Basic HOME & CDBG: An Overview of Program Requirements
A Little About Us ...

• HUD’s Community Planning and Development training initiative
• Course developed nationally by HUD
• Who are we?
How About You ....

• Years of experience with HOME
  <1 yr  1-5 yr  5-10 yr 10+ yr

• Years of experience with CDBG
  <1 yr  1-5 yr  5-10 yr 10+ yr

• Expertise in combining HOME & CDBG
  – Novice
  – Some experience
  – I can cite Parts 570 and 92 in my sleep
The Thing I Really Need To Know Is ....

- CDBG questions
- HOME questions
- Issues with combining the programs
Course Objectives

• Share information on:
  – The basics of HOME
  – The basics of CDBG
  – Rules when combining the funds for affordable housing activities
Course Structure

• Agenda
  – Overview of HOME & CDBG
  – Affordable housing activities
  – Administration & monitoring
  – Strategic thinking about combining the programs

• Training manual (guidebook)
• Training manual appendices
• Overheads
Rules!!!!

• Everyone participates
• Live with ambiguity – sometimes no one “right” answer
• Ask questions
• Sticky questions board
• Parking lot
• Have fun!
Logistics

• Timing of breaks and lunch
• Telephones
• Restrooms
• Hey, where’s the coffee??
OPPORTUNITIES TO USE HOME & CDBG TOGETHER
Why Consider HOME & CDBG Together?

• There are benefits of using them concurrently
  – Stretches resources
  – Each program addresses activities that the other cannot

• Other benefits?
  –
  –
  –
  –
Why Consider HOME & CDBG Together?

• However, when combine must meet rules of both programs
  – Generally, most restrictive rule applies

• Example #1: Number of low income units in a rental development

• Example #2: Housing quality standards for owner occupied rehab
HOME History and Goals

• National Affordable Housing Act 1990
• Objectives:

- Nonprofit Capacity
- Local Govt
- Decent, Affordable Hsg for Low-income people
- Banks
- Private Sector
HOME Program Partners

PJ (including consortia)

Subrecipient (optional)

Low-income owners
Low-income buyers
Low-income tenants

Owners and Developers
• Private for profit
• Private/public nonprofit
• CHDOs
Who’s Who: PJs

- Recipient of funds
- May be State, local or consortia
- Responsible for effective use of funds
Who’s Who: HOME Consortia

• Formed by agreement of contiguous jurisdictions and authorizing certifications

• Ideally has unified goals and plan; develops Consolidated Plan

• Consortium must determine how to:
  – Deliver services
  – Allocate funds
  – Meet match obligation
  – Monitor for compliance
Who’s Who: Subrecipient

• Public agency or nonprofit administers all or portion of program
  – Developer/owner is not subrecipient

• **NOTE: different definition than CDBG**

• Should have:
  – Assigned staff with capacity and expertise
  – Ability to track costs just to HOME
  – Responsiveness in production and reporting
Who’s Who: CHDOs

- Private nonprofit
- Special legal, organizational, capacity criteria
- 15% allocation
- Act as owner, sponsor, developer
- More later!
Allocating HOME Funds to Partners

- Must result in HOME units
- Must expect to use set-aside
- PJs and subrecipients only

All HOME projects:
- Homeowner rehab
- Homebuyer
- TBRA
- Rental

Max. 10% Admin
Max. 5% CHDO op.
Min. 15% CHDO set-aside
10% pre-dev.

Min. 15% CHDO set-aside
• The HOME Program is four housing programs in one
  – Homeowner Rehab
  – Homebuyer
  – Rental Development (New Construction or Rehab)
  – Rental Subsidy
Definition of a HOME Project

• Site(s) under common ownership, management and financing
• One or more families under one TBRA program
• Assisted with HOME funds as a single deal
• A single set up in IDIS
Definition of a HOME-Assisted Unit

• HOME program distinguishes between units that have been assisted with HOME funds and those that have not

• Allows HOME funds to be spent on mixed-income projects
Form of HOME Subsidy

- Lots of choices
  - Loans
    - Interest or no interest
    - Payments or no payments
    - No payments for a while, then payments
    - Forgiven over time
  - Grants
  - Interest Subsidies
  - Equity Investments
  - Loan Guarantees
- Can include construction financing as well as permanent financing
HOME Caps On Amount of Subsidy

• Minimum = $1,000 per unit (not TBRA)
  – Calculated as average HOME investment across all HOME units in single project

• Maximum is capped by the 221 (d)(3) Subsidy Limit
  – Calculated based on the amount of HOME investment in the project – does not cover all other sources of financing
  – Available only from HUD hub office multifamily division
  – Contact your CPD Representative for assistance
The amount of actual HOME subsidy per unit will depend upon:

- 221(d)(3) limit
- Proportion of total project cost that is HOME eligible and how many units are HOME-assisted units ("fair share" of costs)
- The financial needs of the project

Known as "cost allocation"

- Applies when mix of HOME and non-HOME units
- Covers both homeowner and rental units
Eligible Costs

• Hard costs and soft costs for:
  – New construction
  – Rehabilitation
  – Reconstruction
  – Conversion

• Improvements on HOME project site

• Acquisition
  – Vacant land
  – Improved land
  – Construction must begin within 12 months
Eligible Costs (continued)

- Demolition
- Relocation
  - Allows assistance to all displaced households
- Refinancing
- Project reserves
  - Limited to 18 months rent-up period
- Project related soft costs
Ineligible Costs

• Reserve accounts
• Match for other federal programs (except McKinney)
• Assistance to:
  – Public Housing
• HOME projects during affordability period
  – Some exceptions
  – More later
Ineligible Costs (continued)

- Acquisition of PJ-owned property
  - Unless acquired for a HOME project
- Project based rental assistance
- Paying delinquent taxes on behalf of the owner
• In owner-occupied and homebuyer projects:
  – Purchase price cannot exceed 95% of median
  – When rehab, post rehab cannot exceed 95% of median purchase price

• Two options for determining:
  – FHA 203(b) limits
  – Specialized market analysis
HOME Requires That Units Be Standard

• HOME $ is spent ➔ “standard” unit
• Different definitions of “standard” for different activities
• Three types of codes apply
  – Building Codes
  – Housing Codes or Standard
  – Rehabilitation Standards
HOME is Focused on Low Income Households

- 100% of HOME $$$ help people \( \leq 80\% \) MFI

- Lower income levels for some activities
  - Program rule: 90% of rental and TBRA households at 60% of median
  - Project rule: 20% of units in rental projects of 5+ HOME units at 50% of median and below
What Counts As Income?

• Three Definitions
  – Part 5 (Section 8)
  – IRS Adjusted Gross Income
  – Census Long Form
• Source Documents
• Anticipated Income

Use the Income Calculator on HUD’s website
Income Basics

• Gross versus adjusted income
  – Gross for determining eligibility, type of rental unit
  – Adjusted for rents for TBRA

• Compare income to low-income limits to determine eligibility

• Anticipate income for next 12 months

• Verify -- 3rd party or review of documents
HOME Requires Affordability

• Applies to development activities
• Appropriate return on federal investment
• Amount of HOME $ establishes time period
  – Big HOME investment = long period of time
  – Small HOME investment = shorter period
• Period of Affordability = Period of Compliance
### Affordability / Compliance

<table>
<thead>
<tr>
<th>HOME $ Per Unit</th>
<th>Length of Affordability / Compliance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than $15,000</td>
<td>5 years</td>
</tr>
<tr>
<td>$15,000 - $40,000</td>
<td>10 years</td>
</tr>
<tr>
<td>More than $40,000</td>
<td>15 years</td>
</tr>
<tr>
<td>Refinancing Rental Hsg.</td>
<td>15 years</td>
</tr>
<tr>
<td>Rental New Construction</td>
<td>20 years</td>
</tr>
</tbody>
</table>
HOME Does Not Allow Additional Funding During Affordability Period

<table>
<thead>
<tr>
<th></th>
<th>PERIOD</th>
<th>SERVE AGAIN?</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Owner Rehab</strong></td>
<td>none</td>
<td>Local option</td>
</tr>
<tr>
<td><strong>Homebuyer</strong></td>
<td>5-15 yrs.</td>
<td>Same house/diff. buyer</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Same buyer/diff. house w/in 1 yr. of complete</td>
</tr>
<tr>
<td><strong>Rental</strong></td>
<td>5-20 yrs.</td>
<td>W/in 1 yr. of complete</td>
</tr>
<tr>
<td></td>
<td></td>
<td>assist tenant to buy</td>
</tr>
<tr>
<td><strong>TBRA</strong></td>
<td>none</td>
<td>No affordability period</td>
</tr>
<tr>
<td></td>
<td></td>
<td>but lease required and TBRA contract up to 24</td>
</tr>
<tr>
<td></td>
<td></td>
<td>months</td>
</tr>
</tbody>
</table>
HOME Program Administration

• HOME allows PJs to charge eligible admin costs
  – PJs can give admin funds to subrecipients
  – CHDOs can get CHDO operating

• Admin capped at 10% of grant and program income

• Some costs can be charged to project delivery

• More later
HOME Requires a Match

• PJs must match 25% of HOME funds drawn down for project costs
  – Match must be a permanent contribution to the HOME Program

• Match liability must be satisfied by end of federal fiscal year
HOME Has Commitment and Expenditure Deadlines

• Deadlines:
  – Commit funds within 24 months
  – Expend funds within 5 years

• Commitment means ......
HOME Program Income and Pre-Award Costs

• Program income is earned when funds repaid from HOME expenditure

• Program income does not include:
  – CHDO proceeds
  – Recaptured funds from homebuyers
  – Repaid funds for ineligible activities

• Can pay for pre-award costs if follow HOME rules
CDBG PROGRAM BASICS
CDBG History

Authorized under Title I of the Housing and Community Development Act of 1974

- Open Space Land
- Neighborhood Development
- Water and Sewer
- Urban Renewal Grants
- Model Cities Grants
- Historic Preservation
- Neighborhood Facilities
- Rehabilitation and Public Facilities Loans
CDBG Program Partners

• Entitlement grantees
  – Metropolitan cities
  – Urban counties

• State program
  – Works via Units of General Local Government
  – No direct funding of projects or developers
CDBG Program Partners

• Subrecipient
  – Activities undertaken by nonprofit when administering program or developing & managing housing

• Community Based Development Organization (CBDO)
  – Neighborhood-focused nonprofit
  – Undertakes neighborhood revitalization, community economic development, energy conservation

• Contractors
  – Must be procured
All CDBG Activities Must ....

- Be described in the Grantees Consolidated Plan and Annual Action Plan for year undertaken and
- Be eligible under CFR 570.201-570.206 and
- Must not be ineligible under CFR 570.207 and
- Meet a National Objective
CDBG Eligible Activities

- Different than the HOME Program
- Wide variety possible
- §570.201, §202, §203, §204, §205, and §206 and Section 105 of the Act
CDBG Eligible Activities

• Housing activities:
  – Rental rehabilitation
  – Homeowner unit rehabilitation
  – Homebuyer assistance

• New housing construction generally ineligible unless done by CBDO
CDBG Eligible Activities

- Real property activities
  - Acquisition IF for an eligible use
  - Disposition
  - Clearance and demolition

- Public facilities
  - Such as roads, sewer, water or neighborhood facilities

- Interim assistance
  - Short term arrest of decay
  - Emergency situations
CDBG Eligible Activities

• Other property activities
  – Code enforcement in selected areas
  – Historic preservation
  – Renovation of closed buildings

• Economic development
  – Special economic development
  – Microenterprise
  – Commercial rehab

• Public services
  – Such as health care, day care, job training, crime prevention
CDBG Eligible Activities

• Other activities:
  – Payment of non-federal share
  – Urban Renewal completion
  – Relocation
  – Loss of rental income
  – New construction related only to HODAG or housing of last resort
  – Privately owned utilities
  – Technical assistance for neighborhood revitalization
  – Assistance to institutions of higher learning
CDBG Ineligible Activities

- Regs expressly prohibit:
  - Buildings for conduct of government & general government expenses
  - Political activities
  - New housing construction (some exceptions)
  - Income payments
  - Purchase of equipment
  - Operating and maintenance expenses

- Some exceptions for ED and CBDO activities, interim assistance
National Objectives

NATIONAL OBJECTIVES

LOW/MOD
- Area Benefit
- Limited Clientele
- Housing
- Jobs

SLUM/BLIGHT
- Area Basis
- Spot Basis
- Urban Renewal

URGENT NEED

Slide 53
Low/Mod Benefit
Area Benefit

• Activities that benefit all residents of area
  – 51% low/mod OR
  – Upper quartile percentage (exception communities)

• Area must be primarily residential
• Activities that benefit specific populations
  – Presumed clientele
  – 51% of participants are LMI
  – Participation limited to LMI only
  – Nature and location indicate low/mod benefit

• Some activities may qualify
  – Removal of architectural barriers (some activities); or
  – Microenterprise activities with LMI owners; or
  – Certain types of job training efforts.
To meet the housing national objective, structures must be occupied by low/mod:
- One unit structures occupied by LMI
- One unit of duplex occupied by LMI
- 51% of 3+ units LMI occupied by LMI

May have less than 51% LMI occupancy only under certain circumstances

Aggregation allowed in some instances
Low/Mod Benefit
Jobs

• In order to meet this criteria, activities must create or retain permanent jobs

  AND

• 51% of the jobs created/retained must be available to or held by LMI persons
  – Jobs counted on full time equivalent (FTE) basis
Options for LMI Aggregation

• CDFI with LMI target area OR HUD approved NRSA

• In target area:
  – Can treat housing rehabilitation activities in one year as one project
  – Can aggregate all jobs created
  – Can exempt econ develop from aggregate public benefit standard (still meet individual standard)
  – Public services by CBDO not counted toward cap
Slum And Blight Area Basis

• Area must meet definition of slum/blighted area under state/local law

• Substantial number of deteriorated/deteriorating buildings or public improvements

• Activity must address conditions contributing to deterioration
Slum And Blight Spot Basis

• Activities that address specific conditions of blight/physical decay not in slum/blight area

• Activities limited to acquisition, clearance, relocation, historic preservation, remediation of environmentally contaminated properties, or building rehab

• Rehab limited to elimination of conditions detrimental to public health and safety
Slum And Blight
Urban Renewal

- Activities in Urban Renewal or Neighborhood Development Program action areas
- Activities necessary to complete an Urban Renewal Plan
- Uncommon as many grantees no longer have Urban Renewal funds/plans
Urgent Need
National Objective

• To meet the urgent need test:
  – Existing conditions pose serious & immediate threat to health/welfare of community
  – Existing conditions are recent or recently became urgent
  – Recipient cannot finance on its own
  – Other funding sources not available
CDBG Allows Administrative Costs

• Obligations for planning and administration may not exceed:
  – 20% of annual entitlement grant PLUS
  – Current year program income

• State program calculated differently
CDBG Also Has a Low Mod Focus

• Requires that 70% of all CDBG expenditures benefit low/mod persons
  – Cumulative expenditures, not budgeted
  – Certification period of 1-3 years

• Low/Mod is same as Low Income under HOME
  – 80% of median and below
  – Same three income options
Public Services Cap

- Obligations for public service activities may not exceed:
  - 15% of annual entitlement grant PLUS
  - 15% of last year’s program income
- Some public services may now be excluded from the cap calculation
- State program calculated differently
Program Income & Pre-Award Costs

• Grantee needs to track program income received from CDBG expenditures
  – Funds back to grantee OR subrecipient
  – Does not include funds back to CBDO or private developer or business

• Calculated slightly differently for state program

• CDBG also allows pre-award costs when eligible
CDBG Has Different Timeliness Requirements

- Unlike HOME, no obligation requirement for entitlements
- Amount in line of credit cannot exceed 1.5 times grant
  - Since must spend after draw down, relates to expenditures
- State must obligate and announce all grant within 15 months
SUMMARY OF PROGRAM DIFFERENCES
Key Areas to Compare

• Each program has rules about:
  – Method of funds distribution
  – Key partners
  – Expenditure timelines
  – Eligible activities & costs
  – Low income targeting
  – Affordability
  – Level of investment
  – On-going compliance
# Key Program Differences

<table>
<thead>
<tr>
<th>Category</th>
<th>HOME</th>
<th>CDBG</th>
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</thead>
<tbody>
<tr>
<td><strong>Key Partners</strong></td>
<td>CHDOs</td>
<td>Subrecipients, nonprofit organizations, community based development organizations (CBDOs), CDFIs</td>
</tr>
<tr>
<td><strong>State Projects</strong></td>
<td>Can fund directly</td>
<td>Only through local govts</td>
</tr>
<tr>
<td><strong>Timeframes</strong></td>
<td>2 yr commitment</td>
<td>Entitlements = no more than 1.5 times grant in line of credit</td>
</tr>
<tr>
<td></td>
<td>5 yr expenditure</td>
<td>States obligate $ within 15 mos.</td>
</tr>
<tr>
<td><strong>Match</strong></td>
<td>25%</td>
<td>None required (states match admin)</td>
</tr>
</tbody>
</table>
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<tr>
<th>Category</th>
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<th>CDBG</th>
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<tbody>
<tr>
<td><strong>Activities</strong></td>
<td>Homeowner rehab, homebuyer, rental, TBRA</td>
<td>Rehab, infrastructure, services, ED, acquisition, clearance</td>
</tr>
<tr>
<td><strong>Ineligible Activities</strong></td>
<td>Non-housing, Public housing</td>
<td>Maintenance, new construction of housing, income payments (generally)</td>
</tr>
<tr>
<td><strong>Re-funding</strong></td>
<td>Not during affordability period</td>
<td>No rules on</td>
</tr>
<tr>
<td><strong>Admin &amp; Planning</strong></td>
<td>10%</td>
<td>Entitlements capped @ 20%, states @ 3% (includes TA)</td>
</tr>
<tr>
<td><strong>Low Income Targeting</strong></td>
<td>All HOME-assisted households must be low income</td>
<td>70% of all expenditures must benefit LMI persons over 1-3 year period</td>
</tr>
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## Key Program Differences

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<th>CDBG</th>
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<tr>
<td><strong>Households</strong></td>
<td>Low income</td>
<td>Depends on national objective -- if housing activities or infrastructure for housing, LMI housing national objective is likely</td>
</tr>
<tr>
<td><strong>Affordability Period</strong></td>
<td>Required</td>
<td>None (change of use restrictions may apply)</td>
</tr>
<tr>
<td><strong>Rents</strong></td>
<td>Capped</td>
<td>“Affordable” if housing national objective</td>
</tr>
<tr>
<td><strong>Unit Quality</strong></td>
<td>Local code</td>
<td>No specific standard required</td>
</tr>
<tr>
<td><strong>Investment</strong></td>
<td>Capped</td>
<td>No cap</td>
</tr>
<tr>
<td><strong>Long-Term Obligations</strong></td>
<td>Yes for homebuyer, rental &amp; TBRA</td>
<td>None (change of use provisions may apply)</td>
</tr>
</tbody>
</table>
RENTAL HOUSING
Approaches to Rental Housing

- Many possible approaches:
  - Acquisition
  - TBRA
  - Rehabilitation
  - New construction
Acquisition

- Jurisdiction subsidizes the purchase
- In return units are rented to LMI persons at affordable rent
- Both programs permit this
  - Under CDBG, acquisition only = public or nonprofit
- Generally need LMI focus:
  - HOME allows unit targeting
  - CDBG requires national objective
Tenant Based Rental Assistance

- Assistance is focused on tenant not project
- Can be very cost effective
- Eligible under HOME
- Not permitted under CDBG
  - CDBG can be used to administer HOME TBRA
Rehabilitation

• Permitted under both programs
  – Can be combined with acquisition

• HOME requires compliance with property standards
  – CDBG mandates no standard

• Can do historic preservation
  – CDBG can be stand alone
  – HOME is a part of rehab
New Construction

- HOME can finance all or a part of rental construction
- CDBG cannot generally be used to construct rental housing
  - Exception for CBDOs
  - Exception for special needs facilities
  - CDBG can be used to support new construction
Conversion and Reconstruction

- **Conversion** = changing something into affordable housing
- **Reconstruction** = re-building same size structure on same site
- Both programs allow
- Both are considered rehabilitation
Key Partners in Rental Development

- Many types of partners in developing rental housing:
  - Developer
  - Owner
  - Sponsor
  - Property managers
  - Lenders
- HOME works with CHDOs
- CDBG may work CBDOs
Eligible Projects

• Both programs allow flexibility in project ownership – public or private
  – CDBG can do any
  – HOME can do all except public housing units

• Mixed use is also possible
  – CDBG can pay for both commercial and residential
  – HOME is limited to residential
Eligible Projects

- Special needs projects are possible under both programs
  - Includes group homes, SRO, transitional
- Facilities
  - HOME cannot do facilities
    - Also cannot do overnight shelters
  - CDBG can develop facilities but these are not "housing"
    - Not subject to new construction ban
    - Use limited clientele national objective
    - Must be owned by public agency or nonprofit
Eligible Projects

• Mixed income is also possible under both
  – HOME can be targeted at specific units
  – CDBG needs to meet the national objective
    • If using the housing national objective generally means 51% LMI regardless of level of investment
    • One exception for when writing down the cost of new construction for a multi-family, non-elderly project
Assisted Units

• CDBG doesn’t have concept of assisted units
  – Must meet national objective

• Only units receiving HOME $ are subject to HOME requirements
  – Known as “HOME-assisted units”

• For properties with HOME and non-HOME units, must select “fixed” or “floating” HOME units
  – Fixed = HOME units for duration of affordability period
  – Floating = unit numbers change but always have same portion of HOME units
Can solve for minimum HOME units or maximum HOME investment
– See HUD notice on cost allocation

Three tests must be carried out:

1. **Pro rata (fair share):** Is HOME paying no more than a fair share of the total project costs?
2. **Subsidy limit:** Is HOME paying no more than the 221(d)(3) subsidy limit for the HOME units?
3. **Layering Analysis:** Is the HOME investment justified by the overall funding needed in the project?
HOME Units Example #1

- 10 comparable units in project
- Total eligible cost: $900,000
- 221(d)(3): $160,000
- HOME investment: $450,000
- How many units must be HOME assisted?
10 comparable units in project
Owner only wants to have 5 HOME units -- Assume units are comparable
Total eligible cost: $800,000
221(d)(3): $100,000
Max HOME investment?
CDBG Units Example

- 10 comparable units
- Total eligible cost: $900,000
- 221(d)(3): $240,000
- HOME investment: $150,000
- CDBG: $50,000
- How many of each unit type?
Eligible Costs

- Direct project costs eligible under both programs:
  - Acquisition
  - Labor
  - Materials
  - Energy efficiency
  - Lead paint
  - Relocation
  - Handicapped access
- Soft costs: different under HOME & CDBG
- HOME can fund 18 month operating reserve
Eligible Costs

• Remember HOME has spending rules
  – Minimum investment
  – Maximum investment

• CDBG has no prescribed limits
  – But must show compliance with cost reasonableness requirements
Eligible Costs

• Activity delivery costs
  – Handled differently HOME v. CDBG

• Under HOME can charge to projects IF track to units
  – Within per unit caps
  – Otherwise charge to admin within cap

• Under CDBG, charge as delivery cost not admin

• Can use CDBG to pay certain HOME housing services
Property Standards

• No set standards under CDBG
• HOME:
  – Acquisition: state/local codes or HQS
  – Construction/rehab: state/local codes or national standards
    • For rehab, must also have written standards
    • New construction also Model Energy Code
  – Fair housing and accessibility standards
  – New construction – Site and Neighborhood standards review
On-Going Compliance

- CDBG no on-going obligation but change of use restrictions when subrecipient or recipient development
- HOME affordability period dictates compliance period
- Rents:
  - CDBG = “affordable”
  - HOME = max is High HOME & Low HOME
HOME Rent Limits

- High HOME and low HOME rent limit
  - Published by HUD
  - Tenants given notice of increases
- Actual unit rents can be less but not more than HOME limits
  - Rents not usually set as a percentage of individual household income
  - Special provision for low HOME units with project based assistance
- HOME rents are inclusive of utilities -- must adjust rents for tenant-paid utilities
  - Subtract utilities to determine rent paid by tenant
- Use actual utility costs or use utility allowance schedule
  - Can use PHA schedule if it is up to date
Low Income Targeting

• HOME requires income targeting:
  – 90% households at 60% income when initially funded
  – 20% of each project with 5+ HOME units are low HOME
  – Over time, new HOME tenants to be low income

• CDBG income targeting is related to national objective
Determining Income

• Use one of three definitions
• Anticipate income for next 12 months
• Verify -- 3rd party or review of documents (HOME)
• Compare income to low-income limits to determine eligibility
• Recertification
  – Not required for CDBG
  – Required for HOME Rental & TBRA
  – Must use source docs every 6th year of afford period
On-Going Property Quality

- CDBG no on-going quality requirement
- HOME units must remain standard
- Need to inspect HOME units over time:

<table>
<thead>
<tr>
<th>Number of Units</th>
<th>Inspection Required</th>
</tr>
</thead>
<tbody>
<tr>
<td>1-4</td>
<td>Every 3 yrs</td>
</tr>
<tr>
<td>5-25</td>
<td>Every 2 yrs</td>
</tr>
<tr>
<td>26 or more</td>
<td>Annually</td>
</tr>
</tbody>
</table>
HOMEOWNERSHIP
Approaches to Homeownership

• Two common approaches:
  – Development subsidy
  – Homebuyer subsidy

• Both programs can use these approaches
• Can construct and then sell units:
  – HOME permits this – determine sale price v. market in order to assess subsidy
  – CDBG only allowed if CBDO

• Can also:
  – Acquisition with rehab
  – Development of subdivision (CDBG possibly for infrastructure, land acquisition, clearance)
Homebuyer Subsidy

• Options include:
  – Down payment
  – Closing cost
  – Financing
  – IDAs
  – Lease purchase

• All are possible under HOME & CDBG
Homebuyer Subsidy

• Down payment/closing costs:
  – Assists families who can afford monthly payment
  – CDBG as a public service or capped at 50% of needed

• Homebuyer financing:
  – Can be variety of loan types
  – Can also include:
    • Interest write down
    • Principal write down
    • Loan guarantee (HOME)
  – CDBG makes a distinction regarding new construction when family is buying home
Homebuyer Subsidy

• IDAs:
  – Dedicated savings accounts
  – Use program funds as matching
  – HOME:
    • Commit funds but draw down when ready to purchase
• CDBG:
  • Can deposit funds in IDA if family eligible (meet national objective)
Homebuyer Subsidy

• Lease purchase:
  – Lease while saving for purchase
  – Eligible under HOME:
    • Purchase within 3 years
    • If not purchase, 6 months to identify additional buyer
  – Eligible under CDBG only at time of purchase – no rental assistance
Nonprofit & CHDO Roles

• Nonprofits can:
  – Manage a homebuyer program as a subrecipient
  – Be a competitively procured administrator
  – Provide counseling

• CHDOs serve as owner, developer, or sponsor of a project
Forms of Assistance

- Many options for financing homeowner assistance:
  - Grants
  - Deferred payment loans
  - Below market loans
  - Loan guarantees (HOME not CDBG under direct homeownership category)
Eligible Costs

- Direct project costs:
  - Purchase assistance
  - Closing costs
  - Land acquisition
  - Site preparation
  - Construction (HOME)
  - Relocation

- Don’t forget the relocation rules for tenants and voluntary acquisition rules
Eligible Costs

• Activity delivery costs:
  – CDBG can pay costs as delivery
  – HOME can also pay as delivery if tracked to site
    • If no, is admin
  – CDBG can pay certain HOME housing services
    • Outside of CDBG admin cap

• Housing counseling
  – HOME can be soft cost, admin cost or CHDO operating depending on how set up
  – CDBG can be public service or as activity delivery for CDBG-assisted family
Property Types

• Both allow for:
  – One unit property
  – Two to four unit property
    • Rules regarding rental units
  – Condominium
  – Cooperative, if homeownership under state law
  – Manufactured home
• HOME applies maximum value cap
Property Standards

• CDBG has no requirements
• HOME:
  – Acquisition: state and local standards
  – Rehab/construction: state/local codes, zoning.
    New construction must meet model energy.
    Rehab must have written standards
  – Manufactured to meet Manufactured Home
    Construction and Safety Standards
Income Targeting

• Low income targeting required:
  – All homebuyers under HOME low income
  – All under CDBG low income if using direct homeownership category
  – Can be 51% LMI under CDBG IF using public service category and located in approved NRSA
On-Going Requirements

• No on-going requirements for CDBG
• HOME applies *affordability period*
• For each homebuyer, UP FRONT, the PJ must select the compliance approach during the period of affordability
  – Resale or recapture
  – PJ cannot mix recapture and resale; must choose one or the other
• If no “Direct Subsidy” to homebuyer, PJ must select Resale
Using the Recapture Option

- Affordability period based on total direct subsidy to homebuyer
- **Does not include** HOME amounts to subsidize development when that cost exceeds market
  - Known as development subsidy
What Is Recaptured?

• Buyer pays back some or all “Direct Subsidy”:
  – Amounts paid to the buyer
  – For example,
    • Down payment / closing cost assistance
    • Subsidized loan
  – Amounts that write cost below market
    • Need an agreement with buyer
  – May sell to any willing buyer
Amount Recaptured

- Recapture is limited to “net proceeds” for agreements after November 2004

- Do not recapture more than net proceeds:
  \[ \text{Net proceeds} = \text{Sale} - \text{Non HOME Debt} - \text{Closing Costs} \]

- PJ may require recapture of less than “net proceeds”, for example:
  - Recapture amount of direct HOME subsidy to the homebuyer;
  - Forgive direct HOME subsidy pro-rata over the affordability period;
  - Proportionately share net proceeds; or
  - Allow buyer to recover his/her initial investment first.
Net Proceeds Example #1

- PJ paid back first
- HOME assistance $20,000
- Sale in year 6
- Sales price: $150,000
- Private debt: $140,000
- Owner closing costs: $5,000
- Amount to recapture?
Net Proceeds Example #2

- Forgive assistance over affordability period
- HOME assistance $20,000
- Sale in year 6
- Sales price: $250,000
- Private debt: $145,000
- Owner closing costs: $5,000
- Amount to recapture?
Using the Resale Option

- Affordability period based on total HOME investment in the property
  - Must include $$$ of HOME assistance to buyer
  - PLUS total amount of HOME funds provided to developer
Resale Basics

• If there is a Resale requirement, when the home is sold:
  – Home must be affordable to new buyer
  – New buyer must be low-income
  – New buyer must occupy house as principal residence
  – Original buyer must receive a “fair return”
  – Remaining resale restrictions apply to new buyer
Affordable to New Buyer

• Option 1: Defined by PJ
  – Typically, PJs require that PITI not exceed a stated percentage of the new buyer’s income

• Option 2: Presumption of Affordability
  – PJ documents that all homes in this neighborhood are affordable to low-income buyers using conventional financing (document in Action Plan)
Fair Return

• PJ must define “fair return”

• Consider whether definition should be based on initial investment, or on full value of the home

• Note: a high return to the original owner means a high sales price to the next buyer
  — ... and the more likely it is that the PJ will need to subsidize the next buyer
Enforcement of Resale / Recapture

- Resale: must use deed restriction / covenant / lien

- Recapture: may use lien (should be recorded) or deed restriction
HOMEOWNER REHABILITATION
Approaches to Homeowner Rehab

• Many options:
  – Minor rehabilitation
  – Moderate or substantial rehab
  – Reconstruction
  – Historic preservation
  – LBP abatement
  – Code enforcement
  – Home-based businesses
Approaches to Homeowner Rehabilitation

• Minor rehab:
  – Small level of rehab
  – Targeted programs
    • Handicapped access
    • Energy conservation
    • Weatherization
    • Emergency repairs
  – CDBG can do all of these
  – Typically not done under HOME due to housing standards requirement
Approaches to Homeowner Rehabilitation

• Moderate/substantial rehab:
  – Eligible under both HOME and CDBG
  – Typically involves bringing all items up to code
  – May also include other improvements to enhance livability of unit

• Be sure to follow HOME or CDBG rules on eligible rehab costs PLUS A-87 cost reasonableness
Approaches to Homeowner Rehabilitation

• Reconstruction:
  – Now available under both programs
  – Can do under HOME
    • Unit must be existing
    • Number of dwelling units constant
  – CDBG now allows as rehab
    • Same lot but not necessarily standing at time of project commitment
    • Dwelling units remain constant
    • Manufactured housing is allowed
Approaches to Homeowner Rehabilitation

• Historic preservation:
  – Allowed under CDBG
  – HOME requires it related to rehab

• Lead paint reduction
  – Allowed as stand alone under CDBG
  – HOME must be part of rehab
Approaches to Homeowner Rehabilitation

• Code enforcement
  – CDBG can fund inspection program in targeted areas & fund rehab
  – HOME can fund rehab but not inspection program

• CDBG can rehab homes with businesses
  – Considered residential rehab if improvements benefit residential occupants

• HOME can assist if primary activity is residential rehab; commercial area is incidental
Undertaking Homeowner Rehab

• Many partners possible
  – Subrecipient may run program
  – Not an eligible CHDO set aside activity

• Assistance can take many forms:
  – Grants
  – Deferred payment loans
  – Forgivable loans
  – Amortizing loans
  – Interest subsidies
  – Loan guarantees
Investment of Funds in Projects

• Don’t forget that HOME has minimum and maximum investment requirements
  – HOME minimum is $1,000
  – HOME max is 221(d)(3)

• CDBG no maximum or minimum except what is “reasonable”
Refinancing

• Refinancing is permitted
  – HOME allowed if:
    • Single family owner occupied
    • HOME funds are loaned
    • Financing reduces borrowers overall housing cost
  – CDBG also allows refinancing if part of rehab and makes that rehab affordable
  – No refinancing only
Escrow Accounts

- Escrow accounts allowed under CDBG
  - Deposits to make rehab payments
  - Limited to loans and grants for single family (1-4 unit) rehab
  - Must have contractor-owner contract
  - Account limited to amount disbursed in 10 days
  - Interest is returned to HUD
  - Funds only pay for actual rehab costs
Lump Sum Draw Downs

- Lump sum draw downs allowed under CDBG
  - Used to establish rehab fund with private institution
  - Fund used in conjunction with loans and other financial tools
  - Must have written agreements with financial institution
  - Must begin within 45 and substantial disbursement within 180 days
  - Interest is program income
Eligible Costs

- Eligible costs:
  - Both can pay for hard costs
  - CDBG can pay rehab delivery costs (including soft costs)
  - HOME can pay soft costs if tied to unit
    - Includes counseling
  - CDBG can pay for housing counseling
    - HOME housing services
    - Public service
    - Program delivery for CDBG if tied to housing unit
Eligible Property Types

• To be eligible, housing must be:
  – Owned & occupied by income-eligible homeowner
  – The owner’s principal residence
Eligible Property Types

- Types of eligible housing for homeowner rehab:
  - Single-family housing (1-4 units)
  - Condo unit
  - Coop or mutual housing unit (if recognized by state law)
  - Manufactured home
Definition of Ownership

• Fee simple title
• 99-year leasehold interest (50-year leasehold on trust or restricted Indian lands)
• Ownership in a condominium
• Ownership/membership in a coop or mutual housing project (if recognized by state law)
• Other HUD-approved form
Property and Rehab Standards

• No standards required for CDBG
• HOME units must meet state and local property standards
• PJ must establish written rehab standards
  – Defines quality of housing
• No on-going obligations or affordability period for homeowner rehab
Maximum Property Value

- Under HOME also be sure unit does not exceed maximum value. Establish value through:
  - Estimates
  - Appraisal
  - Tax assessment
- Value after rehabilitation must not exceed 95% of median purchase price for the area
- Determining the 95% of median value:
  - Use mortgage limits established by HUD for the 203(b) program OR
  - Perform local market survey
- CDBG no maximum property value limit
Income Targeting

- All HOME occupants must be LI
- CDBG has flexibility
  - If use housing national objective = 100% LMI
  - Can sometimes use slum blight, no income requirement
- CDBG allows aggregation
  - In an NRSA area
  - With a CDFI with a LMI target area
ADMINISTRATION AND FINANCIAL MANAGEMENT
The Consolidated Plan

- Helps determine activities and organizations to fund
- Components:
  - 3 to 5 year strategic plan
  - One-year action plan
    - Funding
    - General questions
    - Institutional structure
    - Monitoring
    - Lead based paint
    - Housing
    - Homelessness
    - Community development
    - Non homeless special needs housing
The Consolidated Plan

- Citizen participation required
- Con Plan reviewed and approved by HUD
  - Submitted to field office prior to start of program year
- Amendments allowed
Who Will Manage & Implement Activities?

- Jurisdictions have options:
  - Staff
  - Subrecipients
  - State recipients/Units of General Local Government
  - Community Based Development Organizations (CBDOs)
  - Community Housing Development Organizations (CHDOs)
  - Community Development Finance Institutions (CDFIs)
  - Contractors
Subrecipient Defined

• Nonprofit organization/external public agency receiving funds from jurisdiction for eligible activities

• Different HOME & CDBG:
  — HOME = administering a program on behalf of PJ
  — CDBG = any nonprofit/external public agency except when:
    • Procured OR
    • Owner of housing getting rehabilitation assistance

• CBDOs and CHDOs not automatically subrecipients

• Contractors are not subrecipients
CHDO Qualifying Criteria

• CHDOs must meet requirements pertaining to their:
  – Legal status
  – Organizational structure
  – Capacity and experience

• CHDOs undertaking set aside activities must be owner, sponsor, or developer of housing
CBDO Qualifying Criteria

• Neighborhood-based nonprofit organization
• CBDOs may carry out certain projects:
  – Neighborhood revitalization
  – Community economic development
  – Energy conservation
• All activities they undertake must fall into one of these areas
## CBDOs v. CHDOs

<table>
<thead>
<tr>
<th>Category</th>
<th>CHDO</th>
<th>CBDO</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Exceptions</strong></td>
<td>None</td>
<td>Single neighborhood CHDO qualifies</td>
</tr>
<tr>
<td><strong>Activities</strong></td>
<td>Own, sponsor, develop affordable housing</td>
<td>Neighborhood revitalization, community economic development, energy conservation</td>
</tr>
<tr>
<td><strong>Operating support</strong></td>
<td>PJs can provide up to 5% of allocation</td>
<td>None</td>
</tr>
</tbody>
</table>
## CBDOs v. CHDOs

<table>
<thead>
<tr>
<th>Category</th>
<th>CHDO</th>
<th>CBDO</th>
</tr>
</thead>
<tbody>
<tr>
<td>Set Aside</td>
<td>15%</td>
<td>None</td>
</tr>
<tr>
<td>Geographic Focus</td>
<td>Can be multiple jurisdiction</td>
<td>For entitlements, usually focused on a subset of the jurisdiction</td>
</tr>
<tr>
<td>Board</td>
<td>1/3 LMI reps</td>
<td>51% LMI reps (entitlements)</td>
</tr>
<tr>
<td>Capacity</td>
<td>Must be demonstrated</td>
<td>Jurisdictions determine</td>
</tr>
</tbody>
</table>
Community Development Financial Institutions

- A community-based lending institution
- CDFIs have these characteristics:
  - Promote community development
  - Serve an investment area or targeted population
  - Provide loans or development investments and development services
  - Maintain accountability to residents
  - Are not an agency of government
- CDFIs can get specific CDBG flexibilities
Contractors

- Different than CHDO, CBDO or subrecipient
- Must be competitively procured
- Use when activity:
  - Is discrete
  - Has a defined beginning and end date
  - Is for a specific project
<table>
<thead>
<tr>
<th>Roles</th>
<th>Subrecipent</th>
<th>CHDO</th>
<th>CBDO/105(a)(15) nonprofit</th>
<th>Developer</th>
<th>State recipient or UGLG</th>
<th>Contractor</th>
</tr>
</thead>
<tbody>
<tr>
<td>Admin Funds</td>
<td>Yes – within program cap</td>
<td>CHDO operating</td>
<td>No</td>
<td>No</td>
<td>Yes – within program cap</td>
<td>No</td>
</tr>
<tr>
<td>Program Income</td>
<td>Yes</td>
<td>No – CHDO proceeds</td>
<td>No</td>
<td>No</td>
<td>Yes</td>
<td>No</td>
</tr>
</tbody>
</table>
Written Agreements (I)

• Written agreement is the commitment to disburse funds

• Required contents vary by organization type & program:
  – Use of funds/statement of work
  – Reversion of assets/program income
  – Uniform administrative requirements
  – Other program requirements/other federal requirements
  – Requests for disbursements (HOME)
Written Agreements (II)

• Required contents (cont.):
  – Records and reports
  – Enforcement provisions (HOME)
  – Project requirements (HOME)
  – CHDO provisions (HOME)
  – Religious organizations (CDBG)

• Other provisions may be included
Both programs can pay for admin and planning

HOME: May use up to 10% of annual allocation plus 10% of program income

CDBG: May obligate up to 20% of annual grant plus 20% of current year program income (states differ)

CDBG can be used to pay for some HOME administrative costs
   - Certain specific housing services costs can be outside of CDBG admin cap
Administrative and Planning Costs

- Can include applicable staff and jurisdiction administrative and management costs
- Two options for calculating staff costs:
  - Entire salary/wages OR
  - A pro-rata share
- Choose one option by staff person!
- Must document by timesheets or other approved means
• Other eligible costs may include:
  – Public information
  – Fair Housing
  – Indirect costs under a cost allocation plan
  – Preparation of Consolidated Plan
• Other eligible costs may include:
  – Submission of applications for Federal programs (CDBG)
  – Other planning documents or related studies (CDBG)
  – Administration of TBRA (HOME)
  – Compliance with other federal requirements (HOME, if not allocated to specific project)
HOME: Admin Vs. Project Costs (I)

- Certain costs directly related to carrying out HOME projects may be either admin OR project costs:
  - Appraisals
  - Work specifications
  - Construction inspections and oversight
  - Underwriting
  - Relocation, environmental reviews, etc.
  - Counseling
- If project, need to track costs to specific sites
- **NOTE:** This is a very different admin approach than CDBG
HOME: Admin Vs. Project Costs (II)

- If costs are charged to a project:
  - Counts in maximum subsidy limit
  - Triggers 25% match

- Must be charged to admin if project does **not** go forward

- TBRA admin **always** admin cost

- Project costs incurred by property owner **always** project costs
Match Basics

• CDBG generally has no required match
  – States match admin costs beyond $100,000
  – Some states require match from UGLG applicants

• PJs must match 25% of HOME funds drawn down for project costs
  – Match must be a *permanent contribution* to the HOME Program

• Match liability must be satisfied by end of federal fiscal year
HOME Match Requirements

- No match required for:
  - Admin and planning costs
  - Funds to CHDOs for:
    - Operating expenses
    - Capacity building
    - Pre-development loans for projects that don’t go forward
Eligible Sources of HOME Match

• Cash or “cash equivalents”
• Value of waived taxes (HOME projects only), fees or charges
• Value of donated land/real property
• Cost of infrastructure improvements related to HOME projects
• Percentage of proceeds of housing bonds
Eligible Sources of HOME Match

• Value of donated materials and labor
• Sweat equity
• Direct costs of supportive services to residents of HOME projects
• Direct costs of homebuyer counseling to HOME-assisted households
What is Program Income?

- Program income is gross income received by recipient, state recipient or subrecipient directly generated by:
  - Use of HOME or CDBG funds OR
  - Matching contributions (HOME)
Program Income Examples

• Proceeds from sale or lease of property purchased/improved with CDBG or HOME
• Proceeds from lease of equipment purchased with CDBG
• Gross income from use/rental of real or personal property acquired, constructed, improved (less costs incidental to generation of income)
Program Income Examples

- Payments of principal & interest on CDBG or HOME loans
- Proceeds from the sale of loans or obligations secured by loans made with CDBG or HOME
- Interest earned on program income pending its disposition
- Funds collected through special assessments on properties not owned/occupied by LMI persons (CDBG)
Program Income Is Not:

• Funds back to a CBDO
• CHDO proceeds
  – Must go to affordable housing activity
• Recaptured funds (HOME)
  – From homebuyers; treated like program income, except no 10% for admin
• Returned funds
  – Repaid from non-eligible project or activity; must return to Treasury account
CDBG Program Income Special Rules

• CDBG program income also does not include:
  – Income in a single year not exceeding $25,000
  – Income generated by some Section 108 activities
  – Proceeds of subrecipient fundraising
  – Funds collected through special assessment
  – Subrecipients’ proceeds from disposition of property five years or more after grant close-out

• NOTE: The difference in the subrecipient definition matters for program income between HOME & CDBG
Pre-Award Costs

- Sometimes grantees need to incur costs prior to grant agreement date
  - Grant agreement date is latter of:
    - Program year start date OR
    - Date Con Plan received by HUD

- Cost must meet applicable program rules & requirements and must be in Action Plan

- CDBG: Total must not exceed $300,000 or 25% of grant amount, whichever is greater
  - HOME capped at 25% of grant
  - CDBG state program has no restrictions
Uniform Administrative Requirements

- Recipients must comply with federal admin guidelines & financial management requirements:
  - Governmental entities/public agencies
    - OMB A-87
    - 24 CFR Part 85
    - OMB A-133
  - Nonprofit subrecipients
    - OMB A-122
    - 24 CFR Part 84
    - OMB A-133
Part 85 & Procurement

• 24 CFR part 85: “Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments”

• Methods of procurement
  – Small purchase - under $100k
  – Sealed bids - firm-fixed price
    • Preferred for construction
  – Competitive Negotiation
  – Noncompetitive
OMB Cost Principals

• OMB guidance documents
• A-87 establishes cost principals
  – Responsibility for efficient and effective administration
  – Administer consistent with rules and agreements
  – Allowable and unallowable costs
Federal Audit Requirements

- Audits covered under OMB A-133
- Type and level of audit required is based on Federal Funds expended in year
  - More than $500,000 = A-133 audit
  - Less than $500,000 = Exempt from Federal requirements that year
MONITORING AND RECORDKEEPING WITH HOME & CDBG
Monitoring and Recordkeeping Requirements

• Both programs require:
  – Documentation of program compliance
  – Monitoring of partners and programs
Documenting Compliance

- HOME records:
  - Program records
  - Project records
  - CHDO records
  - Financial records
  - Program administration
  - Compliance records
Documenting Compliance

• CDBG records:
  – General administrative
  – Financial records
  – Project/activity
  – National objective records
  – Income documentation
  – Subrecipient records
Who Gets Monitored?

- Grantees
- State recipients
- Subrecipients
- CHDOs, CBDOs
- Consortia members
- Owners/developers/sponsors
- Contractors
What Gets Monitored?

• Three components to monitor:
  – Partner general documents and records
  – Structures built with HOME/CDBG funds
  – Beneficiaries of program expenditures

• Three general areas to monitor:
  – Administrative and financial
  – Program
  – Project
How Should Monitoring Be Planned And Managed?

• Develop an annual monitoring plan
  – Monitoring objectives
  – Risk assessment
  – Monitoring strategy
    • Desk monitoring
    • On-site monitoring
    • Approaches and tools
    • Follow up activities
  – Staff and schedule
MAKING STRATEGIC DECISIONS
Making Effective Use of Resources

• Important to think strategically because:
  – Some activities better suited to one program
  – Need to comply with both sets of rules
  – Can effectively leverage both programs
Step 1: Evaluate community needs and preferences

Step 2: Determine program types based upon needs and preferences

Step 3: State intended program outcomes

Step 4: Evaluate relative strengths of HOME and CDBG v. intended outcomes

Step 5: Assess HOME and CDBG constraints

Step 6: Determine whether program should be funded with HOME and CDBG

Step 7: If co-funded program evaluate each project to determine appropriate uses of funds
Step 1: Evaluate Need

- Look at:
  - Housing demand
  - Housing supply
  - Housing cost
  - Housing quality
  - Neighborhood issues
  - Incomes
  - Economic issues

- Mostly discussed in Con Plan
Step 2: Select Programs

- Based on needs, determine types of programs
  - Rental
  - TBRA
  - Homebuyer
  - Homeowner rehab
  - Neighborhood
  - Economic development
  - Public services
  - Public facilities
Step 3: Describe Intended Outcomes

- What is the jurisdiction trying to achieve?
- Can be focused on issues such as:
  - Affordability
  - Creation of supply
  - Reduction of substandard units
  - Serve maximum LMI persons
  - Physical improvement of neighborhood
  - Job creation/retention
  - Sustainability of nonprofits
  - Availability of community facilities
- Note: there are outcome measures developed by HUD and interest groups
Step 4: Evaluate Program Strengths

- **HOME:**
  - Deep subsidies
  - Long term affordability
  - Needs of individual families
  - Promote health of nonprofits
Step 4: Evaluate Program Strengths

- **CDBG:**
  - Addresses blight
  - Can provide shallow subsidies
  - Creates jobs
  - Wide range of services
  - Can address comprehensive needs
Step 5: Assess Constraints

- Available partners
- Eligible activities
- Approaches to development
- Necessary income targeting
- On-going obligations
- Administrative burden
- Match
- Timeliness
Step 6: Determine Program Co-Funding

• Evaluate each funding source
  – Advantages
  – Constraints
  – Available funds

• Might decide to have each specialize:
  – HOME for all housing
  – CDBG for roads, economic development, services
Step 7: Evaluate Projects

• Ask the following questions:
  – What is eligible?
  – What resources are available?
  – What are opportunity costs?
  – What are regulatory benefits?
  – What are regulatory detriments?
  – What is impact on feasibility?
  – What is impact on administration?
  – Does the project meet subsidy layering?
Conclusion

- Questions
- Future training needs
- Follow-up clarification