

# Funding Affordable Housing Development: An Introduction



November 2024

# Regional Housing Legal Services

RHLS is a nonprofit law firm with unique expertise in affordable, sustainable housing and its related components – community and economic development, utility matters, and preservation of home ownership. RHLS provides innovative project and policy solutions that help create sustainable communities offering decent, safe, and affordable housing for lower-income Pennsylvanians.

# Webinar Overview

- ❖ For people who are new to housing development or have limited experience who want to know more about how to fund the creation of affordable homes.
- ❖ Just an overview; each program has detailed guidelines.
- ❖ Focusing on resources for housing development; not covering programs for tenants, homebuyers, or homeowners.
- ❖ Covering the major and most commonly used programs.
- ❖ Not including COVID funding (CARES Act, ARPA)
- ❖ If you have a development in mind and want more information, get in touch with us and we will connect you with one of our attorneys.

# Disclaimer

The information included in this presentation is not legal advice. Regional Housing Legal Services has verified that the information about each program is accurate as of early November 2024, but it is subject to change. Please visit the websites of the administering agencies to get the most up to date information about program requirements and contact them directly with specific questions.

# Community Development Block Grant (CDBG)

42 U.S.C. 5301 et seq

24 CFR Part 570

- Created by Housing and Community Development (HCD) Act of 1974; consolidation of 7 programs into a block grant
- Distributed annually by formula:
  - ❖ population
  - ❖ poverty
  - ❖ age of housing
  - ❖ housing overcrowding
  - ❖ growth lag

<https://www.hudexchange.info/programs/cdbg/cdbg-laws-and-regulations/>

# CDBG: What's it for?

- “to develop viable urban communities by providing decent housing and a suitable living environment, and by expanding economic opportunities, principally for low- and moderate-income persons.”

[https://www.hud.gov/program\\_offices/comm\\_planning/cdbg/entitlement-program](https://www.hud.gov/program_offices/comm_planning/cdbg/entitlement-program)

- “principally for” = 70% of funds benefitting people at or below 80% area median income (AMI)

# CDBG: What's it for?

- Eligible activities include (but are not limited to):
  - ❖ Affordable housing
    - Rehabilitation
    - New construction (only by CBDOs)
    - Downpayment and closing cost assistance
  - ❖ Housing Counseling
  - ❖ Blight remediation
  - ❖ Public services (childcare, job training, transportation, etc.)
    - Limited to 15% of allocation
  - ❖ Loans and grants to small businesses
  - ❖ Technical assistance to nonprofits to create capacity to carry out a pre-approved eligible activity
  - ❖ Community facilities

# CDBG: Who Administers It?

- Entitlement Communities (receive directly from HUD)
  - ❖ Cities with populations of at least 50,000
  - ❖ Principal cities of Metropolitan Statistical Areas (MSAs)
  - ❖ Qualified urban counties with populations of at least 200,000 (excluding the population of entitlement cities)
  - ❖ Some counties with populations just under 200,000 that meet other qualifications



# CDBG: Who Administers It?

- Non-Entitlement Communities – PA Dept. of Community and Economic Development (DCED)
  - ❖ DCED receives funds from HUD for ‘balance of state’  
<https://dced.pa.gov/programs/community-development-block-grant-cdbg/>
  - ❖ PA Act 179
    - Complicated formula for allocating funds to counties and municipalities that do not receive direct allocations from HUD

# CDBG: Who Administers It?

- Competitive Grants – up to 13% of amount DCED receives
  - ❖ Open to all Act 179 non-entitlement communities and Act 179 entitlement communities of less than 10,000 residents
  - ❖ Priorities (DCED Guidelines <https://dced.pa.gov/programs/community-development-block-grant-cdbg/>)
    - Water and Sewer Infrastructure Projects
    - Impactful neighborhood streetscapes
    - Slum/blight removal for community revitalization
    - Resiliency projects (lessen the impacts of natural disasters)

# CDBG: Who can use it?

- Entitlement Communities and Act 179 recipients may use funds themselves or award funds to project sponsors
- DCED only subcontracts to counties and municipalities
- Project sponsors (grantees) apply to their municipality or county for funds

# CDBG: How much money is there?

- Federal: \$3.3 billion in FY24
- PA received \$186 million in FY24
  - ❖ Entitlement Communities: \$145 M
  - ❖ DCED: almost \$41 M
- No budget yet for FY25; Continuing Resolution through December 20, 2024

# CDBG: Citizen Participation

- Every Entitlement Community submits a Consolidated Plan (ConPlan) to HUD
  - ❖ covers use of CDBG, HOME, Emergency Solutions Grant (ESG) funding, and several smaller programs
- Law requires planners to seek citizen participation through public meetings and comments
  - ❖ must be a publicly available Citizen Participation Plan that encourages citizen participation (especially for low- and moderate-income people)
  - ❖ also covers performance reports submitted HUD

## For More Information

- RHLS presentation:  
<https://www.rhls.org/pafundingreport/>
- National Low Income Housing Coalition  
([www.nlihc.org](http://www.nlihc.org))
  - ❖ [Advocates' Guide](#)
  - ❖ [Budget information](#)

For More Information

Regional Housing Legal Services

[www.rhls.org](http://www.rhls.org)

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