

Community Development Block Grant

Policies and Procedures



Affordable Rents – CDBG Program

BACKGROUND

CDBG regulations state that, in order to meet the low-moderate-income (LMI) housing national objective, rents in CDBG-assisted rental projects must be set at levels which are affordable to LMI persons. Grantees (the City) are required to adopt and make public their standards for determining “affordable rents.” While the generally accepted affordability standard is that households pay no more than 30 percent of income for rent and utilities, use of this standard is not required by CDBG regulations. Each CDBG-assisted project must be undertaken in such a manner as to ensure that rents are truly affordable to LMI persons.

CITY OF GREELEY RENT AFFORDABILITY POLICY

Rent affordability in CDBG-assisted units

Rent affordability will be determined in one of the following ways:

1. If the entire development has rent restrictions due to another federal or state program (including tax credits and Colorado Housing and Finance Authority-CHFA-assisted developments or units), the rent deemed affordable by the federal, state, tax credit, or CHFA program will be considered affordable.
2. If the tenant in an assisted unit has a Housing Choice Vouchers or other type of assistance (but the entire development isn't rent-restricted), the federal or state program dictating maximum rent will rule. In Greeley, Housing Choice Vouchers generally come from the Greeley Housing Authority or Connections for Independent Living. (While rents are similar for the two agencies, they are not the same.) The governing programs annually adjust the maximum rent it will pay; maximum rent includes the utility allowance.
3. Maximum rent for units without other rent governance must be below the most current Fair Market Rent, as posted annually by the U. S. Department of Housing and Urban Development (HUD).

In a development that receives CDBG assistance, a minimum of 51% of the units must be rented to low-moderate income (LMI) households (income maximums published annually by HUD). LMI means 80% or less of the Area Median Income.