

# COMMUNITY DEVELOPMENT BLOCK GRANTS FOR ENTITLEMENT COMMUNITIES

---

HUD – Greensboro Field Office  
Office of Community Planning & Development

UNC School of Government  
2018 Community Development Academy



## Agenda

- **Introductions**
- **Program History & Primary Objective**
- **CDBG Regulations and Resources**
- **Key Definitions**
- **National Objectives**
- **CDBG Implementation Process**
- **Eligible Activities**
- **Ineligible Activities**

## Program History & Primary Objective

- Authorized under Title I of the Housing and Community Development Act of 1974, as amended.
- Grew out of the consolidation of eight categorical programs:
  1. Open Space
  2. Urban Renewal
  3. Neighborhood Development Program Grants
  4. Historic Preservation Grants
  5. Model Cities Supplemental Grants
  6. Public Facilities Loans
  7. Neighborhood Facilities Grants
  8. Water and Sewer Grants

## Program History & Primary Objective

The primary objective is the development of viable urban communities.

- Decent housing
- Suitable living environment
- Expanded economic development opportunities

**\*PRINCIPALLY FOR PERSONS OF LOW AND MODERATE INCOME\***



## CDBG Regulations and Resources

- 24 CFR Part 570 was dramatically revised from 1995 to 2006.
- OMB Circular Requirements
  - A-87: Cost Principles for State, Local, and Indian Tribal Governments
  - A-110: Uniform Administrative requirements for grants and agreements
  - A-133: Audits of States, Local Governments and Non-Profit Organizations
- Basically CDBG



## Key Definitions

- **CDBG Recipient:** Local governments are known as grantees or recipients
- **Entitlement Program:** the portion of the CDBG Program that provides formula grants to metropolitan cities and urban counties.
- **Consolidated Plan:** Prepared by the grantee and describes needs, resources, priorities and proposed activities to be undertaken with respect to HUD's CPD formula programs, including CDBG.
- **Entitlement Grantee:** A city in a metropolitan area with a population of 50,000 or more, a principal city of a metropolitan area, or an urban county with a population of at least 200,000 (excluding the population of metropolitan cities located therein) that receives an annual allocation of CDBG funds directly from HUD under the CDBG Entitlement Program.

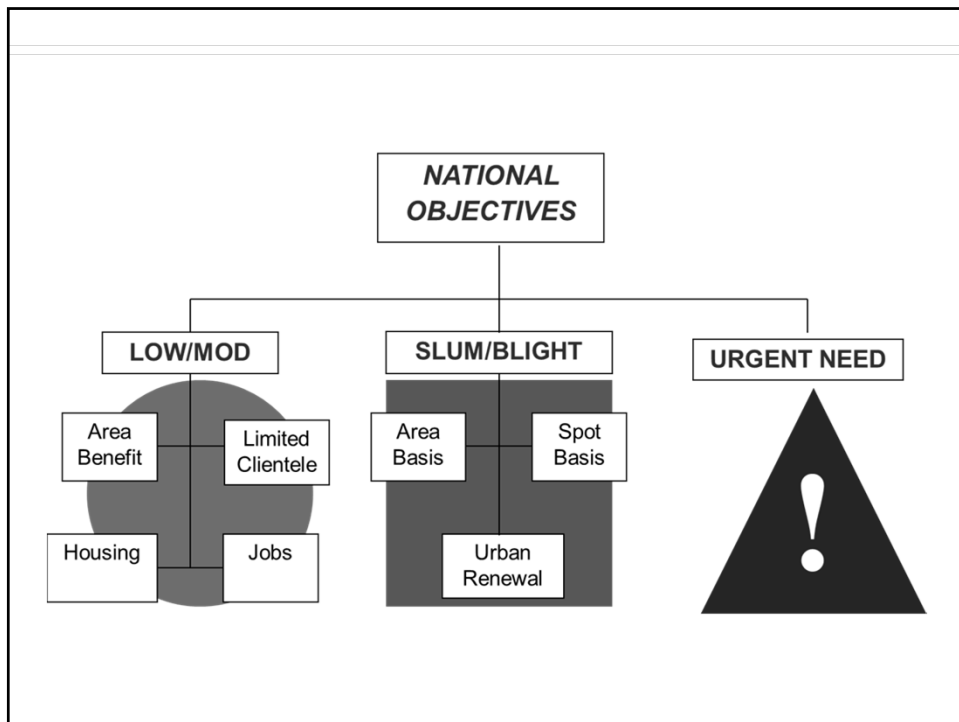
## Key Definitions

- **Family:** includes, but is not limited to, the following, regardless of actual or perceived sexual orientation, gender identity, or marital status:
  - A single person, who may be an elderly person, displaced person, disabled person, near elderly person, or any other single person; or
  - A group of persons residing together, and such group includes, but is not limited to an elderly family, a near-elderly family, a disabled family, a displaced family; and the remaining members of a family



## Key Definitions

- **Household:** all persons occupying a housing unit
- **Low and Moderate Income:** family or household with an annual income less than the Section 8 Low Income Limit, generally 80 percent of the area median income, as established by HUD.
- **National Objective:** Each CDBG-funded activity must meet one of three:
  1. Benefit to low- and moderate- income (LMI) persons;
  2. Aid in the prevention or elimination of slums or blight;
  3. Meet a need having a particular urgency (referred to as urgent need).
- **Subrecipient:** An entity that assists the recipient to implement and administer its program.



## National Objectives

- The **Low and Moderate Income** national objective is often referred to as the “primary” national objective because the statute requires that recipients expend 70 percent of their CDBG funds to benefit LMI persons.
  - Area benefit activities;
  - Limited clientele activities;
  - Housing activities; or
  - Job creation or retention activities

## Low Mod Area Benefit

- Most commonly used category
- Benefits an area where at least 51% of the residents are LMI
- Examples include parks, health clinics, gutters and sidewalks, and community centers.



## Low Mod Area Benefit

- Determining Service Area
  - *The nature of the activity*
  - *The location of the activity*
  - *Accessibility Issues*
  - *The availability of comparable activities*
  - *Boundaries for facilities and public services*
- An area is considered to meet the test of being LMI if there is a sufficiently large percentage (51%) of LMI persons residing in the service area.
- Census data may be used if the proposed service area is generally the same as a census tract or block group.

## Low Mod Area Benefit

- HUD **may** permit an exception for communities that have few, if any, areas that have 51% or more LMI persons.
- Income surveys are often used. Methodology must be approved by HUD.
- Service area must be primarily residential and the activity must meet the identified needs of LMI persons.

## Low Mod Limited Clientele

- Fifty one percent (51%) of the beneficiaries of an activity have to be LMI persons.
- Unlike area benefit, the actual number of LMI persons qualifies an activity.
- Benefits a specific group of persons rather than everyone in an area.
- Examples include homeless shelters, rehabilitation of a center to train disabled persons, elderly centers.

## Low Mod Housing Activities

- Activities that will provide or improve permanent residential structures which will be occupied by LMI households
- Structures with one unit must be occupied by a LMI household. Two structures - at least one unit must be LMI occupied; Three or more – at least 51% must be LMI occupied.
- Examples include acquisition of an apartment complex, site improvements on publicly-owned land for a new apartment complex, housing rehabilitation for single units

## Low Mod Job Creation or Retention Activities

- Activities designed to create or retain permanent jobs, at least 51% of which will be made available to or held by LMI persons
- Examples include clearance on a site slated for a new business, financial assistance to a manufacturer who will create new jobs, assistance to expand a cleaning service that will hire three additional LMI persons.





## National Objectives

- The focus of activities under the **Slum & Blight** national objective is a change in the physical environment of a deteriorating area.
  - Prevent or eliminate slums and blight on an area basis;
  - Prevent or eliminate slum and blight on a spot basis; or
  - Be in an urban renewal area.



## Slum Blight Area Basis

- Activities that aid in the prevention or elimination of slums or blight in a designated area.
- Area must be designated as slum or blighted
- Eligible activities must address one or more of the conditions that contributed to deterioration
- Examples include rehabilitation of substandard housing in a blighted area, infrastructure improvements in a deteriorated area, low-interest business loans to open in a blighted area.

## Slum Blight Spot Basis

- Activities that eliminate specific conditions of blight or physical decay on a spot basis and are not located in a slum or blighted area.
- Examples include acquisition and demolition of a dilapidated property, rehabilitation of decayed community center to rectify code violations, financial assistance to a business to demolish a decayed structure.
- Limited to acquisition, clearance, relocation, historic preservation, remediation of environmentally contaminated properties, and building rehabilitation activities.

## Slum Blight Urban Renewal Area

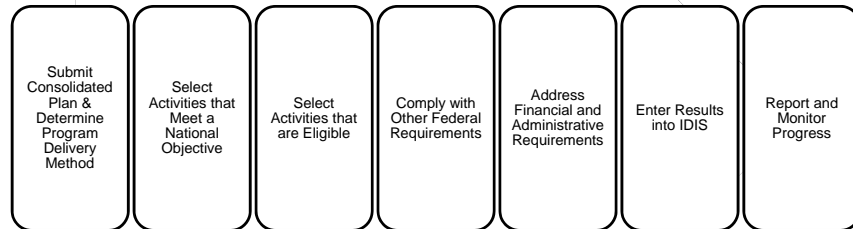
- Activities located within an Urban Renewal project area or Neighborhood Development Plan (NDP) action area that are necessary to complete an Urban Renewal Plan.
- A copy of the Urban Renewal Plan in effect at the time the CDBG activity is carried out, including maps and supporting documentation, must be maintained for record keeping purposes.
- **RARE**

# National Objectives

- Use of the **Urgent Need** national objective category is rare. It is designed only for activities that alleviate emergency conditions.
  - The existing conditions must pose a serious and immediate threat to the health or welfare of the community;
  - The existing conditions are of recent origin or recently became urgent (generally, within the past 18 months);
  - The grantee is unable to finance the activity on its own; and
  - Other sources of funding are not available.

CDBG Eligibility Checklist							
Eligible Activity Type (Site Regulation)							
Project/ Subrecipient Name							
Project Location/ Service Area							
Definition of Income Used						Median Income	
						Amount	Effective Date
APPLICATION/PROPOSAL							
DATE REQUESTED	DATE RECEIVED	DATE COMPLETED	DATE APPROVAL LATTER SENT	PROJECT DESCRIPTION			
NATIONAL OBJECTIVE - (24 CFR 208)							
All CDBG Activities Must Meet One of The Following							
Slum & Blight* - Select One							
<input type="checkbox"/> Slum/Blight Area <input type="checkbox"/> Slum/Blight Spot Basis <input type="checkbox"/> Slum/Blight Urban Renewal Area							
Benefiting L/M Income Persons*-Select One							
<input type="checkbox"/> L/M Area Benefit (Site Service Area & Income Characteristics) <input type="checkbox"/> L/M Limited Clientele (Select One) <input type="checkbox"/> L/M Presumed Benefit (site Presumed Category) <input type="checkbox"/> L/M @ least 51% of clients serviced (site Percentage) <input type="checkbox"/> L/M Nature and Location <input type="checkbox"/> L/M Housing Benefit <input type="checkbox"/> L/M JOBS							
URGENT NEED*							
ENVIRONMENTAL REVIEW		DAVIS BACON WAGE DECISION		FUNDING TERMS		SUBRECIPIENT AGREEMENT	
DATE INITIATED	DATE COMPLETED	DATE ORDERED	DATE RECEIVED	AMOUNT FUNDED	PROGRAM YEAR	DATE DRAFTED	DATE EXECUTED
*See 24 CFR 570.506 for specific documentation required for each national objective.							
Community Development Director				Date			

## CDBG Implementation Process



## Eligible Activities

- Housing
- Other Real Property Activities
- Public Facilities and Improvements
- Public Services
- Economic Development
- Community Based Development Organizations
- Other Types of Activities
- Planning and Administration



## Ineligible Activities

- Buildings used for the general conduct of government
- General government expenses
- Political Activities
- Income payments



- Purchase of equipment is *generally* ineligible.
- Purchase of personal property is *generally* ineligible.

## Ineligible Activities

- Operating and maintenance expenses
- New housing construction unless carried out by a Community Development Based Organization (CDBO)



# Questions

