



**NC DEPARTMENT
of COMMERCE**
RURAL ECONOMIC
DEVELOPMENT

Josh Stein
GOVERNOR

Lee Lilley
SECRETARY

Reginald Speight
ASSISTANT SECRETARY

MEMORANDUM

To: Local Government Officials and Other Interested Parties

From: Lorenzo Claxton, Director ^{Initial} 
Community Development Block Grant (CDBG) Programs

Date: July 9, 2026

Subject: 2026 Small Cities Community Development Block Grant (CDBG) Program
Notice of Funding Availability (NOFA)

Mailing Address: North Carolina Department of Commerce (NCDOC)
Rural Economic Development Division (REDD)
4346 Mail Service Center,
Raleigh, North Carolina 27699-4346

Program Description: The North Carolina Small Cities Community Development Block Grant (CDBG) Program, administered by the North Carolina Department of Commerce, Rural Economic Development Division (REDD), provides federal HUD Community Development Block Grant (CDBG) funds to eligible non-entitlement municipalities and counties across the state. The program supports local community and economic development activities that primarily benefit low- and moderate-income (LMI) residents, eliminate slums or blight, address urgent community development needs, and enhance the resilience and long-term viability of small communities.

Small Cities' eligible activities include:

- Rehabilitation, reconstruction, and construction of both single family, multifamily, and public housing;
- Public facilities, infrastructure, and improvements;
- Economic development;
- Clearance and demolition;
- Relocation; and/or
- Administration;
- Other eligible HUD-authorized activities.

Eligibility Guidelines: All *municipalities* in North Carolina are eligible to receive Small Cities Program CDBG funds except for the 24 HUD-designated entitlement cities that receive CDBG funding directly from the U.S. Department of Housing and Urban Development (HUD). The North Carolina entitlement cities are:

Asheville, Burlington, Cary, Chapel Hill, Charlotte, Concord, Durham, Fayetteville, Gastonia, Goldsboro, Greensboro, Greenville, Hickory, High Point, Jacksonville, Kannapolis, Lenoir, Morganton, New Bern, Raleigh, Rocky Mount, Salisbury, Wilmington, and Winston-Salem.

All *counties* in North Carolina are eligible to apply for Small Cities Program CDGB funds except for the four (4) HUD-designated urban counties: Wake, Cumberland, Mecklenburg, and Union. All municipalities within these four counties are ineligible, with the exception of the Town of Holly Springs (Wake County) and the Town of Linden (Cumberland County), which remain eligible applicants.

The State's Small Cities program will prioritize applicants with the greatest need and a demonstrated ability to deliver timely, effective assistance. Applicants must show sufficient organizational capacity and the ability to expend at least 30% of the funds awarded in the first year to meet HUD timeliness standards. Priority will be given to active, previously funded CDBG projects experiencing inflationary cost overruns.

National Objectives: To qualify for State CDBG funding, projects must be federally eligible activities and satisfy at least one HUD National Objective:

1. Benefit to Low- and Moderate-Income (LMI) Persons: Assists individuals/households earning under 80% of Area Median Income (AMI).

- *Area Benefit:* Services a residential area where $\geq 51\%$ of residents are LMI.
- *Limited Clientele:* Services a specific group where $\geq 51\%$ of beneficiaries are LMI.
- *Housing:* Improves or provides permanent housing occupied by LMI households.

2. Prevention or Elimination of Slums or Blight: Reverses physical deterioration.

- *Area Basis:* Fixes substandard conditions in a formally designated slum/blighted area.
- *Spot Basis:* Eliminates immediate public hazards via specific structural repair or demolition.

3. Urgent Need (Emergency Response): Addresses sudden, catastrophic community threats.

- *Criteria:* Resolves severe, immediate health or safety dangers of recent origin (< 18 months).
- *Condition:* Requires proof that local funds are unavailable and no other funding sources exist.

Source of Funds: Funding for the CDBG Program is provided to the State of North Carolina by the U. S. Department of Housing and Urban Development (HUD) under guidelines of Title 1 of the Housing and Community Development Act of 1974, as amended.

Maximum Funds Amount: \$5,000,000 is the Amount Ceiling (Maximum)

Total Funding Available: The total award of federal funds is \$44,677,518.00.

Funding Cycle: Applications are due by 4:00 PM EST on **Tuesday, October 13, 2026.**

For Additional Information: Application and Guidelines can be retrieved from www.commerce.nc.gov or by contacting John F. Brooks, CDGG Section Chief (919) 814-4663 (office), (984) 4538 (mobile), (TDD 1-100-735-2962), or via email at john.brooks@commerce.nc.gov