

NYS Housing Trust Fund Corporation
Office of Community Renewal

NYS Community Development
Block Grant Program

Economic Development Programs



Agenda

- CDBG Overview
 - Eligible Activities
 - Funding Limits
 - Program Guidelines
- National Objective Compliance
- Underwriting Guidelines

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 (LMI) 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

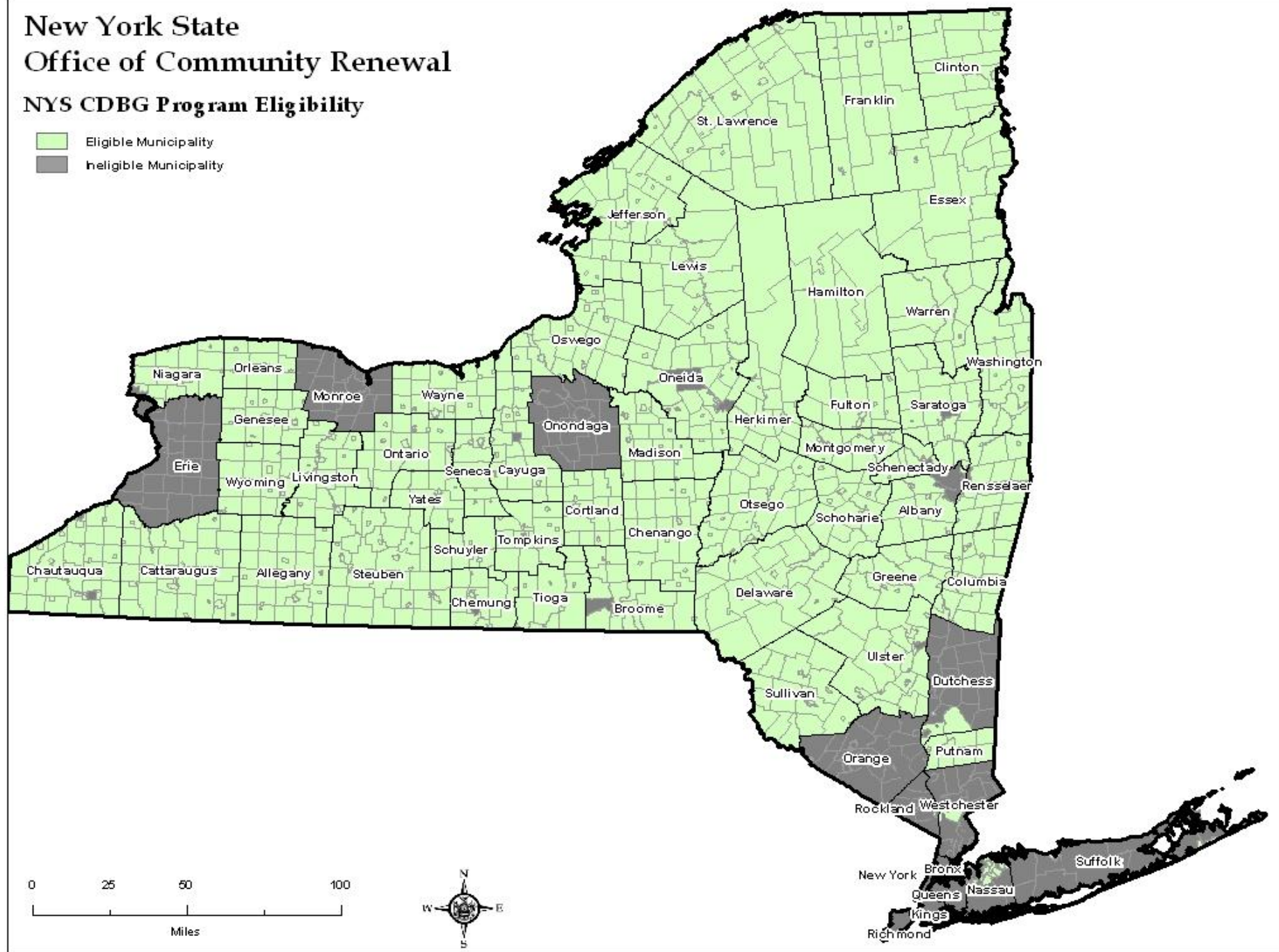
Non-entitlement areas - **units of local governments** with populations of less than 50,000 and counties with populations of less than 200,000.

NYS CDBG funds are not provided directly to businesses.


New York State Office of Community Renewal


NYS CDBG Program Eligibility

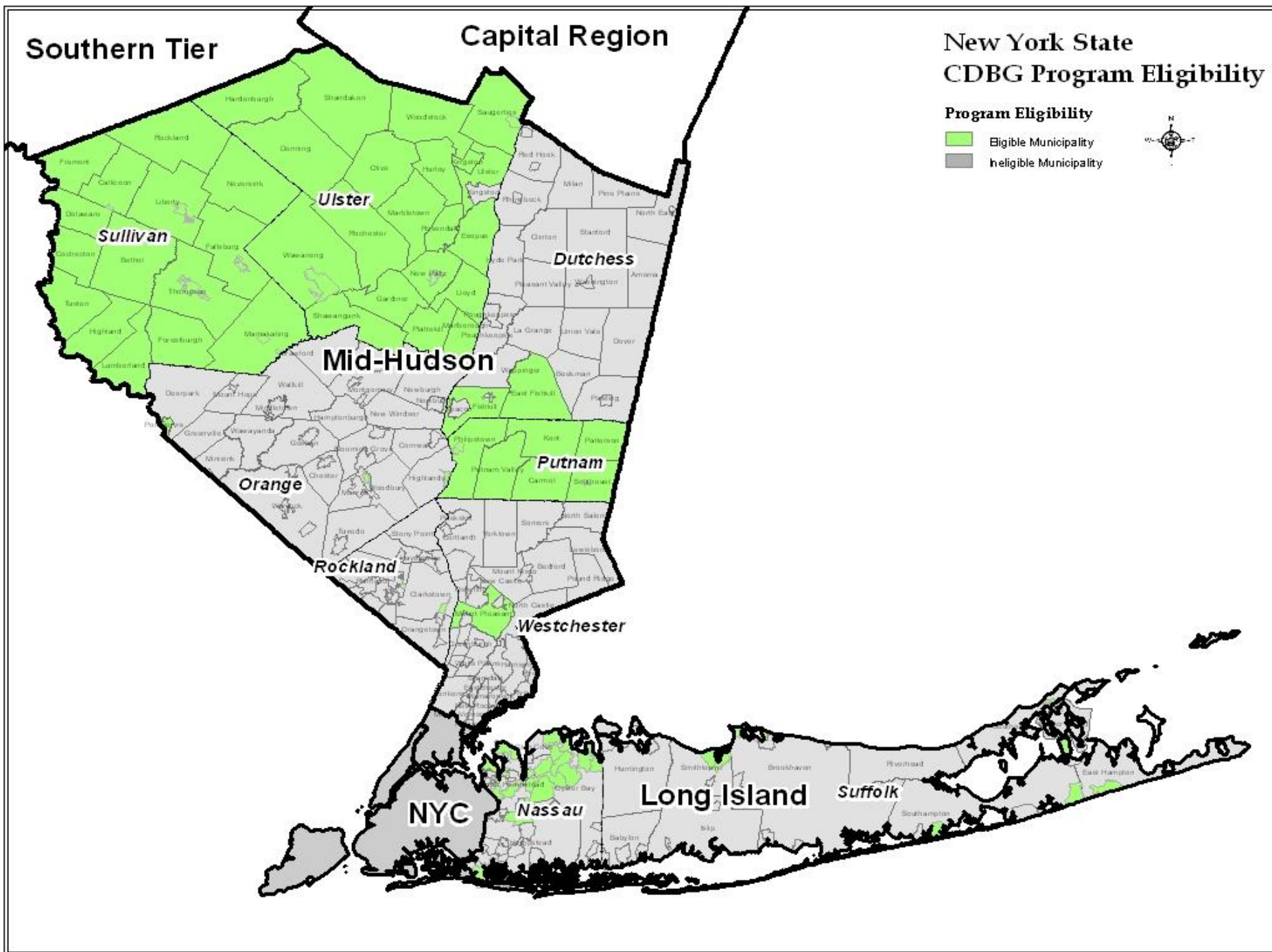
- Eligible Municipality
- Ineligible Municipality



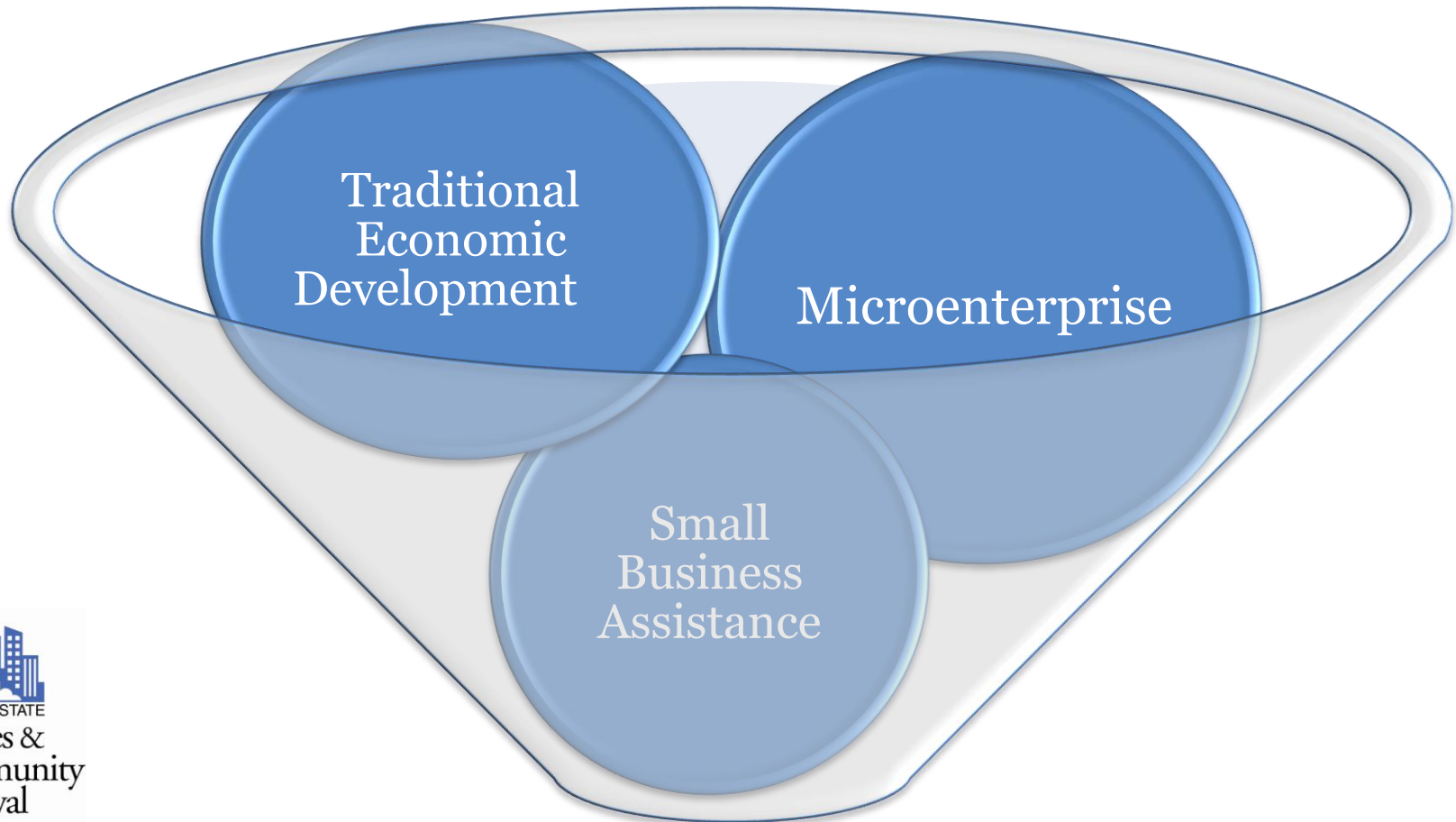
New York State CDBG Program Eligibility

 Eligible Municipality

 Ineligible Municipality



Eligible Economic Development Activities



Economic Development Funding Activities

Traditional Economic Development Program

- Provide financial assistance to for-profit 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.

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.

CDBG and the CFA



NYS Consolidated Funding Application

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Application Number 3343

Project: hcr PPT

[more](#)

Select Project Category

Welcome to the NYS Consolidated Funding Application.

This is the first step of your application so please answer the following set of questions as accurately as possible.

Choose one or more categories below that best represent the *hcr PPT* project for which you wish to submit this application:

- ☐ Affordable Housing
- ☐ Community and Waterfront Revitalization
- ☒ Direct Assistance to Businesses
- ☐ Energy & Environmental Improvements
- ☐ Low Cost Financing
- ☐ Municipal/Public Infrastructure
- ☐ Parks, Recreation, Historic Preservation and Heritage Areas
- ☐ Sustainability Planning Assistance
- ☐ Transportation Infrastructure
- ☐ Workforce Development

[Proceed with Application](#)

CDBG and the CFA

BUSINESS

Application Number 33

Project: hcr PPT

[more](#)

Select Type of Project

Choose one or more project types below that best represent your project:

Economic Development
& Small Business
Programs

☐ Heritage Areas system acquisition, development or planning

☐ Project will lead to the retention of existing jobs in NYS

☒ Direct assistance to a business by a unit of local government that involves the creation and/or retention of jobs, primarily for persons of low- to moderate-income.

☐ Energy Efficiency Projects for customers with a total annual utility usage greater than \$5,000,000 (Energy Study/Audit/Master Plan/Benchmarking, New Construction/Substantial Renovation, Retrofit to an Existing Building, Industrial and Process Efficiency Improvements)

☐ Worker skills upgrading programs

☐ Food market operation expansion into an economically distressed area so that low-income residents have access to healthy food

☒ Development of a local Microenterprise Program by a unit of local government that supports low- to moderate-income business owners and/or creates jobs primarily for persons of low- to moderate-income.

☐ Energy Efficiency Projects for customers with a total annual utility usage less than \$5,000,000 (Energy Study/Audit/Master Plan/Benchmarking, New Construction/Substantial Renovation, Retrofit to an Existing Building, Industrial and Process Efficiency Improvements)

☐ Project will create net new jobs in NYS

☐ Waste reduction, recycling, pollution prevention, or sustainable product development by business(es)

☐ Low cost power for businesses (including not-for-profits)

Microenterprise
Program

Eligible Economic Development Activities

- Community applies on behalf of business or to support a microenterprise program
- Citizen Participation requirements must be met prior to submitting an application
 - 2 public hearings within the applicant jurisdiction
- Create/retain permanent jobs principally for persons from LMI families.
- No costs (CDBG and Non-CDBG) can be incurred prior to the Housing Trust Fund Corporation award &/or Release of Funds, which is issued by OCR.
- Project must be complete within 24 months. (Includes achieving job goals)
- Eligible uses of funds include:
 - Acquisition of real property
 - Financing of machinery, furniture, fixtures & equipment
 - Building construction & renovation (*with exceptions*)
 - Working capital
 - Inventory
 - Employee training expenses

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

***Maximum awards are not intended to serve as
target figures for requests for assistance!***

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
- **At least** one (1) full time equivalent (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
- **At least** 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

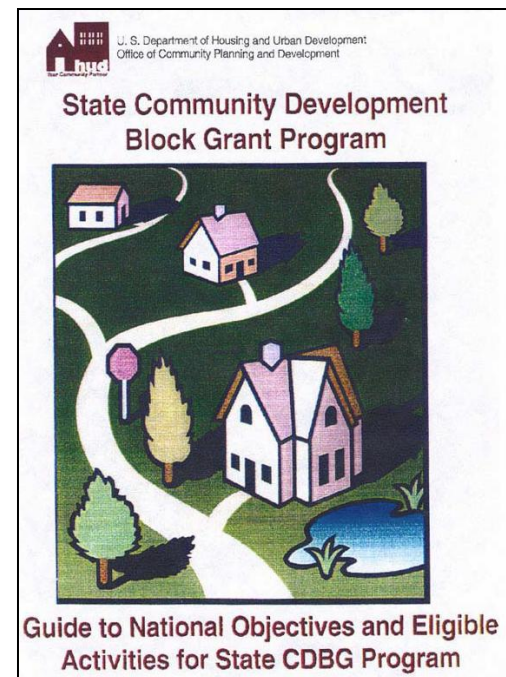
A microenterprise is defined as a commercial enterprise that has 5 or fewer employees, 1 or more who owns the enterprise.

- Maximum total award amount to community: \$200,000
- Individual **grant** amount to business: \$5,000 to \$35,000
- A minimum of 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 (LMI) 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.

Questions?

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