receiving \$500,000 in federal funds from all sources in a single year must have an annual audit. The cost of an audit is an eligible grant cost.

G. Other Important Considerations for Applicants

CDBG funds are not intended to be an on-going source of funds for an organization.

Under the CDBG Public Service Grant program, an organization may generally only receive funding for up to three years for the same program or activity. However, there is no guarantee that approved projects will receive funding in years two and three.

Finally, please be aware that even if your application is successful, the CDAC may recommend that the applicant be awarded a lower level of funding than was requested. Please develop a contingency plan to account for a smaller CDBG award.

Public Service Grant Application Instructions

WHO SHOULD APPLY?

Nonprofits: Only nonprofit organizations are eligible to apply for public service grants. Nonprofits must be incorporated under state law, and they must have a 501(c)(3) or similar designation from the U.S. Internal Revenue Service. An organization whose 501(c)(3) status is pending may still apply, but it must ensure that the nonprofit designation will be in place before the beginning of the fiscal year (July 1, 2025). For-profit entities are not eligible to receive public service grants. Corporations must have, and document, a status of “good standing” in the state in which they are chartered.

Government Agencies: Governmental and quasi-governmental agencies, including County agencies, may apply for public service grants. However, these agencies are strongly encouraged to apply in partnership with a local nonprofit organization. The nonprofit organization should be, whenever practical, the primary applicant. If you feel the proposed activity can be more efficiently and effectively delivered solely by a governmental agency, please provide a detailed explanation in question 6 of the application.

ARE THERE SUBMISSION REQUIREMENTS THAT I SHOULD KNOW ABOUT?

1. Submit a separate application for each project for which you are requesting funding.
2. Complete all the information requested in the space provided in the application.
3. **Only COMPLETE applications received BY THE DEADLINE will be considered for funding and reviewed.** Use both the Completeness Checklist and the Attachments Checklist included in this application packet to help ensure that your application is complete (these are for applicant use only and should not be submitted with the application). Applicants will be notified if their submission is on time and substantially complete, or is only missing MINOR information, such as a federal identification number. Applicants will be given seven days to provide any minor, missing information. Minor omissions do not include application questions that have been left unanswered or failure to submit a budget or requested attachments.

HOW MUCH MAY I REQUEST?

Applicants may not request more than \$45,000 for any one project. There is no minimum grant amount for which you may apply.

WHERE SHOULD I SUBMIT MY APPLICATION? IS THERE A DEADLINE?

Applicants must use the fillable Adobe PDF application form available at <https://www.montgomerycountymd.gov/DHCA/grants/cdgb.html> and email the completed application to cdbg@montgomerycountymd.gov no later than 4:00 p.m., Friday, September 13, 2024. Applicants are also encouraged to email the required attachments, preferably in one, or in as few, separate documents as possible. You will receive a reply email as confirmation of delivery of your application materials.

I HAVE SUBMITTED AN APPLICATION; WHEN WILL I HEAR ABOUT FUNDING?

If the County Council approves your application, funds will most likely become available, in the form a contract, between July 1 and August 31, 2025. Major milestones are as follows:

- Notification that your application has been received - *by September 20*
- Staff reviews your application for completeness and eligibility. Applicants are notified in writing if an application is deemed ineligible for funding. - *by September 27*
- The Community Development Advisory Committee (CDAC) holds a public hearing to solicit community input regarding priority needs – *October 1 (tentative date)*
- CDAC members review applications; applicants are scheduled to meet with members to discuss their applications and answer questions - *October*
- CDAC members make funding recommendations to the County Executive - *January*
- Applicants are notified in writing of the County Executive's recommendations - *March*
- County Executive submits recommended budget to the County Council; County Council holds hearings on the budget - *March/April*

- County Council makes final funding decisions that are reflected in the approved budget - *late May*
- Staff and grantees discuss contract language and requirements; staff and grantee finalize and execute contracts - *June - September*
- Grantee receives Notice to Proceed, delivers services, and spends funds - *Twelve-month period, beginning with Notice to Proceed*

INCOME LIMITS

Any CDBG-funded activity must serve at least 70 percent low- and moderate-income (LMI) persons. The most recent income levels for these two categories are shown on page 4. **It is imperative that applicants anticipate and plan for the methods they will use to determine and document the incomes of the persons that they serve through their CDBG-funded activities. Failure to do so may result in activities being ineligible for reimbursement.**

WHAT IF I HAVE QUESTIONS?

- ❖ Staff of the Division of Finance and Administration encourage your questions and are available to provide technical assistance. You may contact staff via email: Katherine Canales- katherine.canales@montgomerycountymd.gov or Trivens Kargbo - trivens.kargbo@montgomerycountymd.gov

Completeness Checklist and Table of Contents for Application (for applicant use only – do not submit)

This completeness checklist is provided to help you ensure that your application is complete and includes all the required elements. Place an “X” in the space provided when you complete each section.

- Cover Page

- Organization Certification

- Organization Information

- Project Description
(IMPORTANT: Specific Project Goals, question #4c.)

- Project Goals / Performance Measures (IMPORTANT:
Unmet needs, unique features)

- Beneficiary Description

- Budget

Attachment Checklist

(for applicant use only – do not submit)

Please use this checklist to ensure that you have all necessary attachments. Please label the documents for submission using the document name and numerical order below. Please place all attachments at the end of the application.

- _____ 1. Internal Revenue Service letter granting tax exempt nonprofit status 501(c)(3) or similar.

- _____ 2. Board of Director’s listing including names, titles, terms of office (if any), and addresses of all members.

- _____ 3. Organizational chart or organizational structure.

- _____ 4. Organization’s total fiscal budget (current year) and most recent audit.

- _____ 5. Resumes of chief administrative and chief fiscal officers, and key staff who will work on the proposed project (if known).

- _____ 6. Two (2) letters of community support (from other organizations, former or current clients, elected officials, etc.).

- _____ 7. Documentation of corporate “good standing” status from state in which corporation is chartered. (For Maryland corporations, you can obtain documentation of Good Standing at no charge by going on line to <https://egov.maryland.gov/BusinessExpress/EntitySearch>, entering your corporate name in the “Name Search” box and clicking on the “General Info” tab for your organization. This needs to show Good Standing as “Yes.” Please print and scan, print to PDF, take a screen shot, or otherwise prepare this information for electronic submission. Include this page with your application.)

NOTE: Organizations whose projects are approved for funding will be required to enter into a contract with Montgomery County for implementation of the funded activity. This contract will contain provisions that will ensure compliance with all federal, state, and local laws and regulations. Upon execution of the contract and depending upon the type of activity, the organization will be required to submit other documents and information including, but not limited to sample agency or organization timesheet and proof of insurance coverage.