

# ECONOMIC DEVELOPMENT INITIATIVE



## **Policy Description:**

Authorized by section 108(q) of the Housing and Community Development Act of 1974, EDI provides grants to local governments to enhance both the security of loans guaranteed through the Section 108 Loan Program and the feasibility of the economic development and revitalization projects they finance.

EDI has been the catalyst in the expanded use of loans through the Section 108 Program, one of the most potent public investment tools that HUD offers to local governments. Because Section 108 loans represent a potential risk to local governments' Community Development Block Grant (CDBG) allocations which governments pledge against potential repayment shortfalls, the EDI program offers communities a way to decrease the level of risk to their CDBG funds. HUD's Economic Development Initiative helps local governments manage and reduce this risk in at least two different ways. A local government may use an EDI grant to provide additional security for the Section 108 loan (as a loan-loss reserve or debt-service, for example), thereby reducing the exposure of its CDBG funds in the event of a default in loans made locally with the 108 funds. Or it may use this flexible grant to simply make the project more feasible by paying some of the project costs with grant funds or by reducing the interest rate to be paid from a revolving loan fund. Increasing access to capital for entrepreneurs and small business has emerged as a key component of the job growth strategy powered by the EDI grant program.

***This Incentive is for City use only.***

## **Eligibility Criteria:**

- Competitive EDI grant funds can only be used in projects also assisted by the Section 108 Loan Program; such projects may involve activities such as property acquisition; rehabilitation of publicly owned property; housing rehabilitation; economic development activities; acquisition, construction, reconstruction, or installation of public facilities; and for colonias, public works and other site improvements.

## **How to Apply:**

Please refer to the Department of Housing and Urban Development <http://www.hud.gov/offices/cpd/economicdevelopment/programs/bedi/index.cfm> for funding announcements.

**Additional Resources:**

Economic Development

[www.cctexas.com/economicdevelopment](http://www.cctexas.com/economicdevelopment)