

2012 CDBG APPLICATION
Housing New Construction

COMMUNITY DEVELOPMENT / HOUSING ACTIVITIES

Housing New Construction

Maximum: \$600,000

Important Note:

Because this activity is very unique, if an applicant would like to apply for a Housing New Construction activity, please contact a CDBG Representative for further application instructions.

2012 CDBG APPLICATION

Housing New Construction

HOUSING NEW CONSTRUCTION - Instructions Only

CDBG funds can be used for housing new construction but only in very limited circumstances and the activity must be carried out by certain specific subrecipients.

Housing new construction must meet a national objective:

- *Benefiting low- and moderate-income persons;*
- *Eliminating conditions of slums or blight;*
- *Meeting a particularly urgent community development need.*

Important Note: Because this activity is very unique, if an applicant is considering applying for a Housing New Construction Activity, please consult a CDBG Program Representative for further application instructions

What circumstances allow housing new construction?

- As “last resort” housing for a displaced person/household (not common): Under 24 CFR, Part 42, Subpart I, grantees may construct housing of last resort. Grantees are limited to constructing housing for displacees of a CDBG project, subject to the Uniform Relocation Act, when the project is prevented from proceeding because comparable replacement housing is not available otherwise [section 570.207(b)(3)(i)].
- As part of a Neighborhood Revitalization Project (not common): An eligible subrecipient must be a Community Based Development Organization (CBDO) undertaking a neighborhood revitalization, community economic development, or energy conservation project with CDBG funds. Also, the local jurisdiction must determine that the project is necessary or appropriate to achieve its community development objectives.

Neighborhood Revitalization Programs must be pre-approved by the Department and the status of the CBDO reviewed.

- Who is an eligible subrecipient? The regulations at Section 570.204(a) allow for certain "eligible subrecipients" to receive CDBG funds for constructing housing. The eligible subrecipients are described in Section 570.204(c) as neighborhood-based nonprofit organizations (NBOs), Section 301(d) Small Business Investment Companies (SBICs), and local development corporations (LDCs).
- To receive funding, eligible subrecipients must carry out the project in name and deed. Although inexperienced eligible subrecipients may need technical assistance from the local jurisdiction, the eligible subrecipient must actually be implementing the activity.

Note: Except as provided for above, grantees are prohibited under Section 570.207(b)(3) from constructing new housing using CDBG funds.