

# HOMEOWNERSHIP FOR ALL AMERICANS



**How CDBG Funds Can Be Used to  
Increase Homeownership in Your Community**





# Homeownership For All Americans

## How CDBG Funds Can Be Used to Increase Homeownership in Your Community

Homeownership is something that Americans strive for, but it has been out of reach for some, mainly due to high costs associated with buying a home. One of the top missions of the Department of Housing and Urban Development is to expand homeownership opportunities for all Americans and in particular, to serve those that have been traditionally underserved. There are many programs at HUD that help citizens become homeowners. Information can be found on [www.hud.gov](http://www.hud.gov) and at one of many homeownership fairs that are hosted by HUD throughout the nation annually.

This guidance will help citizens and our partners in community development learn how Community Development Block Grant (CDBG) funds can be used to increase homeownership. The CDBG program has helped underserved communities in America for over 30 years. Homeownership assistance is among the eligible activities that can be funded through the CDBG program. Activities that support homeownership include: downpayment assistance, land acquisition, construction, homebuyer counseling, infrastructure, rehabilitation/historic preservation and Individual Development Accounts (IDAs) which are special savings accounts managed by a community organization.

*"For many people, owning a home represents their American Dream and the CDBG program helps make that dream come true. CDBG helps support local programs all across this country, opening doors to homeownership, and strengthening entire communities in the process."*

-Pamela H. Patenaude  
HUD's Assistant Secretary for  
Community Planning and Development

## National Objectives and Eligible Activities

The CDBG program provides annual grants on a formula basis to states, entitled cities and urban counties. The Entitlement program serves large metropolitan cities and urban counties and these areas receive their CDBG money directly from HUD. In the State program, the states receive their CDBG money from HUD and distribute it to smaller towns and rural areas that are not otherwise eligible in the Entitlement program.

All activities that are funded by CDBG must meet a national objective as established by the federal regulations in 24 CFR 570.208 for the Entitlement program and in 24 CFR 570.483 for the State program. The activity must benefit low- and moderate-income persons; prevent or eliminate slums or blight; or be designed to meet an urgent community development need. Both the Entitlement and the State programs require that at least 70 percent of CDBG funds and Section 108 loan funds be used to benefit low- and moderate- income persons. Low and moderate income is defined as families and individuals whose incomes are no more than 80 percent of the area median income. Each state may have additional requirements that units of general local government must follow.

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The following are eligible CDBG activities that CDBG grantees may use to expand homeownership opportunities. The Entitlement regulation and Housing and Community Development Act (HCDA) statutory citations are included for your convenience.

## **CDBG Homeownership Activities can include:**

**Homebuyer counseling:** Grantees may fund, as a public service activity, a counseling program that provides information on financial responsibilities, budgeting, housing needs, housing quality, maintenance requirements, and any costs involved with buying a home. The housing counseling program may include pre-purchase counseling and counseling about preventing loan defaults and foreclosures. Please note that these activities fall under the public services category that may be subject to a 15% spending cap of a grantees allocation. HUD's HOME program provides grants to states and local governments called participating jurisdictions or "PJs" to help expand the supply of decent, affordable housing for low- and very low-income families. 24 CFR 570.201(e), HCDA Section 105 (a)(8).

## **Housing activities in support of HOME-assisted homeownership:**

**Combining HOME and CDBG funds:** CDBG funds may also be used in conjunction with HOME funds to expand the supply of housing available for purchase, in accordance with the CDBG eligibility requirements described in this guidance. When CDBG and HOME funds are used together for the same activity, both CDBG and HOME program requirements must be met. For example, HOME requires that all households benefiting from HOME assistance must have incomes that do not exceed HOME income limits, even when the activity is classified as meeting the CDBG National Objective of eliminating slums or blight.

CDBG funds may be used towards homebuyer counseling, loan processing, inspections, and other services related to assisting owners, tenants, contractors, and other entities participating or seeking to participate in homeownership housing activities assisted by the HOME program. 24 CFR 270.201(k), HCDA Section 105(a)(20).

## **Homebuyer financial assistance:**

CDBG funds may assist potential homebuyers with their closing costs, down payments, mortgage insurance costs and mortgage payments on a new or existing home. CDBG funds may also be used to subsidize interest rates and mortgage principal amounts. The unit of general local government either directly carries out these activities or gives the CDBG grant to an eligible community-based development organization (CBDO) or non-profit, who then gives the money to the eligible homebuyer. 24 CFR 570.201(n), HCDA Section 105(a)(24).



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## **New Housing Construction:**

New housing construction is generally an ineligible activity under the CDBG program except for the circumstances mentioned below. HCDA 105(a) (15) and 24 CFR 570.204(a) is intended to prevent grantees from acting as developers themselves with CDBG financing and from directly financing or acquiring new housing. In addition, new housing construction by private developers is not eligible for CDBG assistance because such projects are not deemed economic development projects under the requirements of that section.

### **An Entitlement grantee may use CDBG funds for:**

- \* Construction by an eligible subrecipient as described in 24 CFR 570.204(a) and (c), that include: neighborhood-based nonprofit organizations; section 301(d) small business investment companies; and local development corporations.
- \* To receive funding, an eligible subrecipient must be undertaking a neighborhood revitalization, community economic development, or energy conservation project with the CDBG funds. The grantee must determine that the project is necessary or appropriate to achieve its community development objectives.
- \* Eligible subrecipients must carry out the project in name and in deed. Even though an eligible subrecipient may be less experienced and need technical assistance from the grantee, the eligible subrecipient must actually implement the activity.

### **A State grantee may use CDBG funds for:**

- \* Construction by certain nonprofit organizations and local development corporations eligible under Section 105(a)(15) of the HCDA as part of a neighborhood revitalization or community economic development project.

### **Both the State and Entitlement grantees can also use CDBG funds for:**

- \* Construction of 'housing of last resort', under the Uniform Relocation Act, 49 CFR 24.404. Grantees may only proceed with constructing housing for displaced persons of a CDBG project, if comparable replacement housing is not available for the people that are being displaced. 24 CFR 570 (b)(3), HCDA Section 104(d).

## **Activities that reduce costs for Private Development:**

Using CDBG funds to lower the cost of private development is another way of making housing affordable. Lower land costs and improved sites may reduce the ultimate sale price for homes.

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Grantees may carry out the following activities with CDBG funds in support of new housing even though other resources are going toward the actual housing construction costs.

1. Acquisition of sites. Grantees may acquire property to be used for housing and choose to re-sell it at a lower price to developers. 24 CFR 570.201(a), HCDA Section 105(a)(2).
2. Clearance of sites. Grantees may clear a site to be used for housing. 24 CFR 570.201(d), HCDA Section 105(a)(4).
3. Site improvements. Grantees may improve publicly owned sites for housing if the improvements are undertaken while the property is still in public ownership. 24 CFR 570.201(c), HCDA Section 105(a).
4. Payment of soft costs. Grantees may use CDBG funds for certain soft costs associated with developing new housing as general administrative costs or may be paid for as part of the cost of the new construction itself. 24 CFR 570.205, 570.201(c), HCDA Section 105(a)(12). Soft costs such as surveys, site and utility plans and application processing fees are eligible only if HUD grants a waiver of certain regulatory language in 24 CFR 570.206 (g).

## **Activities that support the involvement of Private Development:**

Grantees may be able to encourage private developers to construct housing and in some cases, to increase housing affordability by carrying out public improvements in the area. Additionally, grantees may use CDBG for certain planning activities that have the aim of increasing private housing development.

## **Public facilities and improvement activities:**

1. Construction or reconstruction of utilities. Grantees may provide water, sewer, utility lines, wells and septic systems on public property. The costs of installing these items are eligible under 24 CFR 570.201(c), HCDA Section 105(a)(2). Please note: the connection of lines, wells, or septic systems on individual private property that are normally the responsibility of the owner are eligible as a cost of construction or rehabilitation of a building under 24 CFR 570.202(b)(6), HCDA Section 105(a)(4).
2. Street improvements. The construction or reconstruction of publicly owned streets, bridges, and alleys are neighborhood improvements that may encourage private developers to invest in the neighborhood. 24 CFR 570.201(c), HCDA Section 105(a)(2).
3. Construction of or improvements to parks, neighborhood facilities, and recreation centers are further enhancements to an area that encourage private developers to build housing. 24 CFR 570.201 (c), HCDA Section 105(a)(2).



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## **Planning Activities:**

Grantees may develop or revise codes, ordinances, and regulations and streamline processing of permits that facilitate the provision of housing. Other activities may include re-platting, conversion of contracts-for-deed and straightening out ownership/landlord title issues as a prelude to ownership. As planning, these activities are subject to the 20 percent funding limitation on planning and administrative costs. When planning activities are done in conjunction with other eligible CDBG activities, they are considered to address the national objectives as a whole. 24 CFR 570.205, HCDA Section 105(a)(12).

## **Conversion and Acquisition of Existing Structures for Housing:**

A community may increase its supply of housing by converting non-residential buildings to housing units. Existing housing units may become more affordable when grantees acquire those units and sell or lease them at reduced prices.

### **Grantees may use CDBG funds to finance conversions and acquisitions in the following ways:**

1. Conversion – the costs of converting an existing non-residential structure to residential use is eligible as a rehabilitation activity. 24 CFR 570.202(e), HCDA Section 105(a)(4).
2. Acquisition for rehabilitation - CDBG funds may be provided to private individuals and private for- or non-profit entities to acquire property for the purpose of its being rehabilitated. The property may then be rehabilitated and used or sold for residential purposes. 24 CFR 570.202(b)(1), HCDA Section 105(a)(4).
3. Acquisition for housing – grantees may acquire housing units, as long as the units are not newly constructed, and either lease or sell them for residential purposes. CDBG regulations do not limit the amount of write-down to the buyer. The property may even be donated to purchasers. 24 CFR 570.201(a), (b), HCDA Section 105(a)(2).

## **Rehabilitation:**

CDBG funds may be used in a variety of ways to rehabilitate publicly and privately owned housing including manufactured housing that is part of the community's permanent housing stock. With CDBG funds providing a grant, loan guarantee, interest supplement or a low-interest loan for rehabilitation, housing can be improved without appreciably increasing an owner's housing costs and in some cases reducing those costs by refinancing. A grantee may also make a lump sum drawdown to finance the rehabilitation of a privately owned property (24 CFR 570.513). By combining rehabilitation with homeowner's assistance, a renter can become a homeowner by purchasing a vacant dilapidated house and having it rehabilitated for example.

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## Some eligible types of assistance for housing rehabilitation include:

- Costs of labor, materials, supplies.
- Tool lending libraries and the costs of acquiring tools for the rehabilitation.
- Historic preservation such as preserving or restoring historic homes.
- Landscaping, sidewalks and driveways and the costs of their installation if the property is being rehabilitated.
- Installation or replacement of water/sewer line hookups, wells and septic systems.

The following financing techniques can be used for housing rehabilitation.

1. Grants and loans. CDBG funds may be used in the form of a grant or a loan to rehabilitate owner-occupied housing stock. 24 CFR 570.202(b), HCDA Section 105(a)(4).
2. Loan guarantees. Grantees may use CDBG funds as a loan guarantee in order to encourage lending institutions to make loans available to homeowners for rehabilitation, to encourage them to lend in neighborhoods where they are not currently doing so, and to induce them to lend at more favorable rates. Please note: grantees may not deposit CDBG funds in the lending institution; these funds are meant to pay for expected losses in the event of specific loan defaults. 24 CFR 570.202(b), HCDA Section 105(a)(4).
3. Subsidies and reductions. CDBG funds may be used in combination with funds from lending institutions to help subsidize the amount of monthly loan/mortgage interest or principal payments, thereby reducing monthly expenses to the homeowner. 24 CFR 570.202(b), HCDA Section 105(a)(4).
4. Bonding. Grantees may pay, as part of rehabilitation services, the cost of a rehabilitation contractor's performance and payment bonding, as needed to carry out CDBG-funded rehabilitation activities. 24 CFR 570.202(b), HCDA Section 105(a)(4).
5. Lump sum deposits. Grantees may draw funds from the letter of credit in a lump sum to establish a rehabilitation fund in one or more lending institutions for the purpose of financing rehabilitation of privately owned properties. The fund may be used along with various financing mechanisms. Funds may be used as a grant only with the purpose of leveraging non-CDBG funds for rehabilitation of the same property. The amount that can be drawn down is limited and there are set times during which lending must take place. The lump sum deposit must result in appropriate benefits in support of the grantee's rehabilitation program. 24 CFR 570.513.

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## Fair Housing:

Communities may use CDBG funds for fair housing activities including actions to affirmatively further fair housing. These activities inform the public of their housing choices and fair housing rights.

Examples of how CDBG funds can be used towards fair housing activities include: outreach, counseling, testing, housing referrals, and fair housing counseling programs. Programs can include information on fair housing rights and on the availability of housing in a wide variety of locations. Grantees may also choose to fund improvements in the enforcement of fair housing laws and in complaint resolution techniques.

Fair housing activities are eligible as administrative activities and are subject to the 20 percent funding limitation but are exempt from national objectives requirements. 24 CFR 570.206 (c), HCDA Section 105(a)(13).

## Individual Development Accounts:

Another approach to help make housing affordable to low- and moderate-income families is the use of CDBG funds to assist Individual Development Accounts (IDAs). IDAs are savings accounts in the homebuyer's name held at local financial institutions and usually managed by a community organization. The homebuyer makes contributions to this account that are then matched with private and public sources. CDBG funds can be used as the required match as long as the homebuyer's family or household is determined to be low or moderate income. 24 CFR 570.201(n), HCDA Section 105(a)(24). To find out more about IDAs, you may wish to read Notice CPD-01-12, Use of Community Development Block Grant Funds to Assist Individual Development Accounts at <http://www.hud.gov/offices/cpd/lawsregs/notices/2001>



This home was purchased through the North Carolina IDA homeownership program.

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## Success Stories:

### North Carolina

The State of North Carolina has been using CDBG funding for their IDA homeownership program since 1997. So far, ninety-seven households have completed the program and moved into new homes. The program began as a state initiative to increase homeownership opportunities for low- and moderate- income persons. The IDA and Asset Building Collaborative of North Carolina, a non-profit organization, assists localities and non-profits interested in using an IDA for homeownership as well as other kinds of IDAs. Interested local governments apply to the state for CDBG funding through a separate IDA application.

**Forsyth County:** The County partnered with Experiment in Self-Reliance to run a financial literacy and homeowner education program. CDBG funds pay for downpayment assistance and financial literacy and homeowner education classes for the participants. \$30,000 went toward downpayment assistance and \$20,000 went toward financial literacy and homeowner education. As a result, nine households have moved into new homes.

**Onslow County:** This grant began in 2003 as a partnership between the county's community development office and the Onslow Community Health Improvement Program, a Duke University endowment funded non-profit organization. CDBG funds pay for IDA planning/administration, downpayment assistance and financial literacy and homeowner education classes for the participants. \$9,000 went toward planning and \$11,000 went toward administration. Eleven households have moved into new homes.

**Unifour Consortium:** Alexander County, Burke County, Catawba County and Caldwell County created a consortium in 1997 so they could leverage more resources and maximize homeownership opportunities in their communities. Alexander County received \$50,000 in CDBG funding on behalf of the consortium. The consortium receives funding from local foundations and receives HOME funding as well. CDBG funds go toward training participants in financial literacy, homebuyer counseling and one-on-one credit counseling. Once the training has been successfully completed, potential homeowners receive \$1,000 for a downpayment. CDBG funding also goes towards administering the program. A total of thirty-six households have moved into new homes.

**Contacts:** Vickie Miller, Assistant Director, Division of Community Assistance, North Carolina Department of Commerce, (919)733-2850, vmiller@nccommerce.com  
Iris Payne, Senior Development Specialist, Division of Community Assistance, North Carolina Department of Commerce, (919)733-2850, ipayne@nccommerce.com  
Shayna Simpson-Hall, Executive Director, IDA & Asset Building Collaborative of North Carolina, (919) 875-3685, sshall@ncidacollaborative.org



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## Holyoke, Massachusetts

The city of Holyoke has been using CDBG money toward their homeownership programs for 30 years. Holyoke places great emphasis on providing affordable housing to their residents, and, in the past, has used up to 60 percent of its CDBG entitlement for housing purposes. The renter-to-owner ratio in Holyoke is about 60 percent renter units to 40 percent owner units, the opposite of the national average. The city has been trying to increase the opportunities for homeownership and provide aid to existing owners.

### The city has several homeownership programs:

**Increasing Homeownership through Education and Acquisition Assistance:** The city uses a portion of its CDBG allocation to fund workshops for potential first-time homebuyers through the Holyoke Housing Authority. The workshops help prospective homebuyers find and finance a home and understand the responsibility of owning a home. Successful participants become eligible for downpayment and /or closing cost assistance that is funded through the HOME program. Participants learn about budgeting, financing, the real estate process, fair housing, and affordable housing products from a banker. Approximately \$2,000 of CDBG money was spent for homeownership counseling and \$10,000 was leveraged from banks and the housing authority in 2005. Fifty percent of the city's population is Spanish speaking, so the classes are conducted in English and in Spanish.

One of the projects used HOPE VI funding for new housing and CDBG for the homeownership counseling. Sixty homeownership units were built. All new owners participated in the homeownership counseling workshops.

**Preserving Homeowner Stock through Rehabilitation:** Holyoke has used CDBG funds to preserve the existing housing stock through rehabilitation assistance for 1-4 unit family, owner-occupied properties through its Neighborhood Improvement Program. Eligible activities include elimination of code violations and replacement of major mechanical systems. The grant amount can be as much as 60 percent of the cost of the work based on the owner's income. Administered by Olde Holyoke Development Corporation (OHDC) a 501(c)(3) non-profit organization since 1975, the program has served over 2,000 persons. Over \$2,570,000 of CDBG funds have leveraged over \$8,000,000 in improvements to existing owner-occupied homes.



Preserving housing stock through rehabilitation.

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**Increasing Housing through New Construction:** The city also has a new construction homeownership program to help its low- and moderate-income residents become first-time homeowners. The program started in 1975 and has used \$10,000,000 of CDBG funding and other resources for new housing construction. Seventy-eight duplexes and 30 condominiums have been built and sold as in-fill housing in established neighborhoods. A discounted sales price makes these homes affordable for lower-income households. Both CDBG and HOME funds are used in each duplex. Currently, the net cost of a duplex to the city's CDBG program is about \$25,000. Eighty-five percent of the new homeowners are minorities or have female head of households. OHCD administers the program and reports that there have been no foreclosures.

**Increasing Homeownership through Rehabilitation:** The Holyoke Community Land Trust (HCLT) rehabilitated 25 units for resale to income qualified buyers between 1990 and 2004. The ownership of the land where the unit is located is retained by HCLT and is leased to the unit's buyer for 99 years through ground lease provisions. These provisions also limit owner equity, thus ensuring affordability upon resale in perpetuity.

**Contact:** Linda Mcquade, Deputy Administrator, Office for Community Development, Holyoke, Mass (413) 322-5610, mcquadel@ci.holyoke.ma.us

## Memphis, Tennessee

The City of Memphis Department of Housing and Community Development uses CDBG funds, American Dream Downpayment Initiative HOME funds and city funds for their downpayment assistance program (DPA). The program serves low- and very low-income homebuyers and has been in existence since 1992. The city has awarded \$21,329,979 in CDBG funds and an additional \$15,394,048 of HOME and city funds toward their homeownership program. Over 11,000 first time homebuyers have been assisted under this program. The DPA program helps qualified purchasers with their closing costs, downpayment, prepaid costs and other related necessary costs for closing.

The city is committed to helping teachers and police officers in Memphis to become homeowners as well. Their list of programs includes: Teachers Community Assistance Program (TCAP), Community Officers Program (COP), Memphis Housing Authority (MHA) residents and those displaced, Targeted Area



This home was purchased with assistance from the City of Memphis Down Payment Assistance Program, CDBG and HOPE VI funds.

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Downpayment Assistance (TADPA), Section 8 Homeownership Assistance Program (SHAPE) and the Citywide Downpayment Assistance Program. Participants in the MHA targeted area, SHAPE, TCAP and COP programs have a deferred payment loan. Eligible properties include existing or newly constructed single family residences, townhouses or zero lot line homes. All homebuyers must participate in homebuyer counseling and an approved homeownership and personal finance education program.

**Contact:** Verna Hawkins-Lamber, Program Manager, City of Memphis Division of Housing and Community Development, (901) 576-7356, Verna.Hawkins-Lamber@memphistn.gov

## West Sacramento, California

The City of West Sacramento is committed to providing homeownership opportunities to residents of differing income levels and needs. The city requires all new housing developments to provide 15 percent of units at affordable prices. Housing may be offered as for-sale or rental property. For sale units are restricted to resale at affordable prices for 45 years. Rental housing must remain affordable for a period of 55 years. Low-income buyers may use the First Time Homebuyer Assistance Program to assist with downpayment or to provide deeper subsidy to lower-income households. CDBG funding has been a vital component of the following programs targeted to very low- and low-income families:



The City of Memphis Down Payment Assistance Program funded by CDBG was used to purchase this home.

### **Housing Incentives and Resources for Employment (HIRE):**

The city developed the HIRE program to provide construction trades training to low-income persons while rehabilitating deteriorated residential units in West Sacramento. Students receive both classroom instruction and on-the-job training as they work to rehabilitate the deteriorated homes. CDBG funds are used to pay the salary of the instructors, purchase training materials and pay stipends to students and for the cost of rehabilitation. The city used a loan for the California Housing Finance Agency for property acquisition.

To date, 134 students have attended the program, developing the skills needed to gain an apprenticeship position in the construction trades. Seven single-family homes have been rehabilitated and sold to first-time homebuyers and three more units are under construction.

### **First Time Homebuyer (FTHB) Assistance Program:**

High demand for housing in California has made it very difficult for low-income first-time homebuyers to enter the housing market. The median home sales price in West Sacramento for January 2006 was \$463,250, while the four-person median income was only \$48,400. The city developed the FTHB Program to provide gap financing in the form of a

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silent second loan for up to \$100,000 to low-income buyers. Buyers must provide at least a 3 percent downpayment, of which at least one percent must come from the buyer's own funds.

The city contracts with a local non-profit, the Home Loan Counseling Center (HLCC), to provide homebuyer counseling and mortgage pre-qualification. The program uses a combination of CDBG, HOME, and State of California CalHome funds to provide loans to eleven households.

As home prices continue to rise, the 3 percent downpayment requirement has become difficult for low-income households to achieve. The city has secured a Workforce Initiative Subsidy for Homeowners (WISH) grant from the Federal Home Loan Bank of San Francisco to provide a three-to-one match of up to \$15,000 for FTHB buyers. The grant application was sponsored by River City Bank and the HLCC.

## **Landmark Lofts:**

In 2002, the City of West Sacramento created a Neighborhood Enhancement program to redevelop a severely distressed area of town along West Capitol Avenue. CDBG funds were used to purchase and assemble two parcels, the former sites of rundown motels with a high crime rate. The city also used CDBG funds for clearance, environmental assessment and remediation to pave the way for development.

The Landmark Lofts, a mixed use 62 unit condominium project, is projected to begin construction in the summer of 2007. The project will consist of two commercial/retail units and 60 For Sale residential units. Nine units will be offered at affordable prices, four units for very low-income and five units for low- and moderate-income households. In addition to revitalizing two distressed properties, the project will provide the first homeownership units along West Capitol Avenue.

**Contact:** Tina Gontarski, Director of Housing and Community Investment, (916) 619-4555  
Louise Collis, Program Manager, (916) 617-4555, [louise.collis@ci.west-sacramento.ca.us](mailto:louise.collis@ci.west-sacramento.ca.us)



The Landmark Lofts will feature retail space and affordable housing units through the Neighborhood Enhancement program in West Sacramento.

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## Sonora, California

Located in the rural Mother Lode Region (Gold Country) of the Sierra Nevada Foothills in California, the city of Sonora has a population of 4,500. The majority of the City's 2,400 housing units are over 50 years old.

The city's Homebuyers' Assistance Loan Program began in 1998 funded by a \$300,000 Community Development Block Grant. Between 1999 and 2004 the city received an additional \$1,300,000 in CDBG funds to continue the Program. Utilizing these grants, the city assisted 42 low-income households in the purchase of a home within the city. In 2006 the city received a three-year State CDBG grant that allocates \$800,000 toward homebuyer loans. Ten more households will be assisted with this grant.

The Program has evolved since 1998 due to housing costs that have more than doubled. The city's assistance increased from \$25,000 per household in 1998 to \$100,000 per household.

The current program provides a deferred loan up to \$100,000 (\$80,000 of CDBG Funds and \$20,000 of city funds). The borrower cannot have owned a home within the last 3 years; however, a displaced homemaker or single parent does not have to wait 3 years. The borrower is required to contribute 3 percent of the purchase price. Staff evaluates the borrower's first mortgage to assure that housing costs do not exceed 45 percent of gross household income and are not less than 35 percent of gross household income. The city uses the first mortgage to provide all of the underwriting documentation, i.e. appraisals, credit reports.

**Contact:** Rachelle Kellogg, Grants & Redevelopment Program Manager,  
(209) 532-7725, rkellogg@sonoraca.com



This home was purchased through the Sonora homebuyers' assistance loan program.

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## Eligible CDBG funded Homeownership Activities

<b>Eligible Activity:</b>	<b>State Program: HCDA 105(a)</b>	<b>Entitlement Regulations: 24 CFR 570.201-.206</b>
Acquisition of Real Property	105(a)(2)	570.201(a)
Homebuyer Counseling	105(a)(8), (20)	570.201(e)
Homebuyer Financial Assistance	105(a)(24)	570.201(n)
Public Facilities and Improvements	105(a)(2)	570.201(b)(6), (c)
Conversion to Residential Property	105(a)(4)	570.202(e)
Code Enforcement	105(a)(3)	570.202(c)
Clearance	105(a)(4)	570.201(d)
Acquisition for Housing	105(a)(1)	570.201(a),(b), 570.505
Acquisition for Rehabilitation	105(a)(4)	570.202(b)(1)
Rehab	105(a)(4),(25)	570.202(a)(b)(d)(e)(f)
Rehab – Loan Guarantee	105(a)(4),(24)	570.202(b)
Rehab – Subsidies/Reductions	105(a)(24)	570.202(b)
Rehab – Lump Sum Accounts		570.513
Reconstruction	105(a)(4),(25)	570.202
Construction	105(a)(4),(25)	570.201(a),(c),(m)
IDA Homeownership Assistance	105(a)(24)	570.201(n)
Architectural Barrier Removal	105(a)(5)	570.208(a)(2)(ii)
Planning and Capacity Building	105(a)(12)	570.205
Program Administration Costs	105(a)(13)	570.206
Fair Housing	105(a)(13)	570.206(c)
Homeownership Activities carried out by Community-Based Development Organizations	105(a)(15)	570.204(c)
Economic Development Assistance to For-Profit Business	105(a)(17)	570.203(b)
Technical Assistance	105(a)(19)	570.201(p)
Economic Development Activities	105(a)(1), (4), (14), (15), (17), (25)	570.203
Engineering and Design Costs	105(a)(2), (5)	570.201, 570.202
Site Preparation	105(a)(2), (4)	570.201(a)(c)(d)
Consultant Services		570.200(d)
Housing activities in Support of HOME-assisted Homeownership Housing	105(a)(20)	570.201(e)



## **Contacts to get you started:**

List of CDBG grantee contacts:

<http://www.hud.gov/offices/cpd/communitydevelopment/programs/contacts/index.cfm>

List of community planning and development office contacts:

<http://www.hud.gov/offices/cpd/about/local/index.cfm>

List of nationwide housing counseling agencies:

<http://www.hud.gov/offices/hsg/sfh/hcc/hccprof14.cfm>

List of homebuying programs by state:

<http://www.hud.gov/buying/localbuying.cfm>

**If you have questions please contact your local HUD Field Office**