

2008-2009 Federal Program Funding Policies

1. Housing and Community Development Consolidated Plan Conformance

All projects must conform to the Housing and Community Development 2005-2009 Consolidated Plan. Where limited funding exists, projects identified as higher priority in the plan, will be given higher priority for funding consideration.

2. Maximum City Funds

The City will typically limit its project funds to \$100,000 per project. Under certain circumstances, if justified through detailed proforma financial statements, the City may fund an amount not to exceed \$200,000.

3. Terms

Funds will be disbursed through loans, with the exception of infrastructure and social service funds, which do not have the capacity to generate revenues to repay loans. Non-profit organizations will pay an interest rate ranging from 0 – 5% depending upon the financial analysis identified in the proforma statements.

For-profit developers will pay an interest rate ranging from 3% to the applicable Treasury Bill rate at the time of loan closing for similar term, depending upon the financial analysis identified in the projects proforma statements. Under extraordinary circumstances, the city will consider deferring loan payments until time of sale of the property.

4. Size of Housing projects

For projects containing more than 30 new subsidized units, the applicant must present an analysis which demonstrates that the additional units do not produce an undue concentration of subsidized units in the neighborhood.

5. Past Performance

All project sponsor organizations must be current on any outstanding City loans funded with CDBG or HOME.

Project sponsors must have the experience and capacity to develop, and operate the proposed project.

Project sponsors, who have outstanding CDBG or HOME funds unspent from previous program years on projects that are not underway must provide an update on those projects including a project schedule.

6. Project Schedule

The proposed project must be expected to be implemented or beginning construction during the program year.

7. Financial Commitments

Written Commitments must be provided for all other sources of funding proposed for the project with the application.

8. Land Use

Land use compliance must be confirmed prior to a final application/loan closing.

9. Funding Restrictions on Qualifying Projects

There are a variety of project types and eligible activities that can be funded under the CDBG and HOME programs. However, the following restrictions apply to City of Salem funding:

- Construction of single family housing will be considered on a case by case basis.
- Pre-development loans or grants will not be funded.
- Projects located in FEMA identified Special Flood Hazard Areas will not be funded via grant.
- Purchase of equipment is not an eligible expense of funds.
- Total indebtedness cannot exceed property insurance coverage.