

Basic Requirements for CDBG and HOME Funds

**SUBRECIPIENT TRAINING
OCTOBER 16, 2019**

CDBG and HOME



- ❑ CDBG and HOME are Housing and Urban Development (HUD) programs that provide funding to states and localities to be used exclusively for affordable housing activities benefiting low- and moderate-income households
- ❑ A low and moderate income household is a household who's income is below 80% of the Area Median Income.
- ❑ CDBG and HOME are “Formula Grants” where the amount of funding allocated to a Grantee is based on areas population size, the poverty rate, and the availability of housing.

CDBG and HOME



CITY OF ALBUQUERQUE Income and Rent Limit Reference

United States Department of Housing and Urban Development
2019 Income Thresholds Albuquerque, New Mexico

ADJUSTED INCOME LIMITS

https://files.hudexchange.info/reports/published/HOME_IncomeLmts_State_NM_2019.pdf

Program	1 Person	2 Person	3 Person	4 Person	5 Person	6 Person	7 Person	8 Person
30% of AMI	13,800	15,800	17,750	19,700	21,300	22,900	24,450	26,050
50% of AMI	23,000	26,300	29,600	32,850	35,500	38,150	40,750	43,400
60% of AMI	27,600	31,560	35,520	39,420	42,600	45,780	48,900	52,080
80% of AMI	36,800	42,050	47,300	52,550	56,800	61,000	65,200	69,400
Area Median Income (AMI)	46,000	52,600	59,200	65,700	71,000	76,300	81,500	86,800

Effective: June 28, 2019

HOME PROGRAM RENT LIMITS

https://files.hudexchange.info/reports/published/HOME_RentLimits_State_NM_2019.pdf

Program	Efficiency	1 bedroom	2 bedroom	3 bedroom	4 bedroom	5 bedroom	6 bedroom
Albuquerque, NM							
Low Home Rent Limit	563	616	740	854	953	1,051	1,149
High Home Rent Limit	563	711	877	1,091	1,198	1,302	1,408
<i>For Information Only</i>							
Fair Market Rent	563	711	877	1,268	1,508	1,734	1,960
50% AMI Rent Limit	575	616	740	854	953	1,051	1,149
65% AMI Rent Limit	738	791	952	1,091	1,198	1,302	1,408

Effective: June 28, 2019

Environmental Review



- ❑ All CDBG and HOME activities are subject to HUD environmental review regulations. The HUD environmental review process must be completed before funds may be accessed for the City's CDBG or HOME funded activities, before the purchase of any land or buildings, or the start of any work on a proposed project, even with non-HUD funds.

Note: The City is responsible to ensure the ER process is completed.

Community Development Block Grant (CDBG)



- HUD's primary objective for the CDBG program is the development of viable urban communities through the provision of decent housing, a suitable living environment, and expanded economic opportunities for persons of low- and moderate-income (below 80% of the Area Median Income).

Community Development Block Grant (CDBG)



- ❑ The CDBG program includes a wide variety of eligible activities that may be implemented provided that a given activity meets one of three **National Objectives**, including:
 - ❖ Benefitting low- and moderate-income persons;
 - ❖ Preventing or eliminating slums or blight; and
 - ❖ Meeting an urgent need

CDBG Eligible Activities



CDBG funds may be used to implement eligible activities (defined at 24 CFR 570.201 – 206).

Examples of eligible CDBG activities include:

- ❖ Housing
- ❖ Public Facilities and Infrastructure
- ❖ Economic Development
- ❖ Public Services (15% cap)
- ❖ Planning and Administration (20% cap)

CDBG Affordability



- ❑ Some CDBG activities are also subject to an affordability period of at least 5 years starting on the date of the completion of the project.

HOME Eligible Activities



- ❑ HOME funds can be used to finance a wide variety of affordable housing activities that generally fall into four categories:
 - ❖ Rehabilitation of owner-occupied housing
 - ❖ Assistance to home buyers
 - ❖ Acquisition, rehabilitation, or construction of rental housing
 - ❖ Tenant based rental assistance

HOME Affordability



- ❑ HOME assisted housing must meet certain designations of affordability and must continue to remain affordable to low income households for a specified period of time which is referred to as the “affordability period”.
- ❑ The affordability period is determined based on the type of activity that is being done and on the amount of funding that is used to do the activity.

Home Investment Partnership Program (HOME)

- Tenant incomes and rents are strictly controlled during the affordability period
 - 1. Rehabilitation or acquisition of existing housing
 - < \$15,000 5 Years
 - \$15,000-\$40,000 10 Years
 - > \$40,000 15 Years
 - 2. New Construction or acquisition of new housing
 - Any amount 20 Years

Income Qualification for CDBG and HOME Funds

Methods for Determining Income



One of the following methods must be used to income qualify clients:

- ❖ Part 5 Annual Income
- ❖ Adjusted Gross Income Form 1040
- ❖ Presumed Beneficiary

Part 5 Method



- ❑ The Part 5 definition of annual income is the total of **ALL** adult household members' gross income (amount before taxes) that is anticipated to be received during the coming 12-month period.

NOTE: Income qualifying begins with determining who is in the household

Part 5 Method



- ❑ Some incomes are not included but still must be documented. This includes
 - ❖ Earned income from minors
 - ❖ Earned income from full time students (for this only \$480 will be applied to the households income UNLESS the student is the head of the household or spouse)

NOTE: Income qualifying begins with determining who is in the household

Part 5 Method (cont.)



Sources of income include:

- ❖ Wages, salaries, overtime, bonuses, commissions, tips, shift differential pay, work payments, etc.
- ❖ Social Security and/or SSI benefits
- ❖ Payments in lieu of earnings such as disability or unemployment benefits
- ❖ Net income from business
- ❖ Alimony or child support payments received, and regular contributions or gifts

Part 5 Method (cont.)



- INCOME also includes the amount of income generated by an asset (interest earned)
 - ❖ Generally, an asset is cash, or a non-cash item that can be converted to cash. This includes checking and saving accounts, most 401k's, revocable trusts, or IRA's

Required Documents



- ❖ Proof of income – 3 months of check stubs
- ❖ Proof of assets, i.e. 6 months of checking statements and or current savings statement, etc.
- ❖ If a household member is a student over the age of 18 years a school schedule must be provided

Required Documents



Computing Part 5 Gross Income:

- ❖ MUST use Income Calculator on HUD Exchange website:
<https://www.hudexchange.info/incomecalculator/dashboard/>
- ❖ Income documentation **must** be 30 days current as of date qualified for service
- ❖ Income certifications are good for 6 months, after that, clients must recertify to receive benefit

Calculation of Income Limits using current years HUD
Adjusted Income Limits

Presumed Beneficiary Method



- ❑ This method is used when project is primarily serving homeless clients. There are three ways to determine homelessness:
 - ❖ HMIS (Homeless Management Information Systems)
 - ❖ Homeless verification from local office, shelter, or emergency medical service agency (on agency letterhead)
 - ❖ Self-certification supported by other documentation