

The background of the slide features a large, faint watermark of the University of Buffalo seal. The seal is circular and contains the text "UNIVERSITY OF BUFFALO" around the perimeter. In the center, there is a crest with a sun rising over mountains and a river, with a figure holding a staff. The watermark is light blue and yellow.

# Community Development Block Grant (CDBG) Program Income (PI) Application

# CDBG Background

- Funds are released annually through a Notice of Funding Availability (NOFA).
- The next NOFA is expected to be released in late July.
- The primary federal objective of the CDBG program is the development of viable urban communities by providing decent housing and a suitable living environment and through expanding economic opportunities, principally, for persons of low- and moderate-income.
- “Persons of low and moderate income” are defined as families, households, and individuals whose incomes do not exceed 80 percent of the county median income, adjusted for family or household size.

# Current Income Limits

| Persons in Household | 1        | 2        | 3        | 4        | 5        | 6        | 7        | 8        |
|----------------------|----------|----------|----------|----------|----------|----------|----------|----------|
| Extremely Low 30%    | \$19,000 | \$21,700 | \$24,400 | \$27,100 | \$29,300 | \$31,450 | \$33,650 | \$35,800 |
| Low 50%              | \$31,650 | \$36,200 | \$40,700 | \$45,200 | \$48,850 | \$52,450 | \$56,050 | \$59,700 |
| 60% Limit            | \$37,980 | \$43,440 | \$48,840 | \$54,240 | \$58,620 | \$62,940 | \$67,260 | \$71,640 |
| Moderate 80%         | \$50,650 | \$57,850 | \$65,100 | \$72,300 | \$78,100 | \$83,900 | \$89,700 | \$95,450 |

# CDBG Requirements:

## National Objectives

- All CDBG activities must meet one of the following National Objectives:
  - (1) benefit low- and moderate-income persons;
  - (2) aid in the prevention or elimination of slums and blight; or
  - (3) meet certain urgent community needs.
- Depending on the type of project or program, benefit can be provided directly to low-moderate-income persons, or to a predominantly low-moderate income area

# Program Income

- Program Income (PI) is generated as loans are repaid to the City.
- The City has \$570,000 in current and anticipated PI funds (projected over the next three years).
- The City held a Design Phase Public Hearing on July 8, 2024 regarding the use of PI funds. Council directed staff to prepare a PI application for a Business Assistance Loan Program.
- Before application submittal, the public must be allowed to comment on the proposed application and Council must adopt a resolution approving it.

# Business Assistance Loan Program

- Serves start-ups or existing businesses within City limits.
- Funds may be used for purchase of equipment, inventory, real property, working capital, debt consolidation, and construction (Davis-Bacon Labor Law requirements must be followed for construction).
- Businesses may be loaned up to \$300,000, depending on available funds.
- For every \$35,000 loaned, one full-time job is created or retained, and 51% of those jobs are filled by members of the low- to moderate-income group.
- Loan amounts and terms are determined on a case by case basis, with interest rates starting as low as 1%.
- Terms are dependent on the recipient's cash flow needs and risk level of the loan. Repayment terms are based on the capacity of the business to repay, with deferral of payments possible based on income and expense projections.
- There are no loan fees.

# Business Assistance Loan Program Budget

| <b>Funding Category</b>                                  | <b>Amount</b>    |
|--|------------------|
| <b>Activity</b>  | <b>\$487,180</b> |
| Direct Loans to Businesses (85% of Activity)             | \$414,103        |
| Activity Delivery - Consultant & Staff (15% of Activity) | \$73,077         |
| <b>General Administration (17%)</b>                      | <b>\$82,820</b>  |
| <b>Total</b>   | <b>\$570,000</b> |

Anticipated Job Creation / Retention: 12 jobs  
(at least 50% filled by low-moderate income persons)

# Timeline for PI Only Application

(Subject to Change)

- July 08, 2024: Design Phase Public Hearing was held
- July 22, 2024: Application Approval (Public Hearing + Resolution)
- July 26, 2024: Application Submission
- December 31, 2024: Executed Contract (Program begins)
- December 30, 2027: Contract Expiration (Program completion)
- Ongoing: Loan repayments become future Program Income