

Name of Funding: Section 108 Loan Guarantee Program

Focus of Funding: To increase economic activity in distressed areas

Eligibility Requirements:

For local government: Must qualify for Community Development Block Grant (CDBG)

For recipients: Funds must be used to build public infrastructure or rehabilitate low income housing.

Funding Mechanism: Federal Loan from HUD

Funding Source: Department of Housing and Urban Development (HUD)

Maximum amount: Guarantee can be up to five times the municipality's Community Development Block Grant.

Other rules of the program: Loans must be backed by assets or future CDBG block grants and be repaid in a maximum of 20 years.

Advantages of the program: Guarantee will allow for a lower interest rate on the loans and allow affordable developments to be built.

Drawbacks of the program: Subject to federal government approval, requires extensive documentation, and municipality bears the risk of default.

Case Study Example: Multiple Cities

<http://www.hud.gov/offices/cpd/communitydevelopment/programs/108/casestudies.cfm>

Sources: Department of Housing and Urban Development

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