



Department of Commerce

Innovation is in our nature.

Float Funded Activity Program

Introduction

The Department of Commerce manages the Float-Funded Activities program that serves non-entitlement jurisdictions by using Community Development Block Grant (CDBG) funds allocated to the Washington State CDBG Program, but not expected to be drawn down for the duration of the loan term. These funds may be used to provide short-term loans to businesses/developers and interim construction financing to eligible jurisdiction for CDBG-eligible activities that meet a HUD National Objective. Float-funded activities are described in the HUD regulations at 24 CFR 570.301 (b).

For More Information

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Application Requirements

Eligible jurisdictions may apply for a Float-Funded Activity on behalf of a specific economic or community development project any time after the 2009 Action Plan has been adopted. An application will consist of:

- An application signed by the authorized chief administrative officer of the local jurisdiction;
- Documentation supporting the need for the assistance, benefits to low-moderate income people and job impact;
- Confirmation/documentation of authority of the business or community development organization to enter into the transaction;
- Evidence that the jurisdiction has complied with Citizen Participation Requirements, including at least one well publicized public hearing and the adoption of a grievance procedure, and assurance that all CDBG Program requirements will be met; and
- Submittal of an unconditional, irrevocable letter of credit drawn from a financial institution acceptable to the Department of Commerce in the amount of the request. The Department of Commerce may require that the letter of credit be enlarged to cover accrued interest. For interim construction financing to a jurisdiction, a commitment letter from an acceptable take-out source is required.

Eligible Applicants

Eligible applicants are cities and towns with population less than 50,000 or counties with population less than 200,000 provided the cities, towns, and counties do not participate as members of HUD Urban County Consortia.

Eligible Activities

Float-Funded Activities can accommodate almost any type of private sector business or non-profit organization that has the legal authority to borrow funds. CDBG Float-Funded Activities may be made in support of any CDBG eligible economic or community development projects. Application for Float-Funded Activities are evaluated on an individual basis using the following criteria:

- Need for the assistance - meets the public benefit criteria as defined by HUD.
- Job creation - permanent jobs created or retained as a result of the project will be made available to low-and moderate-income persons.
- Housing - interim financing in support of housing projects that primarily benefit low- and moderate-income people.
- Infrastructure - interim financing of projects that primarily benefit low- and moderate-income people.

Projects are reviewed and analyzed by staff to determine viability, risk, eligibility and "appropriateness" as defined by HUD. Jurisdictions receiving a Float award will be required to return the full principal plus any interest to the Department of Commerce.