# SECTION V. Specific Program Requirements, 91.320 (k)

This section discusses the program specific requirements for the four block grant programs covered under the 2012 Action Plan: CDBG, HOME, ESG and HOPWA.

## CDBG Requirements, 91.320 (k)(1)

All activities, which are eligible for federal CDBG funding under Section 105 of the Federal Housing and Community Development Act of 1974, as, amended (Federal Act), are eligible for funding under the Indiana Office of Community and Rural Affairs’ (OCRA) FY2012 CDBG program. A complete description of the FY2012 CDBG Method of Distribution for OCRA is included in Appendix D and IHCDA’s Solution Allocation Process is included in Appendix F.

Method of distribution. The OCRA reserves the right to prioritize its method of funding; the OCRA prefers to expend federal CDBG funds on activities/projects which will produce tangible results for principally low and moderate income persons in Indiana. Funding decisions will be made using criteria and rating systems, which are used for the State's programs and are subject to the availability of funds. It shall be the policy under the state program to give priority to using CDBG funds to pay for actual project costs and not to local administrative costs. The State of Indiana certifies that not less than seventy-percent (70 percent) of FY2012 CDBG funds will be expended for activities principally benefiting low and moderate income persons, as prescribed by 24 CFR 570.484, et. seq.

Section 108 Loan Guarantee Program. The State of Indiana pledges future CDBG allocations as security for loans in accordance with the HUD Section 108 Loan Guarantee Program Final Rule published November 6, 1991. Applications may be submitted at any time during the year, as long as funds are available from HUD. The minimum loan amount is $1,000,000 and the maximum loan amount is $7,000,000. The state may enter into loan guarantee agreements in support of projects sponsored by an individual local government. Project must meet minimum criteria with respect to equity, collateral and underwriting standards. The CDBG Loan Guarantee Program (Section 108 Program) is an economic and community development financing tool authorized under Section 108 of Title I of the Housing and Community Development Act of 1974, as amended. The program provides a method of assisting non-entitlement local governments with certain unique and large-scale economic development projects that cannot proceed without the loan guarantee. In order to be eligible a project must meet all applicable CDBG requirements and result in significant employment opportunities and/or benefits for low- and moderate-income persons. Unlike the traditional CDBG Program, the Section 108 Program does not operate through assistance from the Office of Community and Rural Affairs (OCRA) or Indiana Housing and Community Development Authority. Rather, funds are raised through OCRA’s “Pledge of Grants” to the U.S. Department of Housing and Urban Development (HUD) in order to obtain a federal guarantee of notes issued by the local government. The federally guaranteed notes are sold into private markets through public offerings conducted by HUD. By approving the project, a State pledges its future CDBG funds as the ultimate repayment source should a Section 108 loan default. The State’s participation in the Section 108 program does not involve a pledge of Indiana’s full faith and credit nor does it commit any funding to the local government. HUD makes the ultimate approval or denial of the federal guarantee.

CDBG housing. OCRA has contracted with IHCDA to administer funds allocated to the State's Housing Program. IHCDA will act as the administrative agent on behalf of OCRA. IHCDA will implement the following activities in conjunction with administration of the CDBG grant for housing-related activities.