



Infrastructure Long Term Recovery

June Franklin
CPD Program Manager
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Rural Alabama Communities

Community Development Block Grant (CDBG) Program

- ▶ Source of flexible funding to assist small cities and rural communities meet their housing and community development needs.
- ▶ Program makes it possible for states and communities to address local problems.

State CDBG Program

Activity Eligibility

Public Facilities and Improvements

- ▶ National Objective – 1 of 3 criteria must be met:
 1. Benefit low and moderate income persons or;
 2. Prevent or eliminate blight or;
 3. Meet other community development needs having a particular urgency because existing conditions pose a serious and immediate threat to the health or welfare of the community, and other financial resources are not available to meet such needs.



State CDBG Program

- ▶ Required State Certification – The carrying out of the activity with CDBG funds will not result in the state violating its certification that 70 percent of CDBG expenditures will be for activities that are considered to benefit low/moderate income persons over the one, two, or three year consecutive program years specified by the state

Public Facilities and Improvements

- ▶ CDBG funds may be used by the state grant recipients for public improvements or public facilities (except for buildings for the general conduct of government). Eligible activities are:
 - ✓ Construction
 - ✓ Acquisition
 - ✓ Reconstruction
 - ✓ Rehabilitation
 - ✓ Installation

Public Facilities and Improvements

- ▶ Public improvements include streets, sidewalks, curbs and gutter, playgrounds, water and sewer lines, flood and drainage improvements, parking lots, etc.
- ▶ One notable exception: this category does not allow expenditures for the general conduct of government.
- ▶ The exception to the exception: CDBG funds may be used to remove from such buildings architectural barriers that restrict the mobility and accessibility of elderly or severely disabled adults

National Objective

Most public facilities and improvements by their nature are intended to benefit all the residents of an area.

To qualify under the national objective of benefit to low- and moderate-income persons, the activity must serve a primarily residential area having at least 51% low- and moderate-income residents

State Responsibility

- ▶ The State of Alabama is responsible for establishing policies for its program concerning:
 - determining the appropriate service area for funded activities;
 - when surveys may be used instead of census tract data to generate low- and moderate- income beneficiary data; and
 - appropriate survey methodologies for obtaining the low- and moderate-income beneficiary data.

Additional Considerations

The cost of connecting individual properties (private homes) to distribution lines are **NOT** eligible as a public facility activity. Similarly, the cost of constructing, installing, or reconstructing water wells, septic tanks, drain fields, etc. for individual properties are not eligible as a public facility activity. These activities must be classified as a cost of construction or rehabilitation of a building as appropriate.

Economic Development

- ▶ Not all public facility projects are designed to benefit a primary residential area; certain public facility activities may be undertaken for economic development purposes.
- ▶ The activity may be funded on basis of meeting a national objective by creating jobs for low- and moderate-income persons.

Example: a city may install or upgrade water, sewer or road facilities to serve a commercial or industrial site, in exchange for a business agreeing to locate or expand there.

Combining CDBG Funds with Other Federal Funds

- ▶ State CDBG money is frequently combined with funding from other federal programs to finance the construction of public facilities.
- ▶ Water and sewer systems are commonly funded with a combination of state CDBG, EPA and USDA funds.
- ▶ Because congress authorizes these programs under various statutes, different sets of federal requirements apply to each of them.

Combining CDBG Funds with Other Federal Funds

- ▶ If state CDBG funds are commingled with those of other federal programs, or are used to jointly fund the same improvements, the statutory and regulatory requirements of the CDBG program must be applied to the whole project.
- ▶ However, if state CDBG funds are used to exclusively finance one type of improvement, and other federal funds are used to construct another type of improvement, the CDBG requirements will only apply to the improvements funded with CDBG funds.

Alabama Department of Economic and Community Affairs (ADECA)

- ▶ Point of Contact

Mr. Jim Byard, Jr.

Director

Alabama Department of
Economic and Community Affairs (ADECA)

Post Office Box 5690

401 Adams Avenue

Montgomery, Alabama 36103-5690

Phone: (334) 242-5591

E-Mail: jim.byard@ADECA.alabama.gov

Birmingham CPD Division

▶ Point of Contact:

June Franklin

CPD Program Manager

US Department of Housing & Urban Development

Birmingham Office

Medical Forum Building

950 22nd Street North, Suite 900

Birmingham, Alabama 35202

Phone: (205) 745-4352

E-Mail: june.j.franklin@hud.gov