



HUD Community Planning and Development Training Institute

A Comparison of HOME and CDBG Requirements

	HOME	CDBG
Organizational Issues		
Recipient	PJs (States, counties, localities, consortia).	Grantees (States, metropolitan cities, urban counties).
Key Partners	CHDOs, nonprofit and for-profit housing developers, private lenders. (24 CFR 92.200, 92.300)	CBDOs, nonprofit and public organizations, nonprofit and for-profit housing developers, nonprofit organizations serving the development needs of non-entitlement areas, private lenders. (24 CFR 570.204, 570.300, 570.420, 570.480, 570.500(c), 570.700)
Projects Under State Programs	States can directly undertake projects or they can work through local governments or nonprofits. States can fund projects anywhere in the state, including in PJs.	States must fund projects via units of general local government. States cannot make grants to local governments that are Entitlements.
Nonprofit Set-Aside	PJs must spend at least 15% of their annual allocations on development projects undertaken by CHDOs.	None.
Special Nonprofits	Community Housing Development Organizations (CHDOs): nonprofit development organizations with a board that is at least 1/3 representative of low-income residents.	Community Based Development Organizations (CBDOs) and nonprofit organizations serving the development needs of non-entitlement areas. These organizations undertake community economic development, neighborhood revitalization, and/or energy conservation. Under the Entitlement Program, the CBDO board is at least 51% representative of low-income residents.
Subrecipients	Any nonprofit or outside public entity that administers all or part of a HOME activity on the PJ's behalf.	A public or private nonprofit agency, authority, or organization, not including CBDOs. A for-profit entity carrying out microenterprise activities under 24 CFR 570.201(o).
Funding Issues		
Timelines	2-year commitment, 5-year expenditure deadlines. (24 CFR 92.500(d))	Entitlement grantee must have no more than 1.5 times the amount of the current year's formula grant 60 days prior to end of program year. (24 CFR 570.902(a)). States should obligate and announce all grant funds within 15 months of the execution of grant agreement.
Match	HOME PJs must contribute at least 25¢ for every \$1 of HOME funds expended during the federal fiscal year. (24 CFR 92.218-92.222)	Not required, unless imposed by grantee. (Note: some state impose a match.) States are required to match their administrative costs, capped at 3% (plus \$100,000, which is not required to be matched.)



A Comparison of HOME and CDBG Requirements

Eligible Activities		
Eligible Activities	HOME funds can only be used to support affordable housing activities and projects. (24 CFR 92.1 and 92.2)	CDBG funds can be used to support affordable housing activities, along with other community and economic development activities and public services. (24 CFR 570.201-.206, statutory sections 105(a)(1)–(a)(25))
Housing-Related Eligible and Ineligible Activities	Acquisition, rehabilitation and new construction of rental and homeownership housing, direct homebuyer assistance (loans, grants, downpayment and closing costs assistance), tenant-based rental assistance. No non-housing related activities. No assistance to public housing.	Acquisition, rehabilitation of rental and homeownership housing, direct homebuyer assistance, new construction of rental or homeownership housing when carried out by a CBDO pursuant to 24 CFR 570.204 or 105(a)(15) of the statute. Can assist public or private buildings.
Refunding of Assisted Projects	No assistance to projects already funded with HOME during the affordability period after the first year.	Can provide assistance to project already assisted with CDBG, as long as new activity is CDBG-eligible.
Tenant-Based Rental Assistance	Eligible. TBRA rent subsidy formula caps tenant contribution to 30% of household's monthly adjusted income. (24 CFR 92.209(h)).	Direct rental assistance to families is prohibited, except under limited circumstances. (24 CFR 570.207(b)(4)).
Administrative Costs	Eligible under 24 CFR 92.207. Capped at 10% of annual allocation plus program income received.	Eligible under 24 CFR 570.205 and 206. Capped at 20%. A state may use \$100,000 plus up to 50% the costs it incurs for program administration, up to a maximum of 3 percent of its CDBG allocation. The State may expend up to 3% of its CDBG allocation on technical assistance activities. Total the State spends on both administrative and technical assistance expenses may not exceed 3% of the State's allocation. (570.489(a) and Section 106(d))
Low-Income Targeting		
Income Definition	Can choose from among three definitions of income: Part 5; IRS; Census long form.	Can choose from among three definitions of income: Part 5; IRS; Census long form. State CDBG grantees can choose one of these three or their own definition.
Income Targeting—Households Served	HOME funds exclusively serve low-income households (<80% area median income). (24 CFR 92.216 and 92.217)	The primary objective of CDBG is to principally assist low- and moderate-income persons (<80% area median income). All activities must meet one of three national objectives: low/moderate income benefit; elimination of slum and blight; or urgent need. Aggregate benefits across all activities for 1-3 year period: at least 70% of funds must assist low- and moderate-income persons. 24 CFR 570.200(a)(3) and 570.484(a))



A Comparison of HOME and CDBG Requirements

Income Targeting -- Rental Units	<p>HOME allows assistance to be targeted toward particular units. Thus the HOME units could be a small percentage of the entire units within a project.</p> <p>Rental projects assisted with HOME have deeper income targeting requirements with specific requirements related to renting units to very low-income households and to ensuring that initially 90% of the households assisted with rental or TBRA funds are at 60% of median and below. (24 CFR 92.216).</p>	<p>Unless the project meets the slum/blight national objective criteria, the low and moderate-income housing national objective will be used. For multifamily housing, 51% of the units must be occupied by low- or moderate-income households. For one-unit structures, each household must be low- or moderate-income. For two unit structures, one of the two households must be low- or moderate-income. (24 CFR 570.208(a)(3) and 570.483(b)(3)).</p> <p>CDBG assistance applies to an entire multifamily project regardless of the amount of CDBG assistance. So, 51% of all units within the project must be occupied by low- and moderate-income households unless the project meets a specific exception related to certain activities designed to reduce the cost of new construction. (24 CFR 570.208(a)(3) and 570.483(b)(3)). In general, CDBG does not allow for proportional funding where the number of units is based upon the amount of CDBG funds (unless the 51% target is reached or the above-noted exception is triggered).</p>
Affordability		
Affordability Period	Applies to homebuyer and rental projects. 5–20 years depending on activity type and funding amount. (24 CFR 92.252, 92.254)	Not required. However, some projects are required to meet change of use restrictions. See 24 CFR 570.505 and 24 CFR 570.489.
Rents	High and Low HOME Rents are specified for HOME rental projects. (24 CFR 92.252(a) and (b))	If using low- and moderate-income national objective, no direct requirement for specific rent schedule, other than at least 51% of units in multifamily project are affordable to low- and moderate-income tenants. (24 CFR 570.208(a)(3) and 570.483(b)(3)). Rents must be affordable, as determined by the jurisdiction.
Unit Requirements		
Unit Quality	<p>HOME property standards:</p> <p>Local rehabilitation standards (for rehabilitation), and</p> <p>State/local codes or standards, or if none exists, one of three national model codes, and</p> <p>Model Energy Code (for new construction). (24 CFR 92.251)</p>	No specific property standards required.



A Comparison of HOME and CDBG Requirements

Minimum Investment	Minimum HOME investment is an average of \$1,000 per unit for project.	No minimum required.
Subsidy Limit	Capped at the 221(d)(3) limits. Costs must be reasonable.	Costs must be reasonable. No maximum subsidy.
Maximum Property Value	Applies to homebuyer homes and is typically based on 203(b) limits.	No maximum property value.
Ongoing Compliance		
Ongoing Monitoring	Must monitoring compliance with program rules and terms of written agreement. Must also monitor rental properties during the affordability period. Must ensure that homebuyer properties meet resale or recapture provisions.	Must document compliance with national objective and terms of written agreement. Otherwise, no ongoing monitoring. However, some projects are required to meet change of use restrictions. See 24 CFR 570.505 and 24 CFR 570.489.
Re-examinations of Income	Incomes need to be re-examined for HOME-assisted units annually, and re-verified with source documentation every five years—all new tenants in HOME units must be low-income (80 percent or lower of the area median income).	Not required under CDBG. Income is documented at the time of initial occupancy.
Unit Inspections	Rental units must be inspected during the affordability period; inspection schedule is based on size of the project. TBRA units must be inspected annually.	None required.

Note that this chart is a summary of the rules and recipients must review the entire HOME and CDBG program regulations and statutes, as well as the rules for applicable other federal requirements. For additional information, please refer to the following regulations:

- HOME: 24 CFR Part 92
- CDBG: 24 CFR Part 570

For additional information and helpful tools, recipients may also wish to refer to the HUD website at:

- HOME: <http://www.hud.gov/offices/cpd/affordablehousing/programs/home/>
- CDBG: <http://www.hud.gov/offices/cpd/communitydevelopment/programs/index.cfm>