



2019 VIRGINIA GOVERNOR'S INFRASTRUCTURE FINANCING CONFERENCE

COMMUNITY DEVELOPMENT BLOCK GRANTS (CDBG) AND SECTION 108 LOANS AS PROJECT LEVERAGE

COMMUNITY DEVELOPMENT BLOCK GRANTS (CDBG)

- ❖ More than **\$38,000,000** in 2018 CDBG funds were granted to “entitlement communities” (cities with more than 50,000 residents and counties with more than 200,000 residents).
- ❖ Another **\$18,000,000** in 2018 CDBG funds were granted to the Virginia Department of Housing & Community Development (DHCD), which administers the program for Virginia’s “non-entitlement” communities.

VIRGINIA'S ENTITLEMENT COMMUNITIES

*(COMMUNITIES MARKED WITH * ARE IN HUD'S DC FIELD OFFICE JURISDICTION)*

*Alexandria

Blacksburg

Bristol

Charlottesville

Chesapeake

Christiansburg

Colonial Heights

Danville

Fredericksburg

Hampton

Harrisonburg

Hopewell

Lynchburg

Newport News

Norfolk

Petersburg

Portsmouth

Radford

Richmond

Roanoke

Suffolk

Virginia Beach

Waynesboro

Winchester

*Arlington Co.

Chesterfield Co.

*Fairfax Co.

Henrico Co.

*Loudoun Co.

*Prince William
Co.

CDBG IN VIRGINIA'S COMMUNITIES

- ❖ The core aspect of CDBG is its flexibility. HUD does not tell communities what they must do with the CDBG funds they receive.
- ❖ Communities develop their own spending plans (Consolidated Plans) based on three broad National Objectives:
 - At least 70% of the funding must go to meet the needs of low and moderate income people
 - Elimination of slums and blight
 - Address an unexpected critical emergency
- ❖ Citizen input into Consolidated Plan is required.

HOW VIRGINIA USES CDBG FUNDS

To...

- ❖ Expand the supply of affordable housing
- ❖ Rehabilitate housing stock & revitalize neighborhoods
- ❖ Make needed community improvements
- ❖ Promote economic development & job growth
- ❖ Support services essential to a community's revitalization
- ❖ Assist with Disaster Recovery

USING CDBG FOR INFRASTRUCTURE

- ❖ **CDBG funds may be used to leverage other funding for acquisition of real property for a public purpose, public facilities and improvements, which include:**
 - **Acquisition, construction, rehabilitation, or installation of public facilities and improvements**
 - ❑ **Includes water, wastewater, streets, storm water drainage, bridges, etc.**
 - **Public facilities include neighborhood facilities, firehouses, public schools and libraries (excluding buildings for the general conduct of government)**
 - **MUST meet one of the 3 broad National Objectives**

SECTION 108 LOANS

- ❖ **Section 108 is a loan guarantee provision of the Community Development Block Grant (CDBG) program.**
- ❖ **HUD offers communities a source of financing for certain community development activities, including economic development and leverage for large-scale physical development projects.**

SECTION 108 LOANS

- ❖ **Eligible activities include:**
 - **Real property acquisition**
 - **Special economic development activities under the CDBG program**
 - **Leverage for acquisition, construction, rehabilitation, or installation of public facilities and improvements**
 - **Site improvements**

SECTION 108 LOANS

- ❖ **More about Section 108:**
 - **CDBG rules and requirements apply**
 - **Loans may be for terms up to 20 years**
 - **Grantees may borrow up to 5 times their most recent CDBG allocation. The applicant pledges its current and future CDBG funds as the principal security for the loan guarantee**
 - **HUD may require additional security for each loan**
 - **Grantees include CDBG entitlement grantees and the Commonwealth of Virginia (DHCD) on behalf of one or more non-entitlement localities**

SECTION 108 LOAN PROCESS

- ❖ Applications may be submitted concurrent with the grantee's Consolidated Plan and/or Action Plan, or at any other time.
- ❖ Applications must be coordinated with your local HUD office and include:
 - The community development objectives to be pursued and the activities to be carried out
 - The National Objective(s) that will be met

SECTION 108 LOAN PROCESS

- ❖ **Not all applications are approved as submitted. Applications may be denied or approved for a lesser amount; or additional collateral may be requested, depending on underwriting results.**
- ❖ **Loan funds may be provided in the form of interim financing at a floating rate, or through permanent financing based on a public offering to investors.**

SECTION 108 LOANS IN VIRGINIA

- ❖ The City of Richmond has two Section 108 loans being used as loan pools targeted to large, mixed-use real estate projects and mixed-income housing development. Through targeted investments of city and private funds, the city hopes to positively affect neighborhood conditions.
- ❖ The City of Lynchburg used Section 108 loan funds to provide a loan to a developer for the adaptive reuse of the former Craddock Shoe manufacturing facility into a boutique hotel.
- ❖ The City of Roanoke used \$6 million in Section 108 loan funds for the rehabilitation of the Hotel Roanoke and Conference Center.

USING CDBG AND SECTION 108 LOANS FOR INFRASTRUCTURE

- ❖ **When planning to use CDBG and Section 108 for Infrastructure, the key is to think LONG TERM COMMUNITY DEVELOPMENT.**
- ❖ **Tie infrastructure plans to the Community's Capital Improvement Plan.**
- ❖ **Get the project plan and all needed support lined up in advance.**

HUD IN VIRGINIA - CONTACTS

Richmond Field Office:

Carrie S. Schmidt – Field Office Director

carrie.s.schmidt@hud.gov

Ronnie J. Legette – Community Planning and Development (CPD) Program Director

ronnie.j.legette@hud.gov

DC Field Office (covers Arlington, Loudoun, Fairfax and Prince William Counties and City of Alexandria):

Marvin Turner – Field Office Director

marvin.turner@hud.gov

Michael Rose - Community Planning and Development (CPD) Program Director

michael.d.rose@hud.gov



THANK YOU!