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LEVERAGING

HOME AND CDBG

LEVERAGING HOME AND CDBG FUNDING

- ❑ The CDBG and HOME program form the cornerstone of HUD's Community Development efforts
- ❑ These funds are helping communities develop new affordable housing, rehabilitate existing housing, and turn-around troubled neighborhoods
- ❑ These programs share the same goal to improve communities but also differ in many ways

STRATEGIC USE OF HOME AND CDBG FUNDING

- By using HOME and CDBG funds strategically, communities can optimize their use of both funding sources, while working within the limitations and regulations of both programs.
- This session will provide you with insight on
 - Coordinating HOME and CDBG funding to meet community development and affordable housing needs
 - Using program resources effectively and strategically
 - Staying in compliance with Federal program rules.

CDBG VS. HOME FUNDING HISTORY

CDBG

Develop viable urban communities through:

- Decent housing
- Suitable living environment
- Expanded economic opportunity

Result in one or more of the following national objectives:

- Benefit to low/moderate income persons (80% AMI or less)
- Prevent or eliminate slum and blight
- Meet an urgent need

HOME

Develop viable affordable housing by:

- Collaboration with community-based non-profits
- Ensuring long-term affordability of housing
- Targeting assistance to households with less than 80% of area median income

Result in one or more of the following :

- Building, buying, and/or rehabilitating housing for rent or homeownership
- Providing direct financial assistance to low-income people for housing costs

CDBG ELIGIBLE ACTIVITIES

Wide variety, including:

- Housing & other real property activities
- Public facilities & public services
- Economic development activities
- Subrecipient, CBDO, and CDFI activities
- Planning and administration
- Other activities



SAMPLE CDBG ACTIVITIES

Public Services

- Employment
- Public safety
- Childcare
- Health education
- Senior services
- Recreation services

Public Facilities

- Infrastructure
 - Streets & sidewalks
 - Water & sewer
- Neighborhood facilities
 - Parks & playgrounds
 - Recreation facilities
- Special needs populations
 - Homeless shelters
 - Group homes

HOME ELIGIBLE ACTIVITIES

- ❑ **Homeowner Rehabilitation:** repair, rehabilitation, and reconstruction
- ❑ **Homebuyer Activities:** acquisition, rehabilitation, new construction, down-payment assistance
- ❑ **Rental Housing:** acquisition, rehabilitation, new construction
- ❑ **Tenant-Based Rental Assistance:** monthly rental assistance, security & utility deposits



CDBG VS. HOME FUNDING STRATEGIES

Each program has its strengths and limitations, for example:

- ❑ CDBG cannot generally be used to construct new housing. However, it can be used to develop the infrastructure in a low-income neighborhood that might support a new affordable housing development.
- ❑ HOME, on the other hand, can be a very good resource for building new units but cannot be used to create off-site infrastructure.
- ❑ Strategic choices about how the HOME and CDBG programs are used can help a jurisdiction address a wide range of needs within its available resources.
- ❑ Jurisdictions that are familiar with the rules and flexibilities of both HOME and CDBG will be able to make strategic choices about investing their program resources, thus maximizing their resources.

COMPLIANCE WITH THE REGULATIONS

- ❑ CDBG and HOME jurisdictions must ensure that both sets of program regulations are met simultaneously
- ❑ Neither program overrules the other and the most stringent applicable requirement from each program must be met
- ❑ So, it is important for the jurisdiction to understand the rules of both programs in order to be sure that all activities are compliant.

LEVERAGING CDBG AND HOME

- Jurisdictions need to be familiar with how CDBG and HOME work together so that they can get the greatest impact for their investments.
- Under certain circumstances, HOME or CDBG may be the most appropriate tool for a particular strategy
- Sometimes, when those tools are used together, the impact is greater than either could achieve alone.

PLANNING FOR CDBG AND HOME

To tackle these complex program decisions, jurisdictions may wish to consider developing:

- ❑ An assessment of community needs;
- ❑ A community-wide plan for addressing needs through an array of different community development projects; and
- ❑ A clearly-defined approach to each individual community development project.

PLANNING FOR CDBG AND HOME

Assessment of Community Needs

- Helps each community identify and define its individual needs as well as its strengths and assets.
- Often this assessment is done as a part of the Consolidated Planning process and includes:
 - Description of community assets and resources
 - Current demographic data and projections
 - Housing and Economic Data
 - State of infrastructure in the jurisdiction
 - Community development needs
 - Feasibility of the proposed activities

PLANNING FOR CDBG AND HOME

Community Wide Plan

- ❑ Develop a plan for addressing the challenges faced by the community
- ❑ The plan strives to coordinate different types of housing, economic development, infrastructure, and related activities to maximize the impact of public funds.
- ❑ Ensures input from local non-profit partners, local businesses, and residents who will be affected by these projects
- ❑ Inclusive community participation in the planning process is invaluable because it ensures that community development projects truly reflect what the community wants and needs.

EVALUATING CDBG AND HOME PROJECTS

Project Evaluation

- Once a Consolidated (Strategic) plan has been developed, jurisdictions must evaluate the feasibility, implementation, and benefits of program resources for each project
 - Feasibility – determines whether the proposed activity is achievable
 - Implementation – potential costs and concerns identified and addressed
 - Costs/Benefit Analysis - Communities should consider carefully how the requirements of different funding sources will impact a given project.

QUESTIONS?

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