

CDBG Quick Guide

INTRODUCTION TO THE CDBG PROGRAM

The Community Development Block Grant (CDBG) Program was authorized by the Housing and Community Development Act of 1974.

- ◆ The CDBG program consolidated several categorical grants (urban renewal, neighborhood development and model cities) into a single “block” grant program.
- ◆ The primary objective of the program is the development of viable urban communities by providing:
 - Decent housing;
 - A suitable living environment; and
 - Expanded economic opportunities.
- ◆ A primary goal of program is to benefit persons of low and moderate income.
- ◆ To ensure conformance, the US Dept. of HUD lists eligible activities and national objectives that each activity must meet. These key requirements appear as Federal regulations at 24 CFR 570.

KEY CDBG REQUIREMENTS

Eligible Activities

<p>Activities Related to Real Property</p>	<ul style="list-style-type: none"> ◆ Acquisition ◆ Disposition ◆ Public facilities and improvements, including: <ul style="list-style-type: none"> • Acquisition, installation, construction and rehabilitation of infrastructure (water/sewer lines, streets, sidewalks) • Acquisition, construction or rehab of neighborhood facilities for persons with special needs (homeless shelters, group homes and halfway houses) ◆ Clearance and demolition ◆ Interim assistance to prevent severe deterioration or alleviate emergencies ◆ Completion of urban renewal projects ◆ Privately-owned utilities ◆ Homeownership assistance (down payment assistance, interest subsidies) ◆ Rehabilitation activities, including: <ul style="list-style-type: none"> ◆ Acquisition for rehab and rehab for residential purposes (labor/materials) ◆ Loans for refinancing existing secured indebtedness ◆ Other related improvements, costs and services ◆ Code enforcement ◆ Historic preservation ◆ Renovation of closed buildings ◆ Lead-based paint testing and mitigation
<p>Activities Related to Economic Development</p>	<ul style="list-style-type: none"> ◆ Microenterprise assistance (financial support, technical assistance, related services) ◆ Special economic development assistance activities that produce certain public benefits (jobs or retail services) through:

	<ul style="list-style-type: none"> Acquisition, construction, rehabilitation or installation of commercial or industrial buildings, equipment and other improvements Financial and technical assistance as well as related services
Activities Related to Public Services	<ul style="list-style-type: none"> Public services, including: <ul style="list-style-type: none"> Job training and employment services; health care and substance abuse services; child care; crime prevention; and fair housing counseling Other types of various services
Assistance to Community Based Development Organizations (CBDOs)	<ul style="list-style-type: none"> Grants or loans to CBDOs to carry out the following types of projects: <ul style="list-style-type: none"> Neighborhood revitalization Community economic development Energy conservation
Other Types of Activities	<ul style="list-style-type: none"> Relocation assistance and related loss of rental income Technical assistance to public or non-profit entities for capacity building
Planning and Administration Activities	<ul style="list-style-type: none"> Planning activities including plans; studies; and policy-planning, management and capacity building activities Program administration activities including general management, oversight and coordination; public information; fair housing activities.
National Objectives	
<p>CDBG grantees are responsible for assuring that each eligible activity meets one of three national objectives:</p> <ul style="list-style-type: none"> Benefits low- and moderate-income persons Aids in the prevention or elimination of slums or blight Meets a need having a particular urgency (referred to as urgent need). <p>For an activity to meet a national objective, it must satisfy one set of criteria for that national objective. Each set of criteria offers a possible way to qualify an otherwise eligible activity. The three national objectives and criteria appear in the following sections:</p>	
Low- and Moderate-Income (LMI) Benefit	<p>Area Benefit: Activity provides benefit to area where at least 51% of residents receive low- to moderate-incomes</p> <ul style="list-style-type: none"> Area is primarily residential and activity meets LMI needs. Income levels are documented by Census or an approved substitute. Exceptions apply under special circumstances. <p>Limited Clientele: Activity benefits a limited number of persons who are at least 51% LMI</p> <ul style="list-style-type: none"> Persons are presumed to be LMI (abused children, elderly, homeless). Assistance is for LMI persons owning or developing microenterprises. Activity is a job training or placement activity. (Conditions do apply.) <p>Housing: Activity provides or improves residential structures to be occupied by LMI persons</p> <ul style="list-style-type: none"> At least 51% of units must be occupied by LMI. Exceptions to the 51% rule are possible under limited circumstances. <p>Jobs: Activity creates or retains jobs</p> <ul style="list-style-type: none"> At least 51% of the jobs must be held by or available to LMI persons.

Slums/Blight	<p>Area Basis: Activity addresses slums and blight in area designated under state or local law</p> <ul style="list-style-type: none"> ◆ Area must have a substantial number of deteriorated buildings. ◆ Activity must address one or more conditions contributing to deterioration. <p>Spot Basis: Activity eliminates specific condition of blight in particular instance</p> <ul style="list-style-type: none"> ◆ Condition is not located in a slums and blight area. ◆ Activity is acquisition, clearance, relocation, historic preservation, or rehabilitation. (Conditions do apply to rehabilitation.) <p>Urban Renewal Area: Activities located in urban renewal area or Neighborhood Development Program area</p> <ul style="list-style-type: none"> ◆ Activity must be necessary to complete the urban renewal plan.
Urgent Need	<p>Criteria: Community must satisfy these requirements;</p> <ul style="list-style-type: none"> ◆ Conditions are a serious and immediate threat to health and welfare and are of recent origin ◆ It cannot fund activity on its own as other sources of money are unavailable.
Other Federal Requirements	
More Rules & Regulations	<p>In addition to the key programmatic requirements noted in this guide, CDBG projects may also be subject to other Federal requirements, including:</p> <ul style="list-style-type: none"> ◆ Fair housing and equal opportunity: Discrimination based on race, color, national origin, religion, sex or age is prohibited. ◆ Handicapped accessibility: Generally, Federally-assisted buildings and facilities must be accessible to handicapped persons. ◆ Employment and contracting: Grantees may not discriminate in employment and must make efforts to provide training and employment opportunities to low income residents. ◆ Environmental review: Grantees must undertake environmental reviews in accordance with 24 CFR Part 58. ◆ Flood insurance: CDBG funds may not be provided in a Federal Emergency Management Agency (FEMA) designated special flood area unless specific precautions are undertaken. ◆ Lead-based paint: CDBG rehabilitation and construction activities must comply with 24 CFR Part 35 and Section 401(b) of the Lead-Based Paint Poisoning Prevention Act. ◆ Labor standards: Construction activities may be required to comply with the Davis Bacon Act and the Contract Work Hours and Safety Standards Act. ◆ Debarred, suspended and ineligible contractors and subrecipients: CDBG funds cannot be provided to debarred, suspended, or ineligible contractors, subcontractors or subrecipients. ◆ Conflict-of-interest: CDBG recipients and subrecipients must comply with procurement requirements found at 24 CFR 85 (state and local governments) and 85.42 (non-profits) and with any other applicable conflict-of-interest provisions.