

**City of Chattanooga
FY 2024-2025
Grants Allocation
Workshop**

for CDBG and HOME

**Department of
Economic Development**

**January 25, 2024
Family Justice Center**



Meeting Agenda

I. Overview

- Grants
- Funding Available
- Funding Priorities
- Eligible Activities

II. Application Process

- Requirements
- Due Date
- Technical Assistance



Community Development Grants Workshop

Application process for grants received by the City from the U.S. Department of Housing and Urban Development (HUD), including:

- HOME Investment Partnership Program (HOME)
- Community Development Block Grant (CDBG)

HOME

Home Purchase

Homeowner Rehabilitation

New Homebuyer Assistance

CDBG

Acquisition of Real Property

Demolition and Blight Removal

Rehab of residential and non-residential structures

Public Facilities Construction and Improvements (water, sewer, streets, neighborhood centers)

Public Services

Activities Related to Energy Conservation

Economic Development and Job Creation/Retention

Anticipated Funding

	HOME	CDBG	Total
Grant	\$915,068	\$1,548,118	\$2,463,186
Program Income	\$318,161	\$371,107	\$689,268
Total	\$1,233,229	\$1,919,225	\$3,152,454
Less CD Admin.	(\$184,984)	(\$383,845)	(\$568,829)
Available for Activities	\$1,048,245	\$1,535,380	\$2,583,625

Target Populations

The table is based on these income categories:

- **Extremely low** – households with income less than **30** percent of area median income (AMI)
- **Very low** – households with income between **30** and **50** percent of AMI
- **Low** – households with income between **51** and **80** percent of AMI
- **Moderate** – households with income between 81 and 120 percent of AMI
- Above moderate – households with income above 120 percent of AMI

2023 Income Limits (Median Family Income: \$90,700)

Family Size	Low Income 80% AMI	Low Income 60% AMI	Very Low 50% AMI	Extremely Low 30% AMI
1 Person	\$44,600	\$33,480	\$27,900	\$16,750
2 Person	\$51,000	\$38,220	\$31,850	\$19,150
3 Person	\$57,350	\$43,020	\$35,850	\$21,550
4 Person	\$63,700	\$47,760	\$39,800	\$23,900
5 Person	\$68,800	\$51,600	\$43,000	\$25,850



Priorities for 2020-2025 Con Plan

- **Housing**
 - *Homeowner Housing*
 - *Rental Housing*
 - *New Construction*
 - *Renovate*
 - *Housing Services*
- **Homeless Services**
 - *Permanent Housing*
 - *Services*
- **Economic Development**
- **Public Facilities**
- **Blight Elimination**
- **Public Services**

Priority Programs/Activities for FY 24-25

- New construction of affordable rental housing and homeownership housing;
- Preservation of existing affordable housing stock;
- Housing and services to special needs populations;
- Opportunities for citizens to access/retain affordable housing;
- Public improvements in coordination with housing activities, and;
- Economic development activities in the City.



**COMMUNITY
DEVELOPMENT BLOCK
GRANT (CDBG)**

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General Program Requirements

The primary objective of CDBG funds is to develop viable urban communities, principally for low/mod income persons through:



Decent Housing



Suitable Living Environment



Expanded Economic Opportunity

CDBG Grant Specifics

- CDBG is a reimbursement grant; no funds will be awarded prior to expenditures
- No minimum or maximum grant requests
- Public Service activities capped at 15% (Grant-wide allocation, not per application)

Eligible Entities

- Must have a current IRS 501 (c)(3) or (4) designation
- Must be established for charitable purposes, particularly aligning with proposed project
- In existence for more than two years as of January 1, 2024
- City/County government departments
- All applicants must be registered in SAM.gov and provide proof
- All applicants must have a UEI (Unique Entity ID) number

Eligible Programs/Activities

- Homeownership Assistance
- Rehabilitation and Reconstruction of Rental and Homeowner Housing
- Conversion of Existing Structures for Housing
- Housing Counseling
- Housing Services
- Community/Neighborhood Stabilization
- Public Improvements/Blight Elimination

Eligible Programs/Activities

The project/program/activity must be eligible and must:

1. Meet a National Object;
2. Address a Federal objective/outcome;
3. Address a goal/objective identified in the City's Five-Year Consolidated Plan, and;
4. Align with the City's priorities

Eligible Programs/Activities Cont.

National Objectives	Federal Objectives/Outcomes	Con Plan Goals
<p data-bbox="249 432 683 503"><i>Activities Benefiting L/M Persons</i></p> <ul data-bbox="249 514 595 667" style="list-style-type: none"><li data-bbox="249 514 517 547">• Area Benefit<li data-bbox="249 552 595 585">• Limited Clientele<li data-bbox="249 590 440 623">• Housing<li data-bbox="249 628 378 661">• Jobs	<p data-bbox="755 437 942 470"><i>Objectives</i></p> <ul data-bbox="755 481 1199 650" style="list-style-type: none"><li data-bbox="755 481 1025 558">• Suitable living environment<li data-bbox="755 568 1058 601">• Decent housing<li data-bbox="755 612 1199 650">• Economic opportunities	<ul data-bbox="1315 437 1731 781" style="list-style-type: none"><li data-bbox="1315 437 1731 514">• Increase affordable housing opportunities<li data-bbox="1315 525 1731 601">• Services and housing for homeless<li data-bbox="1315 612 1731 689">• Employment opportunities<li data-bbox="1315 699 1731 781">• Public facilities/infrastructure
<p data-bbox="249 716 653 787"><i>Prevention/Elimination of Slums or Blight</i></p> <ul data-bbox="249 798 484 869" style="list-style-type: none"><li data-bbox="249 798 484 831">• Spot Basis<li data-bbox="249 836 484 869">• Area Basis	<p data-bbox="755 710 942 743"><i>Outcomes</i></p> <ul data-bbox="755 754 1199 874" style="list-style-type: none"><li data-bbox="755 754 1199 787">• Availability/accessibility<li data-bbox="755 798 1006 831">• Affordability<li data-bbox="755 841 1020 874">• Sustainability	



National Objective: Low/Mod Benefit - Housing

- Typical activities:
 - *homeowner rehab,*
 - *rental rehab, and*
 - *homebuyer assistance*
- Structures must be occupied by low/mod households:
 - *One unit structures occupied by LMI*
 - *One unit of a duplex occupied by LMI*
 - *51% of 3+ units occupied by LMI*



Rental Housing Activities*

- Acquisition, New Construction, and Rehabilitation
- Acquisition
 - *Units are rented to LMI persons at affordable rent*
 - *Must be public or non-profit purchaser*
- New Construction (HOME)
 - *Construction support*
 - *Exceptions and conditions apply*
- Rehabilitation (CDBG and HOME)
 - *Units must be rented to LMI persons at affordable rent*

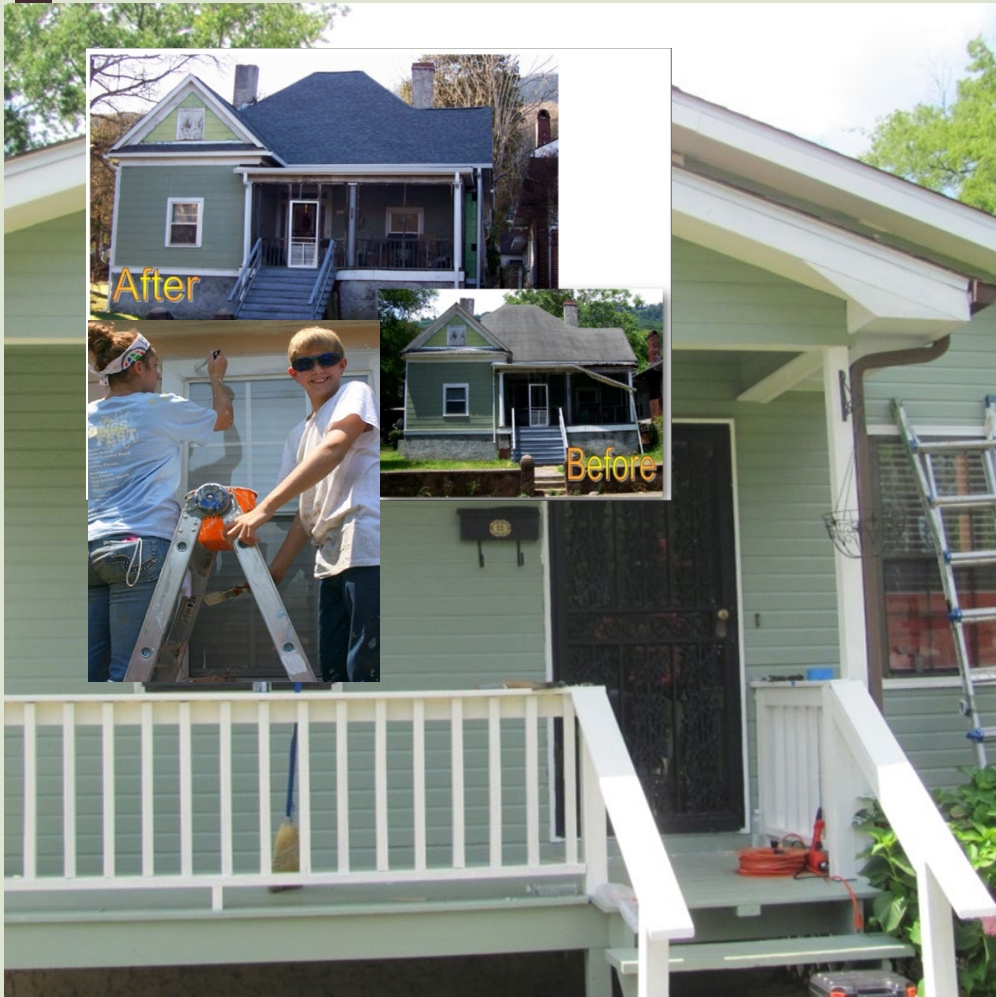
*There is a separate application process for rental activities that is open year-round



Homebuyer Activities

- Assistance to Homebuyers OR Development Assistance
- Public Service Activity (subject to the cap)
- Direct Homeownership Assistance
 - *Up to 50% of required down payment*
 - *Reasonable closing costs*
 - *Principal write-down*
 - *Acquisition financing*
 - *Acquisition of mortgage guarantees*

Homeowner Rehabilitation



- Assistance can be in the form of grants, loans, loan guarantees, interest subsidies
- Minor/Moderate/Substantial Rehab Possible
- Special Purpose Programs
 - *Energy Efficiency*
 - *Emergency Repair*
 - *Handicapped Accessibility Programs*
- Reconstruction
 - *Conditions Apply*
- Can't be used for the construction of homes from the ground up
- Refinancing allowed only as part of a rehab project and makes the rehab affordable
- Cost of rehab cannot exceed 75% of the after-rehab value.



Slum and Blight: Spot Basis

- Property must meet one or more of the following criteria:
 - *Physical deterioration*
 - *Unsafe living conditions*
 - *Abandonment of property*
 - *Known or suspected environmental contamination*



Slum and Blight: Area Basis

- Area must meet the definition of slum/blighted area under state/local law,
- AND
- Meet either A or B below:
- A. At least 25% of properties throughout the area experience 1 or more of the following conditions:
 - *Physical deterioration*
 - *Abandonment of property*
 - *Chronic high occupancy turnover*
 - *Significant decline in property values*
 - *Known or suspected environmental contamination*
- B. Public improvements in area are in general state of deterioration
- Typical activities include code enforcement, infrastructure, commercial rehab



Low Mod Area Benefit

- Low/Mod Area Benefit
- Activity must benefit all residents of the area.
- 51% LMI persons
- Area must be primarily residential
- Must determine service area of activity
- Typical activities include water/sewer improvements, parks, community centers



Low/Mod Benefit: Job Creation/Retention

- Activities must create or retain jobs
AND
- 51% of the jobs created/retained must be available to or held by LMI persons
 - *Jobs counted on full time equivalent (FTE) basis*
- Typical activities include business loans, commercial rehabilitation, infrastructure to a business.



**HOME AND OTHER FUNDS
FOR THE
PRESERVATION AND
PRODUCTION OF AFFORDABLE
HOUSING**

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Housing Priorities

Increase housing inventory for low/moderate income populations, including special needs populations (homeless, seniors, veterans, disabled) through:

- Reconstruction or rehabilitation of existing single and multifamily housing properties (for rental),
- New rental housing development, and
- Homeownership housing development (nonprofits, CHDOs)

All activities funded must be within the Chattanooga city limits.

Eligible Applicants

- Public agencies
- For-profit developers
- Non-profit developers

Must have documented capacity/experience to construct/rehab and operate housing that benefit low-income families

- At the time of application, either own the property or have a binding/viable contract to purchase the property,
- Can demonstrate financial and organizational capacity to undertake and complete project and adhere to long term compliance and management requirements,
- Must be in good standing with HCI on all previous grants,
- Property taxes and all storm water fees must be current, and
- All applicants must be registered in SAM.gov and have a UEI number

General Program Rules

HOME Long-Term Affordability

Less than \$15,000	7 years
\$15,000 - \$40,000	10 years
More than \$40,000	15 years
New construction of rental housing	20 years
Refinancing of rental housing	15 years

Throughout the affordability period the HOME assisted housing must be occupied by income-eligible households.

Grant Funding Opportunities – Continuously Open

HOME Affordable Housing Program (HOME)

- New construction or Rehabilitation of rental housing or homeownership housing
- (Non-profits and For-profits apply to City)
- Maximum grant funding determined on a project-by-project basis based on determined gap needed
- POA: 7-20 years

Landlord Renovation Program (CDBG)

- (Non-profit and For-profit landlords apply to City)
- Renovation of **vacant**, substandard rental units.
- Landlords can receive a grant to cover 50% of renovation costs, up to \$17,000, based on number of bedrooms.
- POA: 7 years

Grant Funding Opportunities – Continuously Open

Rapid Rental Repair (RRR)

- Assistance to eligible landlords with vacant rental units to complete maintenance & minor repairs to enable quick occupancy by income eligible households.
- The maximum grant amount is **\$4,900 per unit**
- 5-unit maximum.
- Rent unit to individual or household with an income at or below 60% of the AMI.
- Property must be vacant at time of application.
- POA: 1 year

Other City programs

- The Affordable Housing Fund
- PILOT Program

Grant Funding Opportunities – Continuously Open

- Applications are accepted and reviewed on an on-going basis – first come (completed), first funded. Projects will be approved for funding as long as funds last.*
- Visit City's website for detailed information about these programs.
- The City hosts informational workshops throughout the year on these programs

**City will attempt to ensure potential applicants are aware of how much funding is available before they go through the trouble of submitting an application.*

Environmental Review Requirements

- **ALL** projects must go through an environmental review process **BEFORE** you can do anything with your program/project. Starting any portion of your project, including, but not limited to acquisition, clearing land, bidding and awarding contracts, hiring employees, etc. related to the program/project may result in it being ineligible for federal funding.
- If your program/project is awarded funds, you will be contacted by City Staff to discuss these provisions and your requirements in detail.
- If your project requires an **Environmental Assessment**, you will be expected to procure an Environmental Consultant to conduct this review and submit it to the City for approval. There will also be a publication cost associated with these environmental reviews. To determine if your project will require one of these special reviews, contact Regina Partap at rpartap@chattanooga.gov

Other Federal Requirements

- Fair Housing and Equal Opportunity
- Section 3
- Handicapped Accessibility
- Financial Management Requirements
- Lead Paint Hazard Reduction
- Relocation, Acquisition, and One-for-One Replacement
- Davis Bacon Labor Standards
- Debarred/Suspended Parties
- Copeland Anti-kickback Act
- Others, As Applicable

*** All applicants approved for funding will be required to attend a mandatory subrecipient training covering these requirements and the City's expectations.**

Application & Timelines (CDBG)

- Application will be available on City website on January 23, 2024
<https://chattanooga.gov/economic-development/public-announcements>
- Technical assistance will be available upon request between January 15th through February 22nd. Call 423-643-7330 to schedule time to meet with the staff.
- Applications Due – February 23, 2024
- Funding decision process complete – March 2024
- Action Plan Public Meeting - April 4, 2024

Application Review

CDBG Applications

Scoring Sheet

Housing & Community Investment (HCI) - Application Review and Scoring Form	
FY 2024-2025	
Page 2	
Organizational Capacity	
1. Years entity has been in operation: (< 1 yr.- 0 points) (1 yr.- 1 point) (< 4 yrs. - 2 points) (>4 yrs. - 5 points)	
2. Prior experience managing Federal or other grants?: (No - 0 points) (Yes - 5 points)	
3. Proposed project addresses a priority in the Consolidated Plan? (No - 0 points) (Yes - 5 points)	
4. Organization has a favorable history pertaining to HCI/ECD-HUD funded projects. (0 - 5)	
5. Agency has no known issues that could affect its ability to manage federal grants. (No -1 point) (Not sure - 0 points)	
Sub-Total	0
6. Adequate staff capacity for activity/program/project. (0-5 points)	
7. Sound organization and management structure. (0-5 points)	
8. Sound financial management system. (0-5 points)	
9. Structured Board providing oversight. (0-5 points)	
10. Prior experience in carrying out proposed activity. (0-5 points)	
11. Adequate resources to remain an ongoing entity. (0-5 points)	
Sub-total	0
Total Organizational Capacity	0
Application Completeness and Project Feasibility	
12. Provides a clear description of need/problem. (0-5 points)	
13. Provides clear objectives and outcomes. (0-5 points)	
14. Request is consistent with needs and objectives. (0-5 points)	
15. Tasks are clearly identified and described. (0-5 points)	
16. Cost estimates and budget are reasonable - certified/reliable source. (0-5 points)	
17. Project/activity/program appears to be financially sound. (0-5 points)	
18. Project/activity/program is leveraged with other funding. (0-5 points)	
19. Proposed schedule is realistic. (0-5 points)	
20. Applicant has a plan for future continuity of project without CDBG funding. (0-5 points)	
21. If funded, is activity/project/program sustainable without future CDBG funds? (No - 0 points) (Yes - 5 points)	
22. Is the proposed activity/program/project an unnecessary duplication of an existing program? (Yes - 0 points) (No - 5 points)	
23. Through proposal, does applicant demonstrate local collaboration without duplication of efforts? (No - 0 points) (Yes - 5 points)	
Total for Application Completeness and Project Feasibility	0
Total Application Points	0
Notes/Comments	

Next Steps

We are here



FY 2024-2025 Allocation Calendar (Tentative)

January 8, 2024	Publications announcing Application/Allocation/Funding Process & Workshop for Community Development Block Grant (CDBG)
January 15, 2024	Applications Available
January 25, 2024	In-person Application/Allocation Workshop for Community Development Block Grant (CDBG)
January 29, 2024	Virtual Application/Allocation Workshop for Community Development Block Grant (CDBG)
January 15 – February 22, 2023	Application Technical Assistance
February 23, 2023	Applications Due
February 26 – March 8, 2024	Review of Applications
March 11-15, 2024	Meeting with Advisory Committee to discuss recommendations
March 18, 2024	Publication/Announcement of Public Meeting and Public Comment
March 26, 2024	Presentation of Recommendations to Council
March 18 - April 17, 2024	30 - Day Comment Period for Funding Recommendations
April 4, 2024	Public Meeting - Action Plan - Outlining Funding and Activities
April 23, 2024	City Council Approval - Resolution
April 24, 2024	Award/Rejection Notifications
May 12, 2024	Submit Action Plan to HUD
June 2024	Contracts written and approved
TBD	Subrecipient Training and Contract Signing
July 2024	Contracts sent to Mayor for Signature



QUESTIONS AND COMMENTS