

# Community Development Block Grant (CDBG)

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Knox County  
Community Development

In partnership with the  
US Department of Housing and  
Urban Development



# What is CDBG?

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The Community Development Block Grant (CDBG) is a federal program that began operation in 1975. It is run by the US Department of Housing and Urban Development (HUD).



# What is the purpose of CDBG?

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The primary objective of CDBG is to improve communities by providing:

1. decent housing;
2. a suitable living environment; and,
3. expanding economic opportunities

all principally for persons of low and moderate income.

# 3 NATIONAL OBJECTIVES

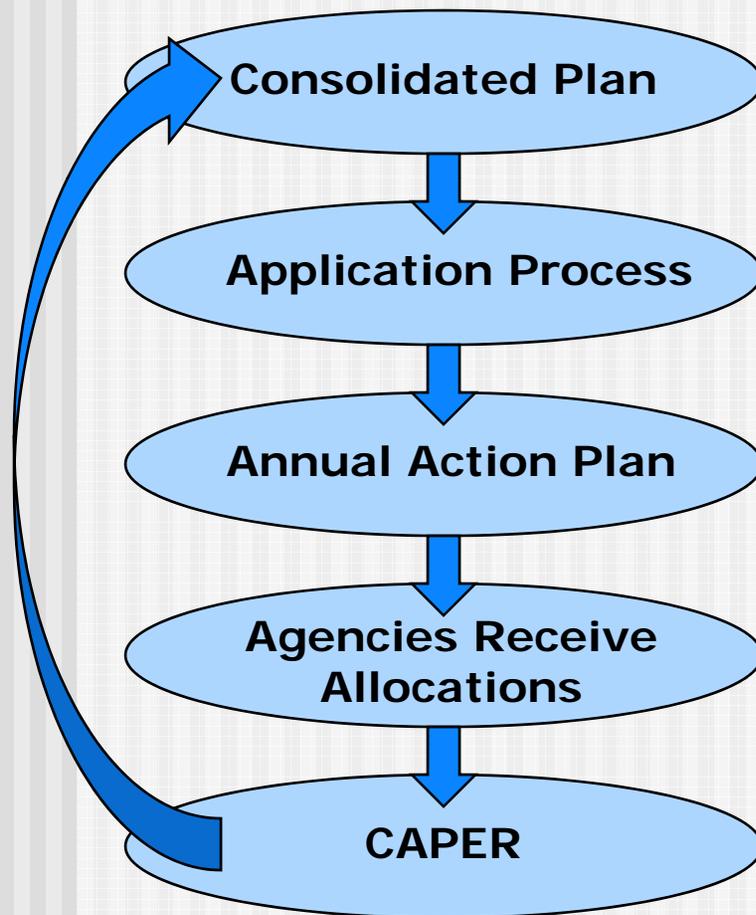
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To use CDBG, a project must be an eligible activity **and** meet one of the three national objectives.

They should:

1. Benefit low and moderate income people.
2. Help to prevent or eliminate slums and blight.
3. Meet an urgent need.

# How it works



Provides long term goals to improve quality of life for low-income people

Competitive process through which funds are allocated

Annual update to the Consolidated Plan allocating funds for the program year

Implementation and Monitoring

Describes progress made towards goals set forth in the Consolidated Plan

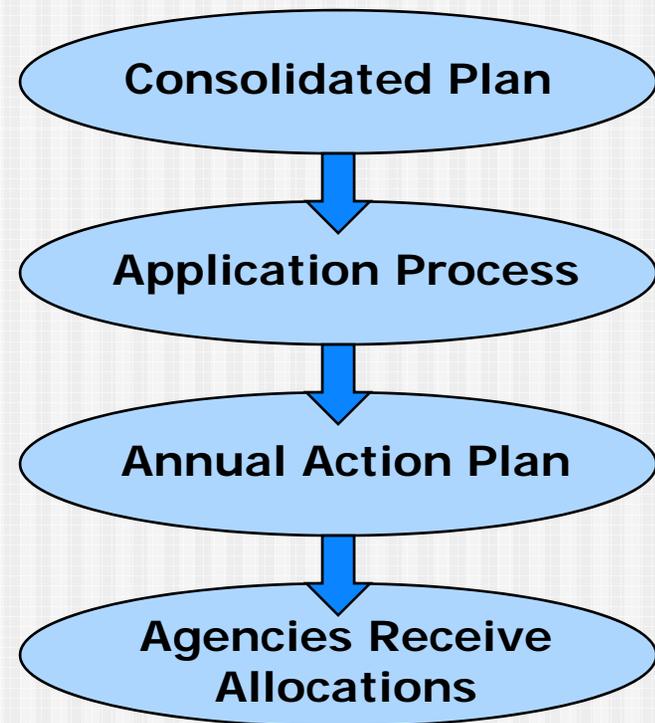
# Agencies Receive Allocations

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Contracts are developed between Knox County and agencies

Funds are dispersed on a reimbursement basis

Grants management staff monitors all projects



# Eligible CDBG Activities

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CDBG is one of the most flexible government grants that can be used for numerous activities. Here is a partial list of eligible activities.

- Housing rehabilitation, acquisition and clearance
- Public facility improvements
- Public Services
- Public Works

Cont.

# Eligible CDBG Activities

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- Construction of neighborhood centers
- Demolition and relocation
- Construction Only Projects:
  - Davis Bacon
  - Section 3

# Knox County Consolidated Plan Priorities

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## Priority #1 – Decent Affordable Housing

A – Affordability of affordable rental housing

B – Sustainability of housing for existing homeowners

C – Affordability / accessibility of special needs housing  
for homeless and non- homeless persons

## Priority #2 – Suitable Living Environment

Availability / accessibility of social services for special  
populations, homeless and non-homeless persons.

# The HOME Program: HOME Investment Partnerships

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# What is HOME?

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The HOME Investment Partnership Program is a Federal program of the U.S. Department of Housing and Urban Development. It is authorized under Title II of the Cranston, Gonzalez National Affordable Housing Act, as amended.



# What is the purpose of HOME?

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HOME was designed to provide decent and affordable housing for low and very low income citizens:

- Building or rehabilitation of housing for homeownership or rent
- Purchase assistance
- Site acquisition or improvement
- Community Housing Development Organization (CHDOs)

# Consolidated Plan Goals – PY 2010-2015

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- Expand homeownership among low income households
- Expand rental housing for seniors and people with special needs
- Maintain and preserve existing housing

# Eligible HOME Activities

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- Acquisition, Site Improvements, Demolition
- Reconstruction
- New Construction
- Rehabilitation
- CHDO Operations (salaries, benefits, training, rent, utilities, phone, insurance, equipment, materials and supplies)
- HOME funds must be matched with non-federal sources (every \$1 of HOME = 25 cent match)

# HOME Rents

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- The HOME Program establishes the maximum gross rent standard which is the lesser of the Fair Market Rent or the 65% HOME Rent Limit.
- 20% of the home units in a development of five or more must be occupied by **very-low** income families/individuals.

# Key Proposed HOME Rule Changes

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- Projects not completed within 4 years of commitment are subject to termination and repayment
- Homebuyer units not sold to eligible buyers within 6 months of project completion must be converted to rental units\*
- Lease-Up deadlines on rental units (anticipated 3-6 months from project completion)
- Maximum sales price/value of **existing** homebuyer and homeowner units to be determined by HUD

\*Within 90 days from the start of the contract with Knox County, the organization must have 2 buyers with viable sales contracts or the County/organization contract is VOID.

# Key Proposed HOME Rule Changes

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- Maximum sales price/value of new construction is 95% of area median purchase price (for 2012 Knox County is \$142,264)
- Underwriting reviews must be carried out on all HOME projects
- Subsidy layering reviews must be completed on all HOME projects
- Physical standards and inspection expectations are being increased
- CHDO qualification standards are being increased

# Anticipated 2013 Funding

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- CDBG: \$950,000
- Public Service Cap: 15%
- Administrative Cap: 20%
  
- HOME: \$300,000
- Administrative Cap: 10%
- CHDO Set-Aside Minimum: 15%

# Application Process and Deadline

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The application can be accessed online at [www.knoxcounty.org/communitydevelopment/hud.php](http://www.knoxcounty.org/communitydevelopment/hud.php)

The application DEADLINE is **4:00pm on Thursday, January 31, 2013.**

The number of requests funded will depend on the size, scope, feasibility and quality of the requests submitted.

# What to Submit

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- Application
  - Budget
  - Conflict of Interest
  - Current Audit
  - DUNS Number
    - This can be obtained online at [www.fedgov.dnb.com/webform](http://www.fedgov.dnb.com/webform)

# Timeline

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- Applications – Thursday, January 31, 2013 – 4:00 PM
- Public Meeting – February/March 2013 (to be determined)
- Knox County Commission – April 2013
- Annual Action Plan to HUD – May 2013
- HUD approval/contracts – July 2013 or after

# Questions

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**DEADLINE is 4:00pm on Thursday, January 31, 2013.**

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[www.knoxcounty.org/communitydevelopment/hud.php](http://www.knoxcounty.org/communitydevelopment/hud.php)