

NYS Housing Trust Fund Corporation
Office of Community Renewal

NYS Community Development
Block Grant Program
2011 Open Round
Economic Development Programs



Homes &
Community
Renewal

Agenda

- Community Development Block Grant (CDBG) Overview
 - Eligible Activities
 - Funding Limits
 - Program Guidelines
- National Objective Compliance
- Underwriting Guidelines
- Application Process

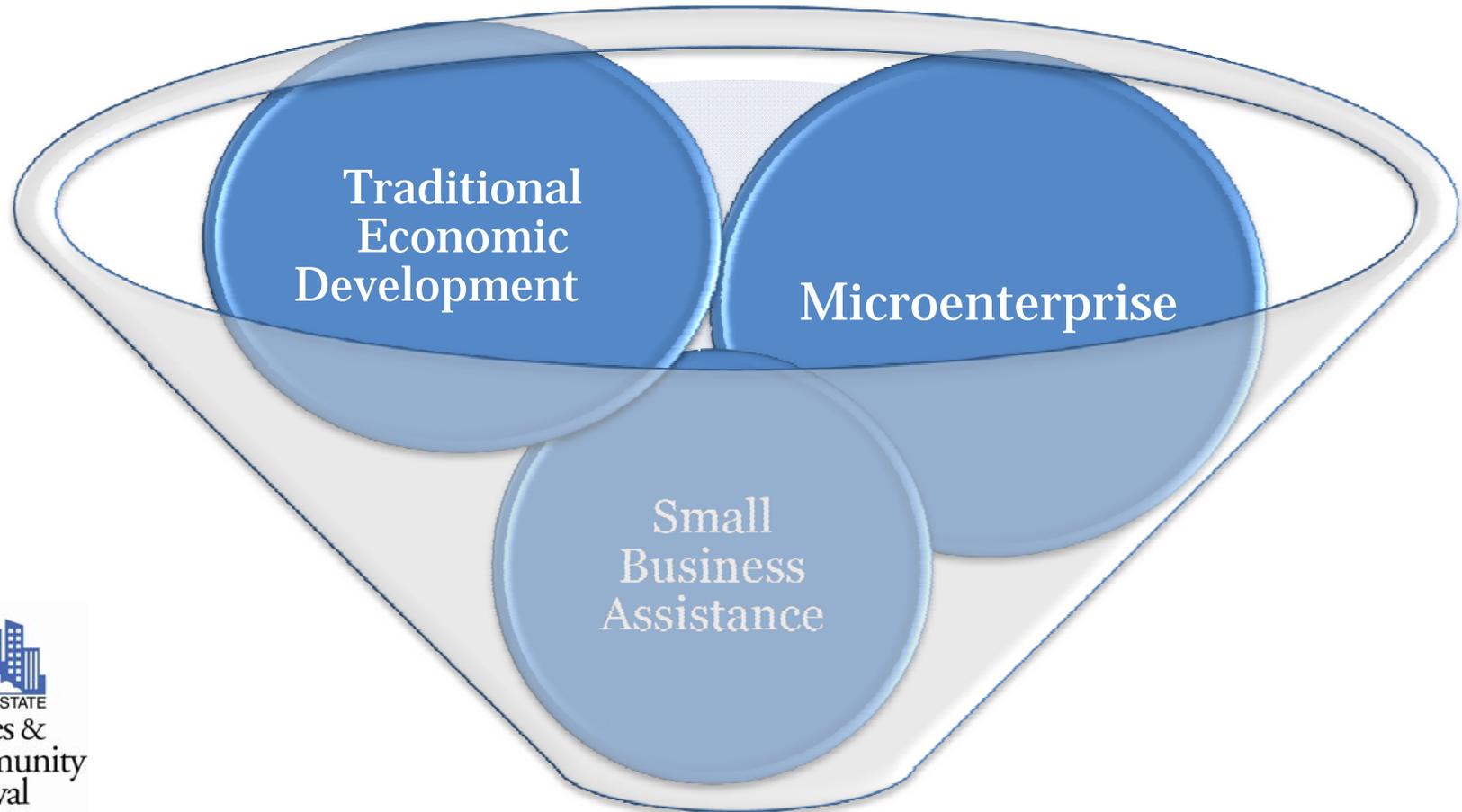
New York State CDBG Program

- Develop viable communities by providing decent housing and a suitable living environment, as well as expanding economic opportunities, principally for persons of low- and moderate-income.
- NYS must ensure that at least 70% of its CDBG grant funds are used for activities that benefit low- and moderate-income persons (at or below 80% of median) and meet one of the following National Objectives:
 - Benefit low- and moderate-income persons or families; or
 - Aid in the prevention or elimination of slums or blight; or
 - Meet an urgent community development need

Eligibility

Non-entitlement areas - *units of local governments* with populations of less than 50,000 and counties with populations of less than 200,000.

Eligible Economic Development Activities



Economic Development Funding Activities

Traditional Economic Development Program

- Provide financial assistance to businesses for an identified CDBG eligible activity which will result in the creation/retention of permanent, private sector job opportunities principally for persons from LMI families; or
- Construct or improve publicly owned infrastructure necessary to accommodate the creation, expansion or retention of a business which will result in the creation or retention of permanent, private sector job opportunities for persons from LMI families.

Small Business Assistance Program

- Provides resources to communities to foster small business development as a vehicle for sustainable economic development and growth.

Microenterprise Program

- Provides resources to communities in an effort to promote entrepreneurship and support the development or expansion of micro businesses by providing funds in conjunction with capacity building and entrepreneurial assistance.

Eligible Economic Development Activities

- Open window, year-round applications
- Create or retain permanent jobs principally for persons from LMI families
- Community applies on behalf of business or to support a microenterprise program
- Traditional Economic Development (attraction-expansion-retention)
- Small Business Assistance & Microenterprise Programs
 - Expand Access to Capital
 - Entrepreneurial Assistance & Training
 - Locally-driven Projects & Programs
 - Flexible Program Design

Project Funding Limits

Traditional Economic Development

- Maximum award: \$750,000
- Minimum award: \$100,000

Small Business Assistance

- Maximum award: \$100,000
- Minimum award: \$25,000

Microenterprise

- Maximum total allocation to community: \$200,000
- Individual grant amount to business: \$5,000 to \$35,000

Program Guidelines:

Traditional Economic Development

- Maximum award amount of \$750,000 (minimum \$100,000)
- NYS CDBG can fund up to 40% of a total project cost
- One (1) FTE job created/retained for every \$15,000 in NYS CDBG funds
- NYS CDBG funds should be used as gap funding to induce project completion

Program Guidelines: Small Business Assistance

An eligible business is defined as a commercial enterprise that has 25 or fewer FTE employees.

- Award amounts of \$25,000 to \$100,000
- NYS CDBG can fund up to 40% of a total project cost
- One (1) FTE job created for every \$25,000 in NYS CDBG funds
- Minimum of 20% owner equity contribution to the project is required*



* Required equity contribution may be reduced to 10% if project qualifies as “Green”

Program Guidelines:

Microenterprise

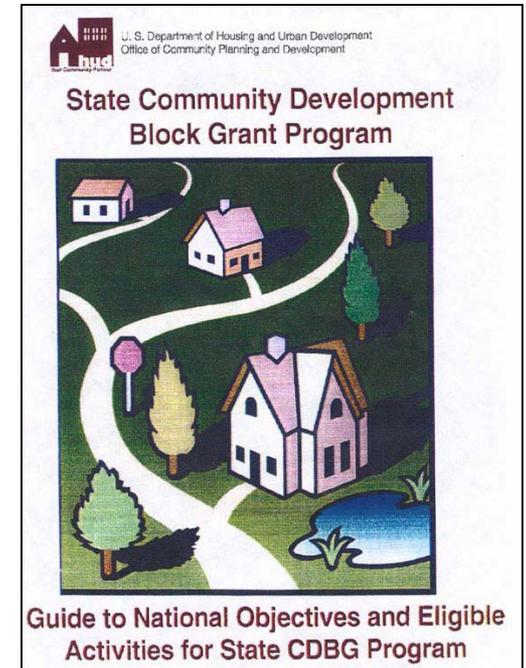
A microenterprise is defined as a commercial enterprise that has 5 or fewer employees, 1 or more who owns the enterprise.

- Maximum total award amount to community: \$200,000
- Individual **grant** amount to business: \$5,000 to \$35,000
- At least 50% of the total allocation must be granted to start-up enterprises.
- NYS CDBG can fund up to 90% of a total project cost
- Minimum of 10% owner equity contribution to the project is required
- Certified completion of a locally approved entrepreneurial assistance or small business training program is required

National Objective Compliance

Benefit to low- and moderate-income persons through:

- LMJ: Low/Mod jobs
 - Creation and/or retention of permanent jobs principally for persons from LMI families,
- OR
- LMCMC: Low/Mod Income Limited Clientele
 - Under Microenterprise program only, the benefiting person (entrepreneur) must be LMI



LMI Employment Opportunities

A LMI job activity is one which creates or retains permanent jobs, at least 51% of which, on a FTE basis, are either *held by* LMI persons or considered to be *available to* LMI persons.

- 1. Held by** – The employee is a member of a family whose income falls at or below the applicable Section 8 Program Income limits. (The family’s entire income must be counted.)

VS.

- 2. Available to** –

- The jobs do not require special skills that can only be acquired with substantial training or work experience, and education beyond high school is not a prerequisite to fill such jobs, and
- Action must be taken to ensure that LMI persons receive “first consideration” for filling such jobs.
 - Use hiring practice that results in over 51% LMI persons interviewed,
 - Seriously consider sufficient number of LMI job applicants, and
 - Distance from residence and availability of transportation to the job site must be reasonable.

LMI Employment Opportunities

Job Retention

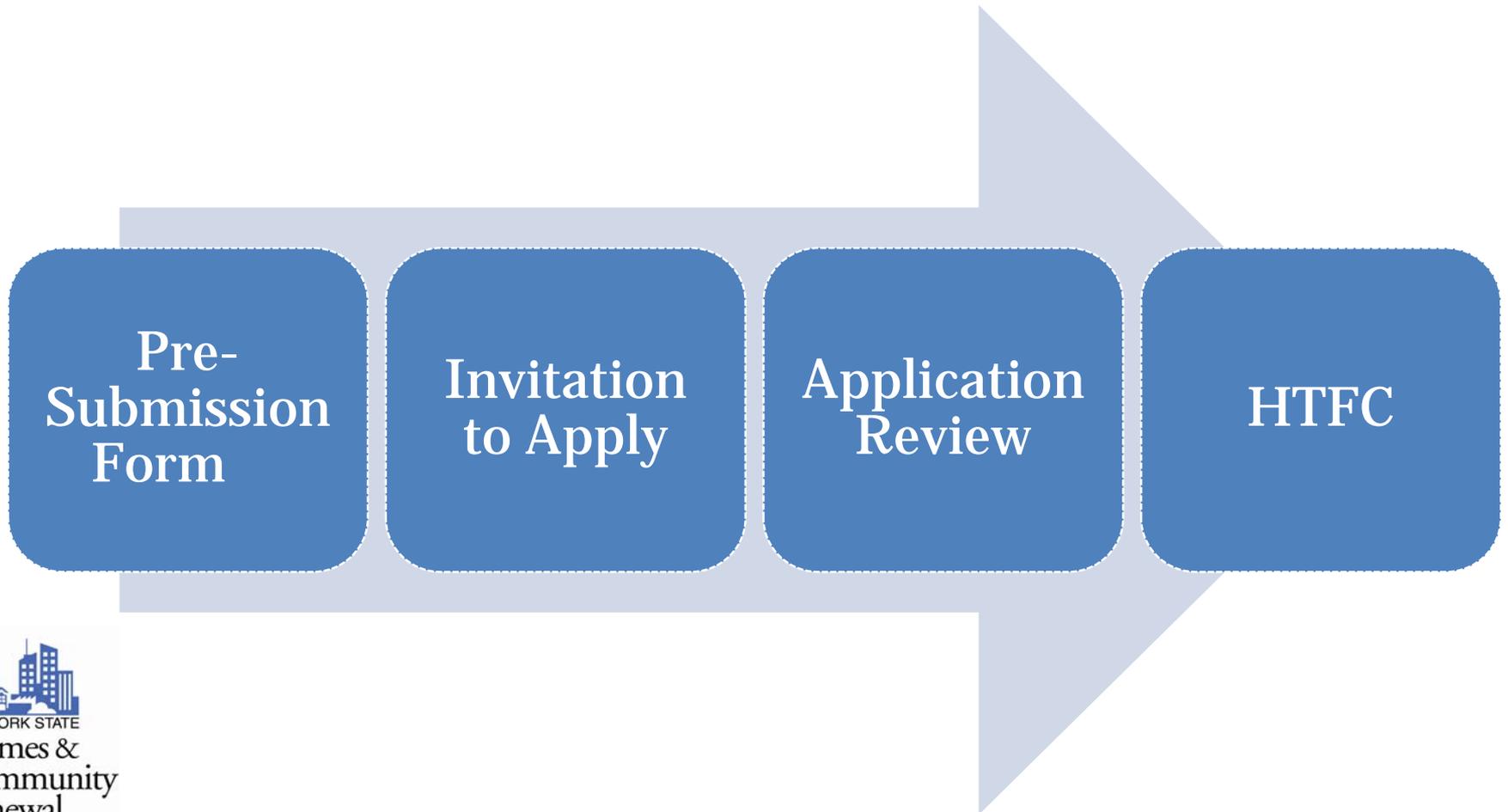
Clear and objective evidence that permanent jobs will be lost without CDBG assistance

- Evidence that the business has issued a notice to affected employees or made a public announcement to that effect, or
- Analysis of relevant financial records which clearly and convincingly shows that the business is likely to have cut back employment in the near future without the planned intervention.

Underwriting Guidelines

- Project costs are reasonable
- Financial commitments from other funding sources
- No substitution of CDBG funds
- Project is financially feasible
- Return on equity not excessive; CDBG funds should not over-subsidized private investment
- Disbursement of CDBG funds.

Application Process



Questions?

Please submit all questions on the content of this presentation to: OCRinfo@nyshcr.org

Please include **OCR Webcast – CDBG Open Round Economic Development Program** in the subject line of your email.

Questions will be responded to directly and included in the Frequently Asked Questions (FAQ) sheet developed from the questions received. The FAQ will be available on the HCR website, www.nyshcr.org.