

CDBG WEBCAST

HUD, OFFICE OF BLOCK GRANT ASSISTANCE





MODULE 5: Public Facilities, Interim Assistance, Public Services and Other Activities

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, Interim Assistance, Public Services and Other Activities**
 - ◆ 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>

MODULE 5 TOPICS AND TRAINERS



□ Topics:

- ◆ Eligible public facility programs
- ◆ Special assessments
- ◆ Interim assistance
- ◆ Public services

□ Trainers:

- ◆ Dick Kennedy
- ◆ Diane Lobasso
- ◆ Steve Johnson

ELIGIBLE PUBLIC FACILITIES ACTIVITIES



- ❑ Infrastructure
 - ◆ Streets, sidewalks
 - ◆ Water, sewer
- ❑ Neighborhood facilities
 - ◆ Parks, playgrounds
 - ◆ Recreational facilities
- ❑ Facilities for special needs populations
 - ◆ Homeless shelters
 - ◆ Group homes

INELIGIBLE PUBLIC FACILITIES ACTIVITIES



- ❑ Maintenance and repair of public facilities
 - ◆ Exception for handicapped accessibility
- ❑ Operating costs
 - ◆ Exception for costs related to operating a CDBG public service activity
- ❑ Buildings for general conduct of government (e.g., city hall)
 - ◆ Some exceptions

PUBLIC FACILITIES NATIONAL OBJECTIVES



- ❑ Infrastructure improvements will typically qualify under:
 - ◆ Low/Mod Area Benefit
 - ◆ Low/Mod Limited Clientele (facilities for persons with special needs)

- ❑ Low/Mod Housing national objective possible, if public improvements for purpose of providing water/sewer hookups for low/mod households

PUBLIC FACILITIES NATIONAL OBJECTIVES



- ❑ Low/Mod Job Creation/Retention possible, but:
 - ◆ Must aggregate all FTE jobs created by affected businesses if cost/job less than \$10,000
 - ◆ If \$10,000+ must aggregate all FTE jobs created in service area within one year after construction completed
- ❑ Some improvements may fit Slum/Blight Area Basis national objective

SPECIAL ASSESSMENTS



- ❑ Special assessments are used to recover capital costs through a fee or charge
- ❑ Under CDBG, two ways think about special assessments:
 - To recover costs of CDBG-assisted public improvements
 - To pay private assessments for low/mod owner occupants

SPECIAL ASSESSMENTS (cont)



- ❑ If all costs of a public improvement are paid w/ CDBG, special assessments may be made to recover CDBG funds, but only made against properties owned and occupied by non I/m persons. The special assessment is considered program income.
- ❑ If CDBG is used to pay for only part of the cost of the public improvement, special assessments may be made to recover the non CDBG assisted portion provided that CDBG funds are used to pay the assessment on behalf of properties owned and occupied by I/m persons.
- ❑ If a public improvement is not initially funded with CDBG, the use of CDBG to pay special assessments to recover the cost makes the improvement CDBG assisted.

WHAT SPECIAL ASSESSMENTS ARE NOT



- ❑ Special assessments are not taxes
- ❑ Special assessments are not periodic charges based on use (e.g. water or sewer)

SPECIAL ASSESSMENTS NATIONAL OBJECTIVES



- Typically use:
 - ◆ Low/Mod Area Benefit OR
 - ◆ Limited Clientele

ELIGIBLE INTERIM ASSISTANCE ACTIVITIES



- ❑ Interim assistance are short term programs typically related to essential services or repairs
- ❑ CDBG may be used to pay for interim assistance under two circumstances:
 - Immediate action is necessary until something permanent is done
 - Emergency conditions threaten health/safety

ELIGIBLE INTERIM ASSISTANCE ACTIVITIES (cont)



- ❑ Under immediate action situation, grantee must document that:
 - ◆ Immediate action is necessary to stop deterioration AND
 - ◆ Permanent improvements will be carried out ASAP
- ❑ Not permissible to use this category to cover on-going, repeated programs
 - ◆ Not a way to avoid public services cap or ban on maintaining and operating public facilities

ELIGIBLE INTERIM ASSISTANCE ACTIVITIES (cont)



- ❑ Under emergency situation, grantee's CEO must determine that:
 - ◆ Situation is an emergency
 - ◆ Situation requires immediate action

INTERIM ASSISTANCE NATIONAL OBJECTIVES



- ❑ Low/Mod Area Benefit
- ❑ Slum/Blight Area Basis
- ❑ Urgent Need
 - ◆ Activity must alleviate existing threatening conditions
 - ◆ Activity must address a recent condition
 - ◆ Recipient must be unable to finance activity and no other funds are available

ELIGIBLE PUBLIC SERVICE ACTIVITIES



- ❑ Wide range of public services possible
- ❑ Includes services related to:
 - ◆ Employment
 - Job training
 - ◆ Crime prevention/public safety
 - ◆ Child care
 - ◆ Health
 - Health services
 - Substance abuse services

ELIGIBLE PUBLIC SERVICE ACTIVITIES (cont)



- ❑ Also includes services related to:
 - ◆ Housing
 - Housing counseling
 - Fair Housing counseling
 - Energy conservation
 - Homebuyer downpayment assistance
 - Services for homeless persons
 - ◆ Education
 - ◆ Welfare services
 - ◆ Services for seniors
 - ◆ Recreational services

PUBLIC SERVICES COST



- ❑ CDBG funds may pay for labor, supplies and materials
- ❑ CDBG funds may pay for operations and maintenance of facility where service occurs
- ❑ Payments must be directly related to the provision of eligible services
 - ◆ Cannot just provide operational support to nonprofits
 - ◆ Must document costs

PUBLIC SERVICES RESTRICTIONS



- ❑ The service must be:
 - ◆ A new service, or
 - ◆ A quantifiable increase in the level of an existing service that has been provided by the grantee or another entity on its behalf with local gov't funding (or funding from the state to the local gov't) in the 12 months preceding submission of the Action Plan
- ❑ Note: this restriction does not mean that an existing, funded services organization needs to do more each year

INELIGIBLE PUBLIC SERVICE ACTIVITIES



- ❑ Income payments ineligible
 - ◆ Except emergency grant payments
 - Not to exceed three months
 - Payments made directly to provider
- ❑ No on-going operations as a stand alone public service
 - ◆ For example: operating rental housing
 - ◆ Different than paying to offer a service within the housing development, such as counseling
- ❑ Political activities ineligible

PUBLIC SERVICES & RELIGIOUS ENTITIES



- ❑ Generally, funds may not be used for religious activities
 - ◆ No religious events or requirements to pray before public service is provided
- ❑ However, eligible public services may be provided through a religious entity if formal agreement in place stipulating:
 - ◆ No discrimination (employment or participants)
 - ◆ No religious instruction or counseling

PUBLIC SERVICES & RELIGIOUS ENTITIES (cont)



- ❑ CDBG funds can be provided for minor repairs of facility owned by religious entity that is used for public services if:
 - ◆ Repairs are directly related to public service activity
AND
 - ◆ Cost is only an incidental portion of total CDBG \$ for public service activity

PUBLIC SERVICES CAP



- ❑ Obligations for public service activities may not exceed:
 - ◆ 15% of annual entitlement grant PLUS
 - ◆ 15% of last year's program income
 - ◆ Calculated differently for States

- ❑ Exceptions
 - ◆ 1982/1983 grants
 - ◆ Assistance to microenterprises
 - ◆ Job training/placement/services with eligible economic development projects
 - ◆ Job training and placement by CBDO or 105(a)(15)
 - ◆ Services by CBDO/105(a)(15) under an approved Strategy Area (NRSA or CRSA)

PUBLIC SERVICES NATIONAL OBJECTIVES



- ❑ Low/Mod benefit determined by whether service offered to all OR to a particular group of low/mod residents
 - ◆ Area Benefit
 - ◆ Limited Clientele
 - Exception to 51% rule of Limited Clientele related to job training-refer to Guide to Eligible Activities and National Objectives
- ❑ Slum/Blight Area Basis allowed
 - ◆ Rarely used for Public Services
 - ◆ Must meet all Slum/Blight Area Basis requirements
- ❑ Slum/Blight Spot Basis NOT allowed
- ❑ Urgent Need possible, but rare

OTHER ELIGIBLE ACTIVITIES



- ❑ Many other CDBG eligible activity options not discussed in detail in these webcast sessions, including:
 - ◆ Acquisition by a public or nonprofit entity IF for an eligible use
 - National objective based on final use of property
 - ◆ Disposition
 - ◆ Clearance and demolition
 - ◆ Renovation of closed buildings
 - ◆ Brownfields redevelopment activities
 - ◆ Architectural barrier removal
 - ◆ Payment of non-federal share

OTHER ELIGIBLE ACTIVITIES (cont)



- ❑ Also eligible:
 - ◆ Relocation
 - ◆ Loss of rental income
 - ◆ Privately owned utilities
 - ◆ Technical assistance
 - ◆ Assistance to institutions of higher learning
- ❑ National objectives for these activities depends on beneficiaries and intended results