

# Louisiana Community Development Block Grant



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## Economic Development 2024-2025 Program Cycle

OFFICE OF COMMUNITY DEVELOPMENT – LOCAL GOVERNMENT ASSISTANCE

**CDBG Economic Development** - An activity may be assisted in whole or in part with CDBG funds if the activity is defined as eligible under Section 105(a) of Title 1 of the Housing and Community Development Act of 1974, as amended.

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The Economic Development set-aside can be used to provide grants to local governments to facilitate private investment and the location of a business by providing:

For infrastructure improvements

- Sewer, Water, Street access on public property to the private business.

For profit business assistance

- financing for building, machinery and equipment and short term assets

# Eligible Activities

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Other potential Economic Development activities that are eligible:

## Commercial Rehabilitation

- Assistance may be provided to for-profit or non-profit entities.
- Some restrictions do exist on how these activities may be accomplished.

## Economic Development Public Services

- Grantees may also undertake services specifically related to employment and business creation.
  - Job training
  - Employment and job placement services
  - Training for potential entrepreneurs

# Eligible Activities

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## Microenterprise Activities

- Commercial enterprises that have 5 or fewer employees, one or more of whom own the enterprise.
- Financial support
- Technical assistance
- General Support
- Training and technical assistance or other support services to increase the capacity of grantees to carry out microenterprise activities

# Ineligible Activities

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## Ineligible Activities

- CDBG assistance will not be available to assist directly in the relocation of any industrial or commercial plant, facility or operation from one area to another if the relocation is likely to result in a significant loss of employment in the labor market from which the relocation occurs.
- Projects in which an elected official or a member of her/his immediate family has a financial interest as the project developer are ineligible.
- Funds cannot be used to acquire, construct, or rehabilitate a building or to create a general industrial park project with the hope of attracting future businesses/industries.

# Funding Criteria

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Awards are made continuously from April 1 through March 31 of each program year, subject to the availability of funds.

## Program Requirements

- A pre-application meeting must be held with OCD-LGA
- A firm financial commitment from the private sector. The private investment/public funds ratio must not be less than 1:1.
- Cost per new, full time job created must not exceed \$20,000 for a grant.
- A minimum of **10** jobs created or retained.
- Employment of a minimum of 51% of person whose household income at the time of employment is within low to moderate income limits.
- Documentation on the management, marketing, financial and economic feasibility for the proposed activities.

# Review Factors

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## **Underwriting Guidelines 570.482 (e)(2)**

- Project creditworthiness
- Sufficient assisted business equity
- The ratio of private to public funds

## **Public Benefit requirement 570.482 (e)(3)**

- Number of jobs created/retained

## **Program performance on previous CDBG grants**

# Allocation

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The amounts available are limited by the number of new, permanent, full-time jobs created based on a maximum of \$20,000 per job for publicly owned infrastructure.

Includes reimbursement for reasonable program administration costs up to \$100,000.

Pre-agreement costs are not eligible.



# Funding Limits

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## New or Startup Business

- \$700,000 (including admin) for publicly owned infrastructure and privately owned business assets.
- \$700,000 (including admin) for purchase, rehabilitation or construction of a publicly owned building and privately owned business assets.

## Expansion of Existing Business

- \$1,100,000 (including admin) for publicly owned infrastructure and privately owned business assets.
- \$1,100,000 (including admin) for purchase, rehabilitation or construction of a publicly owned building and privately owned business assets.

# Application Process

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Prior to the submittal of a Louisiana Community Development Block Grant (LCDBG) economic development application, a meeting is required with the Office of Community Development (OCD). A representative from the eligible local government (an experienced LCDBG economic development administrative consultant does not meet this requirement, but would not be prohibited from attending, if paid for by the Parish or Municipality, or if procured according to federal guidelines prior to the meeting) and the private sector participant must attend this 'pre-application' meeting.

The purpose of this meeting is to discuss in detail the requirements of the LCDBG Program and to provide guidance in the development of the application.

# The Application Process

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The LCDBG economic development program provides funds directly to the local unit of government as do the other LCDBG programs.

Infrastructure economic development grants can be used by the local unit of government to provide sewer, water, gas, and street/road access **on public property** for the private industrial/business site boundaries.

Funds can be used by the local government for the acquisition, construction, or rehabilitation of a building and improvements for economic development.

The local government will retain ownership of the infrastructure, and/or buildings and improvements acquired, constructed, or rehabilitated with LCDBG funds.

# The Application Process

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The municipality/parish would fill out the LCDBG Economic Development Pre-Application Workbook prior to meeting with the CDBG ED Staff.

If the project is feasible under LCDBG guidelines, the municipality/parish will be invited to submit an application.

Once invited, a Citizen Participation Plan is adopted and a public hearing is conducted to receive citizen comments regarding the needs of the community.

The local government may choose to contract with an experienced LCDBG economic development administrative consulting firm and/or an engineering/architectural firm by following federal procurement procedures to prepare the application.

# The Application Process

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The local government completes the application and publishes a notice that the application is available for public review.

The application is submitted to the Office of Community Development for evaluation.

Awards are made continuously from April 1 through March 31 of each program year, subject to availability of funds.

# Economic Development Staff

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