

CDBG WEBCAST

HUD, OFFICE OF BLOCK GRANT ASSISTANCE





MODULE 1: Welcome, Statutory/Regulatory Context, National Objectives

WELCOME



- ❑ Training Presented by HUD, Office of Community Planning and Development, Office of Block Grant Assistance (OBGA)
 - ◆ Richard Kennedy, Director, OBGA
 - ◆ Stan Gimont, Deputy Director, OBGA
 - ◆ Steve Johnson, Director of Entitlement Programs
 - ◆ Diane Lobasso, Director of State Programs
 - ◆ Paul Webster, Director of Financial Management Division

CDBG TRAINING SERIES



- ❑ Eight modules in series:
 - ◆ **Module 1: Welcome, CDBG Statutory/Regulatory Context, National Objectives**
 - ◆ Module 2: State CDBG Program
 - ◆ Module 3: Administration/Planning, Financial Management, Including Program Income
 - ◆ Module 4: Housing and Other Real Property Activities
 - ◆ Module 5: Public Facilities And Public Services
 - ◆ Module 6: Economic Development, Including Public Benefit
 - ◆ Module 7: Section 108
 - ◆ Module 8: IDIS, Performance Measurement, Reporting
- ❑ Training presented by OBGA staff
- ❑ Available on HUD's website at:
<http://www.hud.gov/offices/cpd/communitydevelopment/programs/index.cfm>

CDBG TRAINING OBJECTIVES



- ❑ Purpose of these modules:
 - ◆ Provide overview of key CDBG topics
 - ◆ Answer common questions
 - ◆ Serve as resource for grantee staff new to CDBG

- ❑ Other CDBG resources:
 - ◆ www.HUD.gov/programs/cpd/CDBG
 - ◆ Statute at Section 101 – 122 of the Housing and Community Development Act (HCDA) of 1974, as amended
 - ◆ Regulations at 24 CFR Part 570
 - ◆ Guide to Eligible Activities and National Objectives (State and entitlement versions)
 - ◆ Basically CDBG Training manual

MODULE 1 TOPICS AND TRAINERS



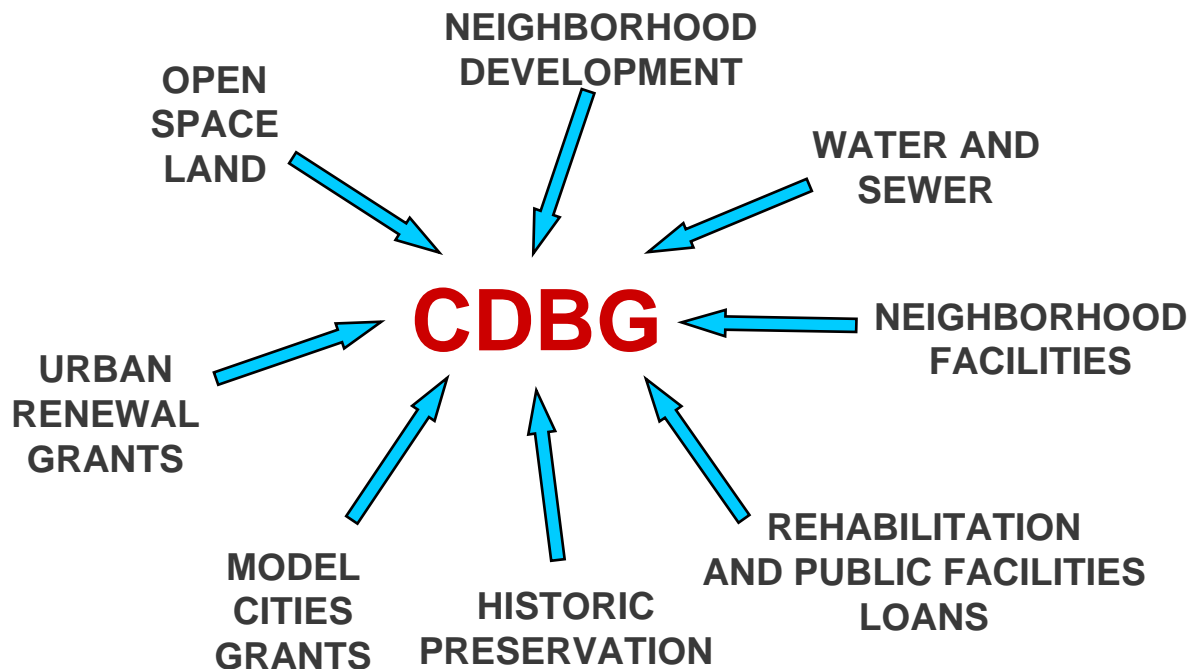
- Topics:
 - ◆ CDBG primary objective
 - ◆ Steps in choosing activities
 - ◆ LMI targeting
 - ◆ National objectives

- Trainers:
 - ◆ Dick Kennedy
 - ◆ Stan Gimont

CDBG HISTORY



Authorized under Title I of the Housing and
Community Development Act of 1974



CDBG PRIMARY OBJECTIVE



- ❑ Development of viable urban communities, *principally for low/mod persons*, through:
 - ◆ Decent housing
 - ◆ Suitable living environment
 - ◆ Expanded economic opportunity

KEY TERMS



- ❑ Entitlement Program
- ❑ State CDBG Program
- ❑ CDBG Recipient/Grantee
- ❑ Consolidated Plan
- ❑ Low and Moderate Income Person
- ❑ Household v. Family

CDBG ROLES

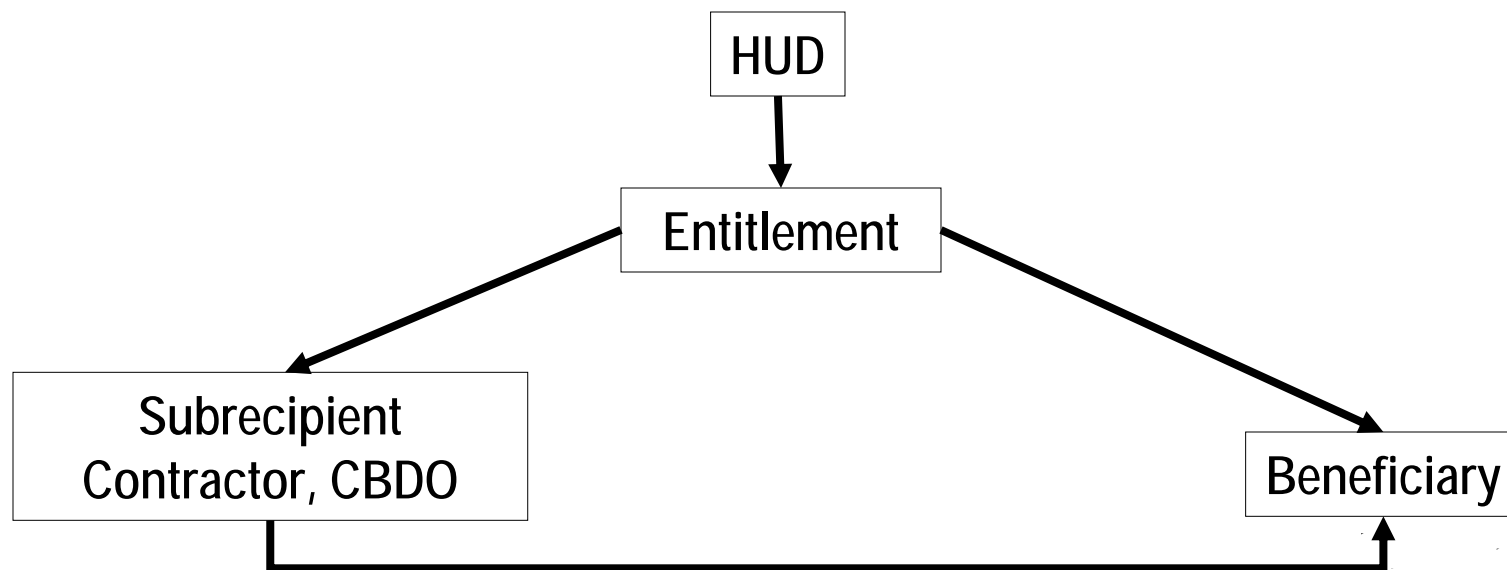


- ❑ Key partners in CDBG programs include:
 - ◆ HUD
 - ◆ Entitlements (cities and urban counties)
 - ◆ States
 - ◆ Units of General Local Government (UGLGs)
 - ◆ Subrecipients
 - ◆ Community Based Development Organizations (CBDOs)
 - ◆ Contractors
 - ◆ Beneficiaries

CDBG MONEY FLOW



- Entitlement grantees have options in funding projects



- States must award funds to UGLG

SELECTING CDBG ACTIVITIES



- ❑ Six key questions prior to funding activity
 1. Is it outlined in the approved Con Plan and Action Plan?
 2. Is the activity eligible?
 3. Is it ineligible?
 4. Will it meet a national objective?
 5. Will it help to meet the low/mod income targeting requirements?
 6. Will it comply with all “other federal requirements”?
- ❑ Answers critical to determine prior to assisting project

QUESTION 1: THE CONSOLIDATED PLAN



- ❑ Helps determine activities and organizations to fund
- ❑ Components:
 - ◆ Lead agency description
 - ◆ Housing and homeless needs assessment
 - ◆ Housing market analysis
 - ◆ Strategic plan
 - ◆ One-year action plan

THE CONSOLIDATED PLAN (cont)



- ❑ Citizen participation required
- ❑ Con Plan reviewed and approved by HUD
 - ◆ Submitted to field office at least 45 days prior to start of program year
- ❑ Amendments allowed
- ❑ Annual performance reporting measured against Con Plan goals and activities

QUESTION 2: ELIGIBLE ACTIVITIES



- ❑ Wide variety possible
 - ◆ Housing & other real property activities
 - ◆ Economic development
 - ◆ Public facilities
 - ◆ Public services
 - ◆ CBDO activities
 - ◆ Planning and administration
 - ◆ Others
- ❑ Reg cites §570.201 - §570.206, §570.482
- ❑ Statutory cites at Section 105
- ❑ See other web modules for more details on eligible activities

QUESTION 3: INELIGIBLE ACTIVITIES



- ❑ Regs expressly prohibit:
 - ◆ Buildings for conduct of government & general government expenses
 - ◆ Political activities
 - ◆ New housing construction (some exceptions)
 - ◆ Income payments
 - ◆ Purchase of equipment
 - ◆ Operating and maintenance expenses

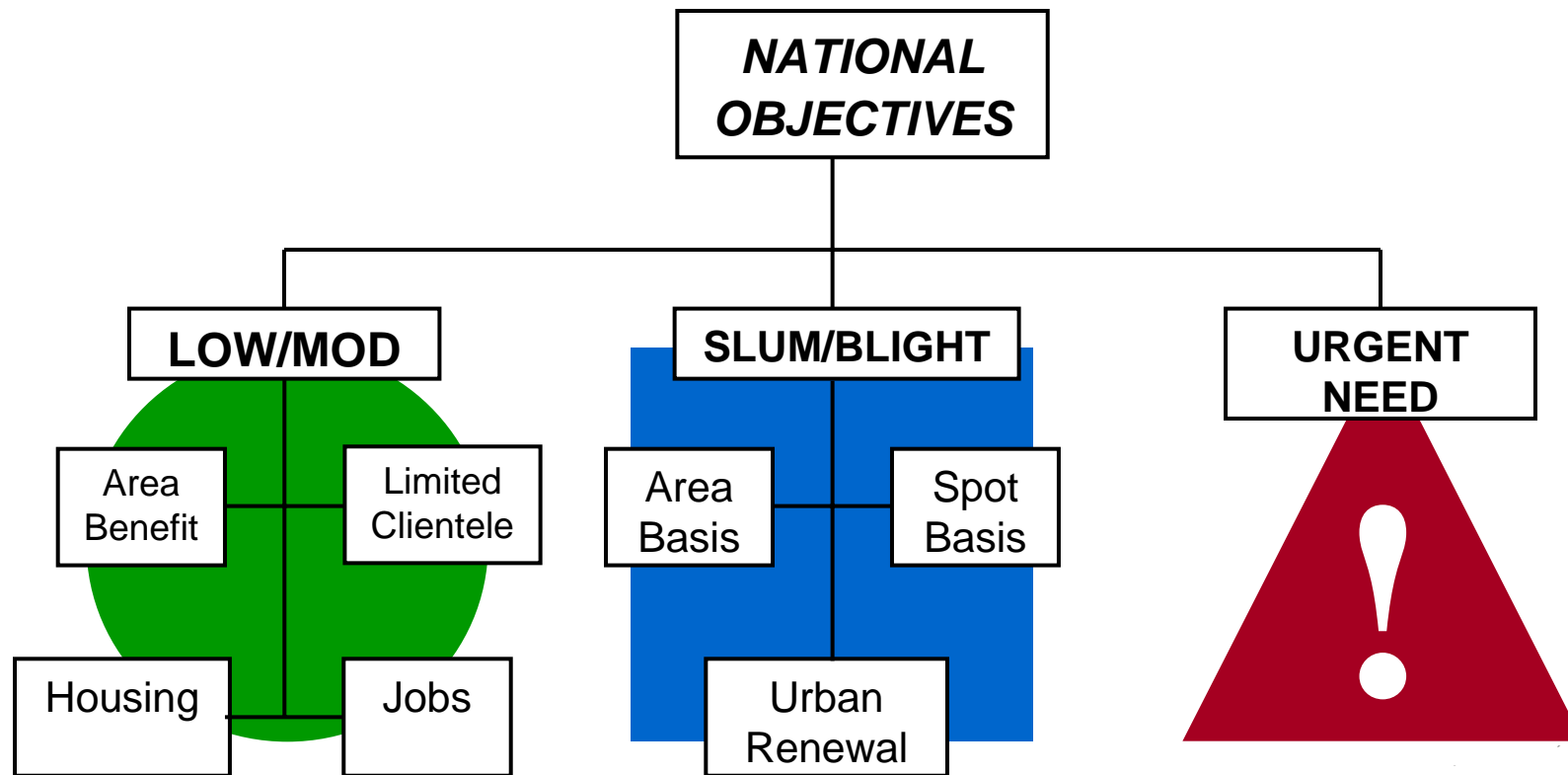
- ❑ Some exceptions for ED and CBDO activities, interim assistance

QUESTION 4: NATIONAL OBJECTIVES



- ❑ Reg cite §570.208, 570.480
- ❑ All CDBG activities must:
 - ◆ Benefit low/mod income persons
 - ◆ Prevent or eliminate slums and blight OR
 - ◆ Meet an urgent need

NATIONAL OBJECTIVES



- ❑ Urban renewal objective not for state program

LOW/MOD BENEFIT AREA BENEFIT



- ❑ Activities that benefit all residents of area
 - ◆ 51% LMI persons
 - ◆ Some entitlement grantees are “exception communities”
- ❑ Area must be primarily residential
- ❑ Must determine service area of activity
- ❑ Typical activities: water/sewer, parks, community centers

LOW/MOD BENEFIT LIMITED CLIENTELE



- ❑ Activities that benefit specific populations
 - ◆ Presumed clientele
 - ◆ 51% of participants are LMI persons
 - ◆ Participation limited to LMI persons only
 - ◆ Nature and location indicate low/mod benefit
- ❑ Some activities may qualify
 - ◆ Removal of architectural barriers (some activities); or
 - ◆ Microenterprise activities with LMI owners; or
 - ◆ Certain types of job training efforts.
- ❑ Typical activities: job training, senior services, facilities for persons with special needs

LOW/MOD BENEFIT HOUSING



- ❑ To meet the housing national objective, structures must be occupied by low/mod households
 - ◆ One unit structures occupied by LMI
 - ◆ One unit of duplex occupied by LMI
 - ◆ 51% of 3+ units LMI occupied by LMI
- ❑ May have less than 51% LMI occupancy only under certain circumstances
- ❑ Aggregation allowed in some instances
- ❑ Note: This is the only L/M national objective for housing activities
- ❑ Typical activities: homeowner unit rehab, rental acquisition and rehab, homebuyer assistance

LOW/MOD BENEFIT JOB CREATION/RETENTION



- ❑ In order to meet this criteria, activities must ***create*** ***or retain*** permanent jobs

AND

- ❑ 51% of the jobs created/retained must be ***available to*** ***or held by*** LMI persons
 - ◆ Jobs counted on full time equivalent (FTE) basis
- ❑ Typical activities: business loans, commercial rehabilitation, infrastructure to a business

LOW/MOD BENEFIT JOB CREATION/RETENTION (cont)



- ❑ For jobs **created**, 51% of the jobs must be available to or held by LMI persons
- ❑ For jobs to be considered **retained**, document that jobs would be lost without CDBG and that job
 - ◆ Is currently held by LMI person OR
 - ◆ Is expected to turn over in 2 years and will be filled by/available to LMI person.

LOW/MOD BENEFIT JOBS AVAILABLE TO LMI



- ❑ For jobs to be considered *available to* LMI persons,
 - ◆ No special skills/education required
 - ◆ LMI persons must receive first consideration
 - ◆ Must have a written agreement with business

LOW/MOD BENEFIT JOBS HELD BY LMI



- ❑ For jobs to be considered *held by* LMI persons:
 - ◆ 51% of the FTE jobs must be LMI
 - ◆ Must document income of LMI persons hired or have evidence of presumption
 - ◆ Must have a written agreement with business

LOW/MOD BENEFIT LMI PRESUMPTION FOR JOBS



- ❑ May be presumed LMI for jobs if:
 - ◆ Reside in Census tract/block numbering area (BNA) with 20% poverty and general distress;
 - ◆ Reside in Census tract/BNA with 30% poverty, CBD, and general distress;
 - ◆ Reside in EZ/EC area;
 - ◆ Reside in Census tract/BNA with 70% LMI;
 - ◆ Business and job located in Census tract/BNA with 20% poverty and general distress;
 - ◆ Business and job in Census tract/BNA with 30% poverty, CBD, and general distress; or
 - ◆ Business and job in EZ/EC area.

SLUM AND BLIGHT AREA BASIS



- ❑ Area must meet definition of slum/blighted area under state/local law AND
- ❑ Meet either A) or B) below:
 - A) At least 25% of properties throughout the area experience 1 or more of the following conditions:
 - Physical deterioration of buildings or improvements
 - Abandonment of properties;
 - Chronic high occupancy turnover rates or chronic high vacancy rates in commercial/industrial buildings;
 - Significant declines in property values or abnormally low property values relative to other areas in community; or
 - Known or suspected environmental contamination.
 - B) The public improvements in the area are in a general state of deterioration
- ❑ Typical activities: code enforcement, infrastructure, commercial rehabilitation

SLUM AND BLIGHT SPOT BASIS



- ❑ Activities that address specific conditions of blight, physical decay or environmental contamination not in slum/blight area
- ❑ Activities limited: acquisition, clearance, relocation, historic preservation, remediation of environmentally contaminated properties, or building rehab
 - ◆ Acquisition & relocation must be precursor to another eligible activity that addresses slum/blighted conditions
 - ◆ Rehab limited to elimination of conditions detrimental to public health & safety

SLUM AND BLIGHT URBAN RENEWAL



- ❑ Related to extinct HUD Urban Renewal Program
- ❑ Activities in Urban Renewal or Neighborhood Development Program action areas
- ❑ Activities necessary to complete an existing Urban Renewal Plan
- ❑ Not applicable to the state program
- ❑ Typical activities: infrastructure, economic development

URGENT NEED NATIONAL OBJECTIVE



- ❑ To meet the urgent need test:
 - ◆ Existing conditions pose serious & immediate threat to health/welfare of community
 - ◆ Existing conditions are recent or recently became urgent
 - Generally 18 months
 - ◆ Recipient cannot finance on its own
 - ◆ Other funding sources not available
- ❑ Typical activities: infrastructure, interim assistance, rehab of community facilities

QUESTION 5: LOW/MOD BENEFIT REQUIREMENT



- ❑ Ties to primary objective of CDBG Program
- ❑ Requires that 70% of all CDBG expenditures benefit low/mod persons (i.e., meet LMI national objective)
 - ◆ Cumulative expenditures, not budgeted
 - ◆ Certification period of 1-3 years—grantee's choice
 - ◆ Section 108 is a CDBG expenditure
 - ◆ Planning/admin not included
- ❑ Reported in CAPER (or PER)

QUESTION 6: OTHER FEDERAL REGULATIONS



- ❑ Myriad of other Federal regulations may apply to CDBG-funded activities
- ❑ List includes regulations about:
 - ◆ Fair housing and equal opportunity
 - ◆ Handicapped accessibility
 - ◆ Financial management
 - ◆ Environmental review
 - ◆ Lead paint hazard reduction
 - ◆ Relocation/acquisition and one-for-one replacement
 - ◆ Davis Bacon labor standards and related acts
 - ◆ Excluded parties (debarred/suspended)
 - ◆ Others, as applicable
- ❑ Refer to other regulations for applicability