

Community Development Block Grant

BASIC Training for Practitioners

Sponsored by



CDBG BASIC TRAINING FOR PRACTITIONERS

**Presented by
Wilmur Conyers**

February 15, 2017



Welcome

Introductions:

- Name
- Agency
- How long have you worked with CDBG?
- Identify one or two things you really want to learn during this training

Review of Logistics

- **Ask Questions, But Be Patient**
- **Mute Cell Phones**
- **Relax and Stay Calm**
- **Have Fun 😊**

About NCDA

- **National Community Development Association**
 - Made up of cities and counties that are:
 1. CDBG Entitlement Grantees; and/or
 2. HOME Program Participating Jurisdictions (PJs)
 - Provides:
 - 2 Conferences per year
 - Legislative Conference in Washington, DC\
 - Annual Conference – Member Cities/Counties around the country
 - Training in CDBG (Basic & Adv.) and HOME (Basic)
 - Direct link to Legislative & HUD Information
 - Staff & Member support on Technical Issues
 - NCDA is on LinkedIn, Facebook, and Twitter

Agenda

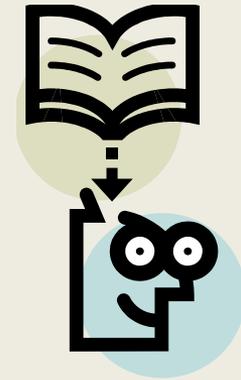
- **Fundamentals of CDBG**
- **Historical Perspective**
- **National Objectives**
- **Regulations**
- **Program Administration**
- **Monitoring**
- **Subrecipient management**
- **Record-Keeping Requirements**
- **Timeliness**

Training Objectives

- **Provide Overview of Key CDBG Topics**
- **Add to Program Understanding**
- **Serve as a resource for grantee staff new to CDBG**

What to Expect

- **Information Overload**
- **Lots of Acronyms**
- **Some great stories ...**
- **Some fun....maybe**
- **You will learn from each other**
- **Your participation**



Fundamentals of CDBG

- **CDBG - Annual Grants**
- **Goals of the Program**
 - To Develop Viable Urban Communities Through the Provision of:
 - ✓ Decent, safe, sanitary housing
 - ✓ Suitable living environment
 - ✓ Expand economic development opportunities
 - ***Primarily for Low-Moderate Income (LMI) Persons***

Entitlement Grantees

- **Entitlement Grantees Are:**
 - Principal City of Metropolitan Statistical Area (MSA), or
 - Cities with \Rightarrow 50,000 Population, or
 - An Urban County of \Rightarrow 200,000 excluding Entitlement Cities

Funding Distribution

- **Grantee Allocation Based on Greater of Two Amounts from Latest American Census Survey (ACS):**
 - Formula A - Weighted factors for Population, Poverty #, Overcrowding, OR
 - Formula B - Weighted factors for Population loss, Poverty #, Pre-1940 housing
- **Entitlement Cities and Counties receive 70%; States – 30%**
- **Google “CDBG Formula and Appropriation Process Video” for more info on Formula**

National Objectives

- **CDBG Activities Must:**
 - Be **Eligible** Under 24 CFR 570; AND
 - Meet One Of Three National Objectives
 1. **Provide a benefit to low-and moderate persons; or**
 2. **Prevent or eliminate slum/blight; or**
 3. **Meet an urgent community need**

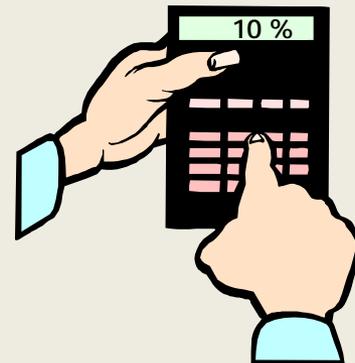
LMI Definitions



- **“LMI” = LOW- AND MODERATE INCOME = 0-80% OF AREA MEDIAN INCOME (AMI)**
 - Set by §570.3 – Definitions – to HUD Section 8 Income Limits
 - **Low Income:** Sec. 8 “Very Low Income” = 0-50% AMI
 - **Moderate Income** = Sec. 8 “Low Income” = 51-80% AMI
 - Except when:
 - ✓ Capped at National Median Income
 - ✓ Changed by high housing costs

Emphasis on LMI Benefit

- 70% of funds expended during 1-3 year period must be for activities that benefit LMI persons
- Grantee must specify one, two, or three year period in their con plan



LMI Benefit II

- **Calculation:**

- Grantee uses entitlement amounts for 1-3 year period in Con Plan
- Certifies that it has met requirement for designated period in expenditures
 - Adds anticipated program income
 - Planning & admin amounts *are not included* in calculation
- 100% of LMI activity costs included (except housing)
- Housing costs must be pro-rated based on percent LMI units vs. percent CDBG of total costs
 - 70% LMI units – 75% of costs CDBG funded – excess 5% must be excluded

LMI Benefit Calculation

- **Granteeville - Entitlement:**
 - \$5,250,000 in Year 1
 - \$5,300,000 in Year 2
 - \$5,000,000 in Year 3
- **Program income averages \$400,000 per year**
- **20% used for Administration**
- **What is minimum they must spend for LMI benefit? (Use 3 yr period)**

How much must be spent?

\$5,250,000 in Year 1

\$5,300,000 in Year 2

\$5,000,000 in Year 3

\$15,550,000 (3 yr grant total)

\$ 1,200,000 (program income for 3 yrs)

\$16,750,000 (3 yr total from both sources)

x .80 (does not include 20% admin)

\$13,400,000

x .70 (70% rule)

\$ 9,380,000 min 3 yr expenses for LMI benefit

\$ 4,020,000 max. for Slums/Blight & Urgent Need

Grant Submissions



- **Grantees must submit and follow:**
 - Consolidated Plan
 - Annual Action Plan
- **Grantees must certify they will follow federal requirements**
- **HUD will approve grant unless:**
 - “Timeliness” trouble
 - Compliance problems
 - Lack of continuing capacity

Program Partners

- **CDBG Activities May Be Administered By:**
 - Grantee, or
 - Contractors, or
 - Subrecipients, or
 - Community Based Development Organizations (CBDOs)

Who's Who's in CDBG

- **Grantee** = Government agency receiving CDBG entitlement funds directly
- **Contractor** = Competitive selection for specific service
- **Subrecipient** = Government agencies, Non-Profit Or For-Profit, or Colleges that undertake selected activities on behalf of grantee
- **CBDO** = Special neighborhood-based Non-Profit

Historical Perspective

- **Authorized under the Title I of the Housing And Community Development Act (HCDA) Of 1974**
 - Replaced 8 Existing Programs
 - Major Shift In How Funds Awarded – provided more flexibility in designing community needs programs

The Current Picture

■ CDBG Regulations – 24 CFR Part 570

– Electronic Format:

- <https://www.hudexchange.info/community-development/cdbg-laws-and-regulations/>

Activities that are Eligible

- **Real Property and Housing Related**
- **Public Services**
- **Public Facilities**
- **Economic Development**
- **Planning and Administration**
- **Other Types Of Assistance**

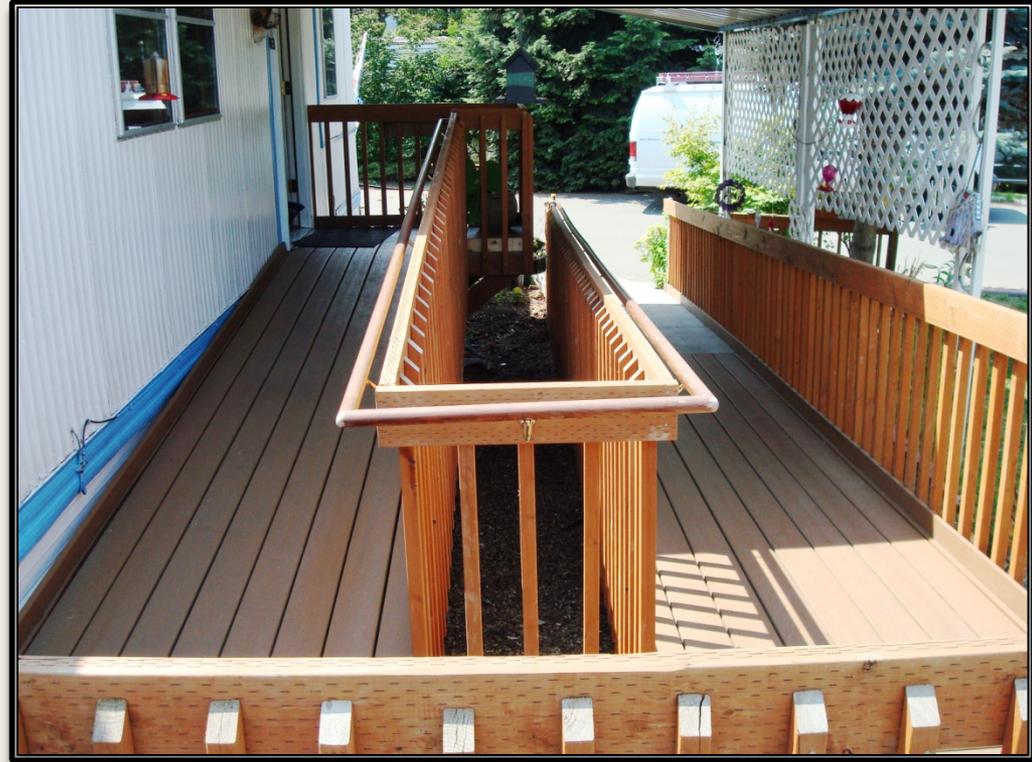
How CDBG Funds are Being Used

- **In a recent 4 year period, CDBG:**
 - Assisted over 651,000 h/h with housing needs
 - Served 13.5 million persons with new or updated public facilities
 - Provided essential public services to 53 million people
 - Created or retained 218,000 jobs
 - Leveraged \$2.79 for every CDBG dollar



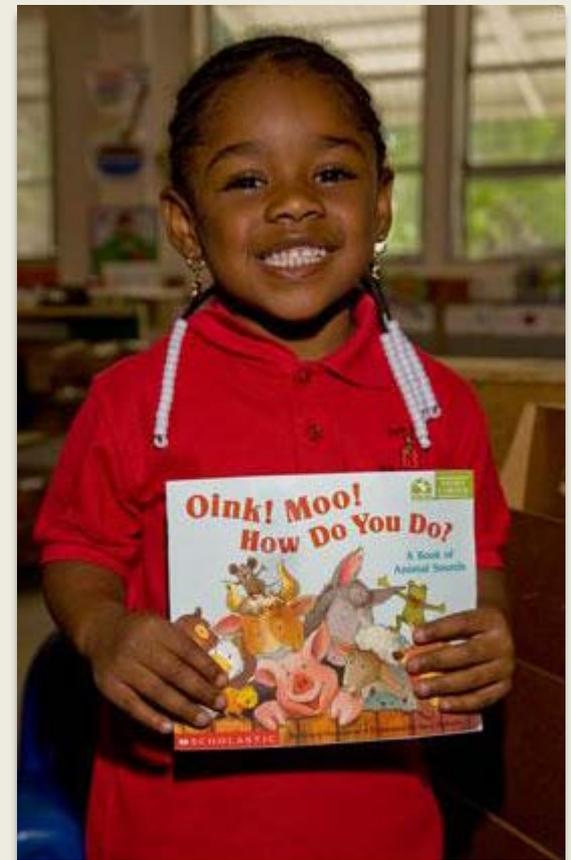
**State St. Community Garden
- New Bedford, MA -**

Collaboration between Northstar Learning Center, New Bedford Garden Club, and the Acushnet Commons Residence created this pocket park and community garden on previously vacant lot.



Handicapped Ramp Installation – Kent, Washington –

CDBG rehabilitation dollars were used to make this man's house accessible.



**FUN TIME EARLY CHILDHOOD ACADEMY
- Collier County, FL -**

CDBG funds in the amount of \$275,000.00 were granted to Fun Time Early Childhood Academy to be used towards the infrastructure for a new building. The old structure was a dilapidated double wide mobile trailer which had been housing the academy since the 1960's. Fun Time's mission is to provide safe, affordable early education and childcare to the children of low-income work families.



CDBG Reconstruction Loan Program - Midland, TX -

This is a family that benefitted from our reconstruction loan program. In this case, the household had a member with a disability.



***NW 15 Avenue Commercial Corridor
Beautification Project
-- Miami, FL --***

The exterior rehabilitation of multiple for profit businesses - City portion: \$ 399,410 CDBG-R (ARRA) The buildings' rehabilitation includes the installation of awnings, architectural moldings, decorative tiling, new windows and doors, shutters, signage and more.



Southside Phase I- Homeownership --Durham, NC--

As part of a Neighborhood Strategy Revitalization Strategy Area (NRSA), the City used the Section 108 Loan Guarantee program to obtain \$8.8 million in funding. Of the loan amount, \$2.1 million was used for site prep and infrastructure for a 48 single-family community (The Bungalows at Southside).

Understanding the Rules

- **Begins With Law**
 - Title I Of HCDA Of 1974, as amended
 - Public Law 93-383
- **Regulations (also “Rules”) flesh out Law**
 - If rule is not in the Law, can be waived
 - **Agency Responsible Writes Regs**
 - Published In Federal Register
 - HUD’S Regs begin with “Title 24”
 - CDBG Regs are in Part 570
 - Subparts (“General Provisions,” “Eligible Activities,” etc.)

Regulations

- **Proposed Rules** – defined period for public input before effective
 - **Interim Rules** – in effect until final rule
- **Final Rules**
- **CPD Notices** – Clarify & enhance Regs

e-CFR data is current as of June 30, 2016

Title 24 → Subtitle B → Chapter V → Subchapter C → Part 570

Title 24: Housing and Urban Development

Subpart A—General Provisions

- §570.1 Purpose and primary objective.
- §570.3 Definitions.
- §570.4 Allocation of funds.
- §570.5 Waivers.

Subpart B (Reserved)

Subpart C—Eligible Activities

- §570.200 General policies.
- §570.201 Basic eligible activities.
- §570.202 Eligible rehabilitation and preservation activities.
- §570.203 Special economic development activities.
- §570.204 Special activities by Community-Based Development Organizations (CBDOs).
- §570.205 Eligible planning, urban environmental design and policy-planning-management-capacity building activities.
- §570.206 Program administrative costs.
- §570.207 Ineligible activities.

Subpart D—Entitlement Grants

- §570.208
- §570.209
- §570.210
- §570.300 General.
- §570.301 Activity locations and float-funding.
- §570.302 Submission requirements.
- §570.303 Certifications.
- §570.304 Making of grants.
- §570.307 Urban counties.
- §570.308 Joint requests.
- §570.309 Restriction on location of activities.

Subpart F—Small Cities, Non-Entitlement CDBG Grants in Hawaii and Insular Areas Programs

- §570.420 General.
- §570.421 New York Small Cities Program design.
- §§570.422-425 [Reserved]
- §570.426 Program income.
- §570.427 Program amendments.
- §570.428 [Reserved]
- §570.429 Hawaii general and grant requirements.
- §570.431 Citizen participation.
- §570.440 Application requirements for insular area grants funded under section 106.

Subpart J—Grant Administration

- §570.500 Definitions.
- §570.501 Responsibility for grant administration.
- §570.502 Applicability of uniform administrative requirements.
- §570.503 Agreements with subrecipients.
- §570.504 Program income.
- §570.505 Use of real property.
- §570.506 Records to be maintained.
- §570.507 Reports.
- §570.508 Public access to program records.
- §570.509 Grant closeout procedures.
- §570.510 Transferring projects from urban counties to metropolitan cities.
- §570.511 Use of escrow accounts for rehabilitation of privately owned residential property.
- §570.512 [Reserved]
- §570.513 Lump sum drawdown for financing of property rehabilitation activities.

<http://www.ecfr.gov/cgi-bin/text-idx?SID=680aa447054ce8ab9823b2c7e2c48aa7&mc=true&node=pt24.3.570&rgn=div5#sp24.3.570.b>

- §570.491 Performance and evaluation report.
- §570.492 State's reviews and audits.
- §570.493 HUD's reviews and audits.
- §570.494 Timely distribution of funds by states.
- §570.495 Reviews and audits response.
- §570.496 Remedies for noncompliance; opportunity for hearing.
- §570.497 Condition of State election to administer State CDBG Program.

Subpart J—Grant Administration

- §570.500 Definitions.
- §570.501 Responsibility for grant administration.
- §570.502 Applicability of uniform administrative requirements.

Subpart K—Other Program Requirements

- §570.600 General.
- §570.601 Public Law 88-352 and Public Law 90-284; affirmatively furthering fair housing; Executive Order 11063.
- §570.602 Section 109 of the Act.
- §570.603 Labor standards.
- §570.604 Environmental standards.
- §570.605 National Flood Insurance Program.
- §570.606 Displacement, relocation, acquisition, and replacement of housing.
- §570.607 Employment and contracting opportunities.
- §570.608 Lead-based paint.
- §570.609 Use of debarred, suspended or ineligible contractors or subrecipients.
- §570.610 Uniform administrative requirements, cost principles, and audit requirements for Federal awards.
- §570.611 Conflict of interest.

Subpart M—Loan Guarantees**(Section 108)**

§570.700 Purpose.

§570.701 Definitions.

Appendix A to Part 570—Guidelines and Objectives for Evaluating Project Costs and Financial Requirements

§570.702 Eligible applicants.

§570.703 Eligible activities.

§570.704 Application requirements.

§570.705 Loan requirements.

Subpart O—Performance Reviews

§570.900 General.

§570.901 Review for compliance with the primary and national objectives and other program requirements.

§570.902 Review to determine if CDBG-funded activities are being carried out in a timely manner.

§570.903 Review to determine if the recipient is meeting its consolidated plan responsibilities.

§570.904 Equal opportunity and fair housing review criteria.

§570.905 Review of continuing capacity to carry out CDBG funded activities in a timely manner.

§570.906 Review of urban counties.

§§570.907-570.909 [Reserved]

§570.910 Corrective and remedial actions.

§570.911 Reduction, withdrawal, or adjustment of a grant or other appropriate action.

§570.912 Nondiscrimination compliance.

§570.913 Other remedies for noncompliance.

§570.913 Other remedies for noncompliance.

Appendix A to Part 570—Guidelines and Objectives for Evaluating Project Costs and Financial Requirements

Reading a Regulation I

§ 570.208 Criteria for national objectives.

The following criteria shall be used to determine whether a CDBG-assisted activity complies with one or more of the national objectives as required under § 570.200(a)(2):

(a) Activities benefiting low- and moderate- income persons. Activities meeting the criteria in paragraph (a) (1), (2), (3), or (4) of this section as applicable, will be considered to benefit low and moderate income persons unless there is substantial evidence to the contrary. In assessing any such evidence, the full range of direct effects of the assisted activity will be considered. (The recipient shall appropriately ensure that activities that meet these criteria do not benefit moderate income persons to the exclusion of low income persons.)

(1) Area benefit activities. (i) An activity, the benefits of which are available to all the residents in a particular area, where at least 51 percent of the residents are low and moderate income persons. Such an area need not be coterminous with census tracts or other officially recognized boundaries but must be the entire area served by the activity. An activity that serves an area that is not primarily residential in character shall not qualify under this criterion.

(ii) For metropolitan cities and urban counties, an activity that would otherwise qualify under § 570.208(a)(1)(i) except that the area served contains less than 51 percent low and moderate income residents will also be considered to meet the objective of benefiting low and moderate income persons where the proportion of low and moderate income persons in the area is within the highest quartile of all areas in the recipient's jurisdiction in terms of the degree of concentration of such persons. In applying this exception, HUD

will determine the lowest proportion a recipient may use to qualify an area for this purpose as follows:

(A) All census block groups in the recipient's jurisdiction shall be rank ordered from the block group of highest proportion of low and moderate income persons to the block group with the lowest. For urban counties, the rank ordering shall cover the entire area constituting the urban county and shall not be done separately for each participating unit of general local government.

Reading a Regulation II

§ 570.208 Criteria for national objectives.

The following criteria shall be used to determine whether a CDBG-assisted activity complies with one or more of the national objectives as required under § 570.200(a)(2):

(a) Activities benefiting low- and moderate- income persons. Activities meeting the criteria in paragraph (a) (1), (2), (3), or (4) of this section as applicable, will be considered to benefit low and moderate income persons unless there is substantial evidence to the contrary. In assessing any such evidence, the full range of direct effects of the assisted activity will be considered. (The recipient shall appropriately ensure that activities that meet these criteria do not benefit moderate income persons to the exclusion of low income persons.)

(1) Area benefit activities. (i) An activity, the benefits of which are available to all the residents in a particular area, where at least 51 percent of the residents are low and moderate income persons. Such an area need not be coterminous with census tracts or other officially recognized boundaries but must be the entire area served by the activity. An activity that serves an area that is not primarily residential in character shall not qualify under this criterion.

(ii) For metropolitan cities and urban counties, an activity that would otherwise qualify under § 570.208(a)(1)(i) except that the area served contains less than 51 percent low and moderate income residents will also be considered to meet the objective of benefiting low and moderate income persons where the proportion of low and moderate income persons in the area is within the highest quartile of all areas in the recipient's jurisdiction in terms of the degree of concentration of such persons. In applying this exception, HUD

will determine the lowest proportion a recipient may use to qualify an area for this purpose as follows:

(A) All census block groups in the recipient's jurisdiction shall be rank ordered from the block group of highest proportion of low and moderate income persons to the block group with the lowest. For urban counties, the rank ordering shall cover the entire area constituting the urban county and shall not be done separately for each participating unit of general local government.

Citation - § 570.208(a)(1)(ii)(A)

Other Resources

- **WEB ADDRESSES:**

- **Community Development Block Grant Program page**

- <https://www.hudexchange.info/community-development/>

- Links to CDBG **Laws and Regulations**, **CPD Notices**, CPD Monitoring Handbook, Funding Allocations, *CDBG Toolkit on Crosscutting Issues*, IDIS Training Manual, the *Basically CDBG Manual*, and to the *CDBG Entitlements* page.

Other Resources

- WEB ADDRESSES II:
 - HUD Exchange for all CDP Programs at
 - <https://www.hudexchange.info/>
 - **Community Development Block Grant *Entitlement Communities* page**
 - <https://www.hudexchange.info/cdbg-entitlement>
 - Specific information for Entitlement Communities
 - This page has links to Funding Allocations, Local CDBG Contacts, in addition to the Laws and Regulations and CPD Notices.

And There's More...

- **HUD USER – Policy Development & Research (PD&R) Site**

<http://www.huduser.org> for policy publications – especially:

– **Income Limits**

- **NCDA** (<http://www.ncdaonline.org>)

Common Definitions

- **ANNUAL INCOME – 2 DETERMINATIONS**

- Section 8
- IRS adjusted gross
- Use the CPD income calculator

- <https://www.hudexchange.info/incomecalculator/>



- **COMMUNITY DEVELOPMENT FINANCIAL INSTITUTION (CDFI)**

- Provides development services, loans, and investments
- Serves community development needs of targeted areas

- **“Household” vs. “Family”**

- **Household:** All the persons who occupy a housing unit.
- **Family:** All persons living in the same household who are related by birth, marriage or adoption.
- **CDBG Incomes determined based on all adults in *household***

Definitions - II

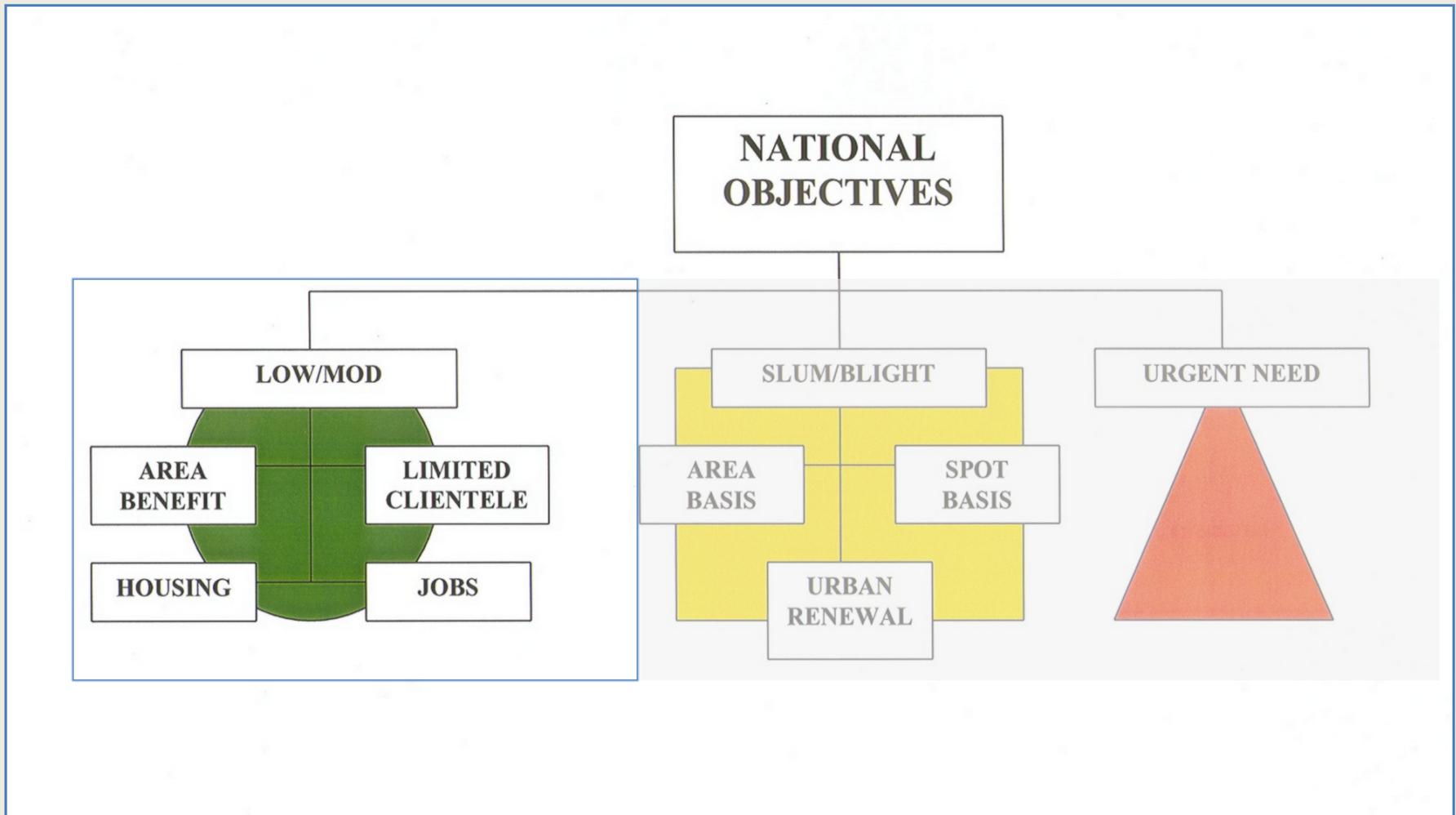
- **Income Limits** (Based on Section 8 Low- and Very-Low Income Limits):
 - **Low Income** (*Section 8 “Very Low” Income*)
 - 50% Area Median Income
 - **Moderate Income** (*Section 8 “Low” Income*), the lower of:
 - 80% Area Median Income; or
 - National Median Income
 - **Low- and Moderate-Income (LMI)**
- **Neighborhood Revitalization Strategy Area (NRSA)**
 - HUD Approved areas
 - Broader range of activities

National Objectives and Eligible Activities

- **National Objectives (NO) – §570.208**
 - Benefit LMI
 - Slums/Blight
 - Urgent Need
- **Eligible Activities (EA) – §570.201-206**
 - Google *CDBG DESK GUIDE* for more detail
- ***Failure To Meet Both NO and EA Requires Remedial Action by Grantee***
 - Up to and including repayment of CDBG funds
 - Even when failure is by subrecipient



National Objectives



Appendix B

NATIONAL OBJECTIVE CODES

The national objective codes (NOCs) are listed below with descriptions and applicable CFR citations. The NOCs that may be used with each matrix code are identified in Appendix C (may be found in <https://www.hudexchange.info/resource/2546/matrix-code-national-objective-table/>)

NOC	Description	24 CFR Citation
LMA	Low/mod area benefit Activities providing benefits that are available to all the residents of a particular area, at least 51% of whom are low/mod income. The service area of an LMA activity is identified by the grantee, and need not coincide with Census tracts or other officially recognized boundaries.	570.208(a)(1)
LMAFI	Low/mod area benefit, community development financial institution (CDFI) Job creation and retention activities that are carried out by a CDFI and that the grantee elects to consider as meeting the low/mod area benefit criteria.	570.208(d)(6)(i)
LMASA	Low/mod area benefit, neighborhood revitalization strategy area (NRSA) Job creation and retention activities that are carried out pursuant to a HUD-approved Neighborhood Revitalization Strategy (NRS) and that the grantee elects to consider as meeting the low/mod area benefit criteria.	570.208(d)(5)(i)
LMC	Low/mod limited clientele benefit Activities that benefit a limited clientele, at least 51% of whom are low/mod income. LMC activities provide benefits to a specific group of persons rather than to all the residents of a particular area.	570.208(a)(2)
LMCMC	Low/mod limited clientele, micro-enterprises Activities carried out under 24 CFR 570.201(o) that benefit micro-enterprise owners/developers who are low/mod income.	570.208(a)(2)(iii)
LMCSV	Low/mod limited clientele, job service benefit Activities that provide job training, placement and/or	570.208(a)(2)(iv)

National Objective 1

Low-Mod Income Benefit

- **Activities benefiting LMI persons**
- **Four “Subcategories” or ways to meet LMI N.O.**
 - 1. Area Benefit Activities (LMA)
 - 2. Limited Clientele Activities (LMC)
 - 3. Housing Activities (LMH)
 - 4. Job Creation Or Retention (LMJ)

Subcategory 1

Area Benefit Activities

- **51% LMI Residential Area** –
 - *Service Area (SA)* of Activity, not Location
 - Can be in commercial area if SA is residential
 - Must benefit *all* residents of the SA
 - Census data or Survey (HUD-approved method)
 - Designated NRSA or CDFI
- **Exception Rule**, if few or no areas lower than 51% LMI

Documenting Area Benefit

- Activity must have defined Service Area (SA)
- Must benefit all residents of the SA
- SA must be primarily residential
- Must meet 51% LMI or Exception Requirement
- Must use HUD census tracts and block groups data or conduct survey
 - HUD will provide data

Subcategory 2

Limited Clientele – I

- **Must Meet One of Four Tests:**
 - Documentation of LMI h/h;
 - Income eligibility requirements for activity limit to LMI;
 - Nature and Location of Activity; or
 - Presumed LMI

Limited Clientele – II

- **May not use limited clientele for:**
 - Activities that benefit all residents of an area
 - Activities involving acquisition, construction or rehab of housing
 - Activities where the benefit considered is creation or retention of jobs

Limited Clientele – III

- **Typical examples:**
 - Most public services
 - Construction of a senior citizens center, shelters for homeless families or individuals
 - Assistance to LMI persons developing a microenterprise
 - Construction of a job training facility for severely disabled adults or a domestic abuse shelter

Limited Clientele - IV

- **Architectural Barrier Removal – Okay, but limits:**
 - Public Facility – only if area benefit doesn't apply
 - Private *non-residential* - only if area benefit & jobs creation don't apply
 - Common areas of residential units only if not LMH
- **Microenterprise when owner is LMI**

Limited Clientele - V

- **Presumed Benefit**
 - Abused Children
 - Battered Spouses
 - Elderly Persons
 - Severely Disabled Adults
 - Homeless Persons
 - Illiterate Adults
 - Persons with Aids
 - Migrant Farm Workers

Limited Clientele- VI Documentation

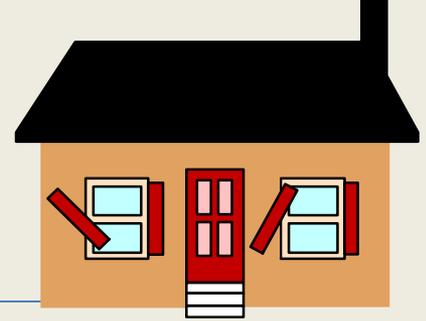
- **Document with One of Five:**

1. Exclusive Use By Presumed LMI;
2. Nature And Location;
3. Verify Family Size, Income;
4. Only Barriers Were Removed; or
5. Economic Development:

1. Only for job training and placement and/or other support services
 1. If Less Than 51% LMI, CDBG \$ pro-rated – LMI/total

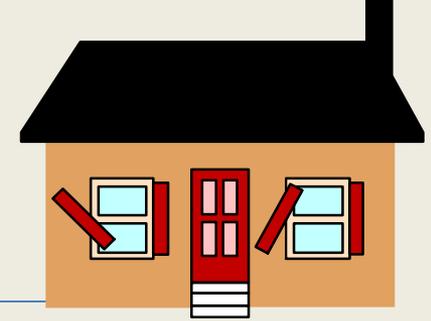


Housing Activities-I



- **Permanent Housing Only**
 - But see §570.201c for shelters for special needs populations (including homeless)
 - *Shelters* not subject to new construction prohibition
 - LMC is National Objective
- ***Occupied by a majority of LMI Households at completion***
 - Single-family Or Duplex (at least 1 LMI)
 - Multi-family, but . . .

Housing Activities- II



- **Exception to LMI Majority**

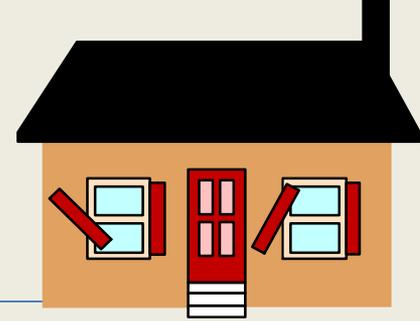
- For *Multi-family Non-elderly Rental New Construction Only*:

- Minimum 20% LMI,

- *But* 20-50% LMI - Proportion of Costs

- ☞ Must meet CDBG restrictions on support of new construction

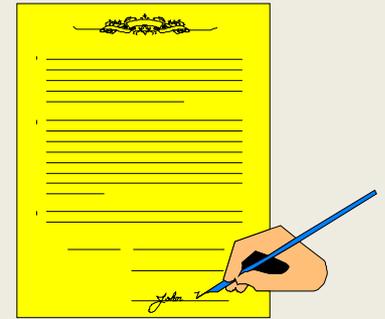
LMI Housing - III



- **Unlike HOME –**
 - No Long-term Affordability Requirement
 - Doesn't preclude grantee from imposing one
 - No Value limits on purchases or rehab.
 - LMI Income eligibility for *a majority of units in project* (HOME supports individual units)
- **Rental Units – “Affordable Rent Policy”**
- **Condo – Limited To LMI Units**
- **Barrier Removal In Common Areas – 51% LMI**

LMI Housing IV-Documentation

- **Contract Specifies # LMI Units**
- **Sources/Uses**
- **Records On Occupants**
- **Rents**
- **Vacant Land – Commitments To Develop, Timeframe**
- **If Also HOME-funded, Must Meet HOME Requirements**



Job Creation & Retention – I

- **Activities To Create or Retain LMI Jobs. CDBG Can Be Used To Fund:**
 - Construction Of Building
 - Loans To Expand
 - Replace Outdated Equipment
 - Infrastructure To Comply With Environmental Standards Or



LMI Jobs - II



- **Permanent Jobs Only**
- ***51% Held By Or Available To LMI***
- **Use Full-time Equivalent (FTE) Basis**
- **Seasonal Okay – Principal Occupation**
- **Count All Jobs, Even Non-CDBG**
- **Spin Off Jobs Do Not Count**

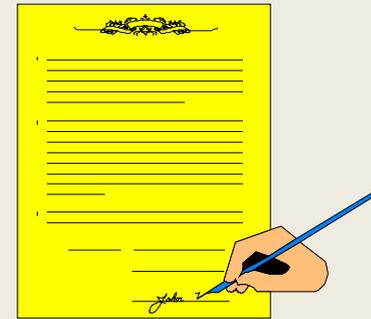
LMI Jobs - III



- **Filled by LMI; or**
- **Made Available to LMI**
 - No Special Skills Or Experience
 - No Education Beyond H.S., Or
 - Training Offered And
 - “First Consideration” To LMI
 - Hiring Practices – Expected LMI
 - Distance From Job Site

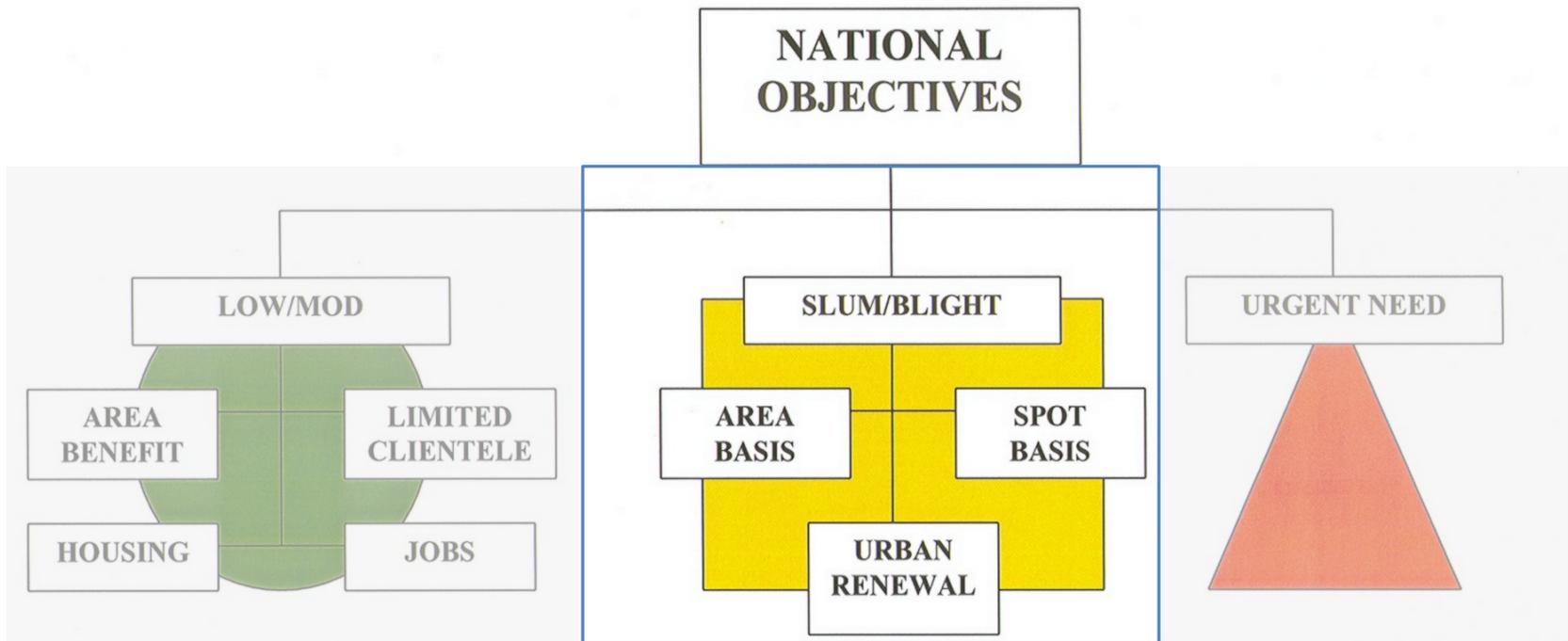
LMI Jobs IV - Documentation

- **Written Agreement With Specific # LMI Jobs**
- **Data Regarding Who Actually Benefitted**
- **FTE, Names, Addresses, Income**
- **Description Of Jobs**
 - Pre-requisites
 - “First Consideration”



End LMI Benefit

National Objectives and Eligible Activities



National Objective 2

Eliminate Slums & Blight

- **Three Subcategories:**
 1. Address On An **Area Basis (SBA)**
 2. Address On A **Spot Basis (SBS)**
 3. Address In An **Urban Renewal Area (SBR)**

Subcategory 1

Area Basis - I



- **Under Slum/ Blight - Area Basis:**
 - Grantee May Designate Area, Based on One of the Following:
 - # Substandard Buildings In Area Meets State Law Criteria; **Or**
 - At Least $\frac{1}{4}$ deteriorated/deteriorating; **Or**
 - Public Improvements Are Deteriorated

Area Basis - II

- **CDBG Activities**

- Must Address:

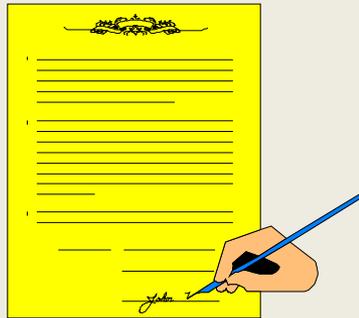
- Current Blight; and/or
- Contributing Current Conditions; and
- May Address Ongoing to Prevent Future Blight

- **Housing Rehab. Activities**

- Unit must be “Substandard” by Housing Quality Standards (HQS)
- Address Substandard First, Then Less Critical Items
- *Advice - Use LMI Benefit*

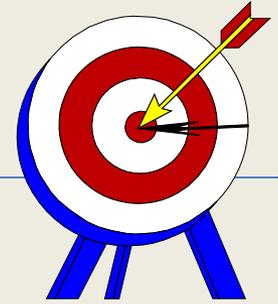
Slum/Blight Area III - Documentation

- **Date And Boundaries**
- **Details Of Specific Conditions**
- **Match Activities To Conditions**
- **Inspection Of Housing Units**



Subcategory 2

Spot Basis



- **Under Slum / Blight - Spot Basis:**
 - Must be Outside Designated S/B Area:
 - Activity Eliminates Or Prevents *Specific* Blighting Conditions
 - Limited To: (Look At Reuse)
 - Acquisition
 - Clearance
 - Relocation
 - Historic Preservation
 - Rehabilitation – Limited to conditions detrimental to public health and safety

Subcategory 3

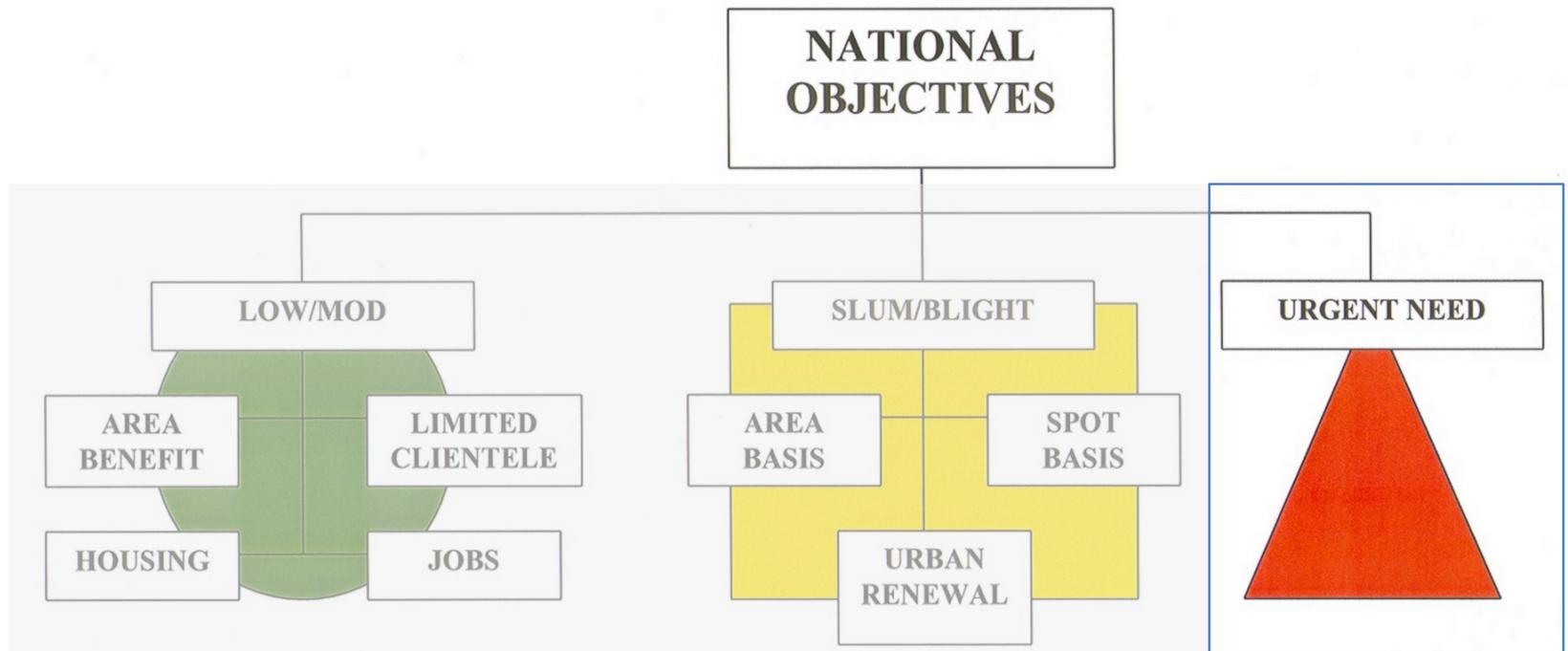
Urban Renewal Area



- **Under Slum / Blight - Urban Renewal Area:**
 - Only Used For Federally Designated Urban Renewal Areas
 - Allowed To Complete Unfinished Urban Renewal Activities That Would Probably Not Qualify Any Longer
 - Only Available In Certain Areas

End slum/blight

National Objective and Eligible Activities



National Objective 3

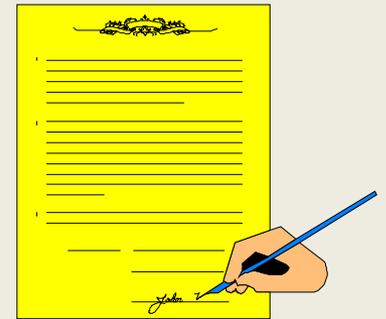
URGENT NEED (URG)

- **Activity Alleviates A Condition:**
 - Serious And Imminent Threat To Health/ Welfare
 - Recent Origin – Within 18 Months
 - No Other \$\$\$ Available



Urgent Need – Documentation

- ***This Category Is Rarely Used.***
- **Document:**
 - Seriousness Of Condition
 - Activity Met Need
 - Recency Of Condition
 - No Other Funds Available



End National Objectives

National Objectives Summary

- Google “Guide to National Objectives and Eligible Activities for CDBG Entitlement Communities”, also known as the “CDBG Desk Guide”
 - Does a great job of matching EAs with NOs
 - *L/M Limited Income Clientele* Example next slides

LIM Income Limited Clientele

Criteria

A *L/M income limited clientele activity* is an activity which provides benefits to a specific group of persons rather than everyone in an area generally. It may benefit particular persons without regard to the area in which they reside, or it may be an activity which provides benefit on an area basis but only to a specific group of persons who reside in the area. In either case, at least 51% of the beneficiaries of the activity must be L/M income persons. It should be noted, however, that because of certain statutory limitations, the regulations preclude the following kinds of activities from qualifying under this subcategory:

- ❖ Activities involving the acquisition, construction, or rehabilitation of property for housing, including homeownership assistance (these must qualify under the Housing subcategory, because of section 105(c)(3) of the authorizing statute); or
- ❖ Activities where the benefit to L/M income persons is the creation or retention of jobs (these must qualify under the Jobs subcategory with certain exceptions as noted under the previous area benefit section, because of the different presumptions provided under sections 105(c)(1)(C) and (4) of the authorizing statute).

To qualify under this subcategory, a limited clientele activity must meet one of the following tests:

- ❖ Exclusively benefit a clientele who are generally *presumed by HUD to be principally L/M income persons*. The following groups are currently presumed by HUD to be made up principally of L/M income persons:
 - ◆ abused children,
 - ◆ elderly persons,
 - ◆ battered spouses,
 - ◆ homeless persons,
 - ◆ adults meeting Bureau of Census’ definition of severely disabled persons*,
 - ◆ illiterate adults,
 - ◆ persons living with AIDS, and
 - ◆ migrant farm workers.

Reference: §570.208(a)(2)(i)(A)

- See discussion about the change from the term “handicapped” under the *Miscellaneous Activities* section in Chapter 2, page 2-84.
(**Note:** this presumption may be challenged in a particular situation, however, if there is substantial evidence that the persons in the actual group that the

activity is to serve are *most likely not* principally L/M income persons.)

OR

- ❖ Require *information on family size and income* so that it is evident that *at least 51%* of the clientele are persons whose family income does not exceed the L/M income limit. (This includes the case where the activity is restricted *exclusively to L/M* income persons). *Reference: §570.208(a)(2)(i)(B) and (C)*

OR

- ❖ Be *of such nature and in such location* that it may reasonably be concluded that the activity's clientele will primarily be L/M income persons (e.g., a day care center that is designed to serve residents of a public housing complex). *Reference: §570.208(a)(2)(i)(D)*

OR

- ❖ Be an activity that serves to remove material or architectural barriers to the mobility or accessibility of elderly persons or of adults meeting the Bureau of the Census' Current Population Reports definition of "severely disabled," **provided** it is restricted, to the extent practicable, to the removal of such barriers by assisting:
 - the reconstruction of a public facility or improvement, or portion thereof, that does not qualify under the L/M income area benefit criteria;
 - the rehabilitation of a privately-owned nonresidential building or improvement that does not qualify under the L/M income area benefit criteria or the L/M income jobs criteria; or
 - the rehabilitation of the common areas of a residential structure that contains more than one dwelling unit and that does not qualify under the L/M income housing criteria.

Reference: §570.208(a)(2)(ii)

OR

- ❖ Be a microenterprise assistance activity carried out in accordance with the provisions of §570.201(o) with respect to those owners of microenterprises and persons developing microenterprises assisted under the activity during each program year who are low- and moderate-income persons. (Note that, for these purposes, once a person is determined to be L/M income, he/she may be presumed to continue to qualify as such for up to a three-year period. This would enable the provision of general support services to such a person during that three-year period, without having to check to determine whether the person's income has risen.) *Reference: §570.208(a)(2)(iii)*

OR

- ❖ Be an activity designed to provide job training and placement and/or other employment support services, including, but not limited to, peer support programs, counseling, child care, transportation, and other similar services, in which the percentage of low- and moderate-income persons assisted is less than 51 percent which qualifies under the limited clientele national objective in the following **limited circumstance**:
 - in such cases where such training or provision of supportive services assists business(es), *and the only use of CDBG assistance* received by the business is to provide the job training and/or supportive services; **and the proportion of the total cost** of the services borne by CDBG funds is *no greater than the proportion of the total number of persons benefiting from the services who are L/M income.*

Reference: §570.208(a)(2)(iv)

It should be noted that the so-called “presumed” categories were modified in the regulations in 1995. A new group has been added: “persons living with AIDS.” The former category of “handicapped persons” has been replaced with “severely disabled adults.” This latter change was made for two reasons. First, the word “persons” was replaced with “adults” to make it clear that an activity designed to treat handicapped children would not qualify for the presumption, because HUD has been unable to find evidence that the majority of handicapped (or even severely disabled) children are members of a L/M income family. Moreover, the term “handicapped” has been replaced with “severely disabled” (which now will use the census definition of that term). This change was made because the term “handicapped” has been used in so many different ways for different Federal programs and has taken on a much broader meaning than had been envisioned when it was originally introduced as a “presumed” L/M income group for CDBG purposes. A review of census data supports the

disability are predominantly L/M income persons.

The census definition of “severely disabled” follows:

- ❖ Persons are classified as having a severe disability if they: (a) used a wheel-chair or had used another special aid for six months or longer; (b) are unable to perform one or more “functional activities” or need assistance with an “ADL or IADL”; (c) are prevented from working at a job or doing housework; or (d) have a selected condition including autism, cerebral palsy, Alzheimer’s disease, senility or dementia, or mental retardation. Also, persons who are under 65 years of age and who are covered by Medicare or who receive SSI are considered to have a severe disability.

Note: For purposes of this definition, the term “functional activities” includes seeing, hearing, having one’s speech understood, lifting and carrying, walking up a flight of stairs, and walking. An ADL is an “activity of daily living” which includes getting around inside the home, getting in or out of bed or a chair, bathing, dressing, eating, and toileting. An IADL is an “instrumental activity of daily living” and includes going outside the home, keeping track of money or bills, preparing meals, doing light housework, and using the telephone.

Example

Activities that would be expected to qualify under the L/M income Limited Clientele subcategory include:

- Construction of a senior center,
- Public services for the homeless,
- Assistance to L/M income persons developing a microenterprise,
- Meals on wheels for the elderly, and
- Construction of job training facilities for severely disabled adults.

Records to be Maintained

For each activity, *one* of the following five types of documentation must be kept:

- (1) Documentation showing that the activity is designed to be used exclusively by a segment of the population presumed by HUD to be L/M income persons (e.g., abused children); **or**
- (2) Documentation describing how the nature and the location of the activity establishes that it will be used predominantly by L/M income persons; **or**
- (3) Data showing the size and annual income of the family of each person receiving the benefit; **or**
- (4) Data showing that barriers to mobility or accessibility have been removed and how the barrier removal was restricted to the extent feasible to one of the particular cases authorized under this subcategory; **or**
- (5) Documentation showing that the activity qualifies under the special conditions regarding job services where less than 51% of the persons benefiting are L/M income persons. *Reference: §570.506(b)(3)*

Tips

Activities which serve an area generally cannot qualify under the limited clientele criterion. For example, while a clinic serving only persons with AIDS living in a particular area would clearly qualify as a limited clientele activity, a clinic providing CDBG-subsidized health services which are available to *all* persons in a neighborhood would not. It must instead meet the criteria for an area benefit activity. However, if the use of a clinic providing general health care were to be administered in a way such that the services are not available to everyone in the neighborhood, but only to L/M income persons, the activity would qualify under limited clientele. (This is, of course, because the benefits would not be available to all the residents of the area.)

Eligible Activities – I

- 24 CFR 570.201-206
- *Must Be Eligible Activity And Meet NO*
- Not All Local Projects Are Eligible
- If Not Identified As Eligible, May Assume To Be Ineligible
- Refer To: *Guide to National Objectives and Eligible Activities for CDBG Entitlement Communities (Google) – AKA CDBG Desk Guide*

Appendix B (From <https://www.hudexchange.info/resource/2546/matrix-code-national-objective-table/>)

CDBG MATRIX CODES FOR ELIGIBLE ACTIVITIES AND NATIONAL OBJECTIVES

CDBG Matrix Codes for Eligible Activities by Category

Matrix codes are listed here by category so you can quickly review the available choices.

Acquisition, Disposition, Clearance, Relocation

01	Acquisition of Real Property	04A	Cleanup of Contaminated Sites
02	Disposition of Real Property	08	Relocation
04	Clearance and Demolition		

Administration and Planning

20	Planning	21E	Submission of Applications
for 20A			Planning (State-Administered)
	Federal Programs	21H	CDBG Funding of HOME
	CDBG Grantees)	21I	CDBG Funding of HOME CHDO
Admin	21A General Program Administration		Operating Expenses
21B	Indirect Costs	21J	State Administration
21C	Public Information	14H	Rehab:
21D	Fair Housing Activities (subject		
	Administration		
	to Admin cap)		

Economic Development

14E	Rehab: Publicly or Privately Owned Commercial/Industrial (CI)	17D	CI: Other Improvements
17A	CI: Acquisition/Disposition	18A	ED: Direct Financial Assistance to For-Profits
17B	CI: Infrastructure Development	18B	ED: Technical Assistance
17C	CI: Building Acquisition, Construction, Rehabilitation	18C	ED: Micro-Enterprise Assistance

Housing

12	Construction of Housing	14G	Rehab: Acquisition
13	Direct Homeownership Assistance	14H	Rehab: Administration
14A	Rehab: Single-Unit Residential	14I	Lead-Based Paint/Lead Hazards
14B	Rehab: Multi-Unit Residential		Testing/Abatement
14C	Rehab: Public Housing Modernization	14J	Housing Services

Eligible Activities - II

- **Acquisition**
- **Disposition**
- **Public Facilities And Improvements**
- **Clearance Activities**
- **Public Services**
- **Interim Assistance**
- **Payment of Non-Federal Share**
- **Urban Renewal Completion**
- **Loss of Rental Income**

Eligible Activities - III

- **Relocation**
- **Privately Owned Utilities**
- **Construction of Housing – Limited**
- **Homeownership Assistance**
- **Micro-enterprise Assistance**
- **Technical Assistance – Neigh. Revitalization**
- **Rehabilitation**
- **Special Economic Development**

Acquisition

- **Acquisition Of Real Property**
 - **How?** Purchase, long term lease (15 years) or donation
 - **What?** Fee title, air rights, water rights, easements or other interests
 - **Careful: Acquisition/Relocation Requirements Might Be Triggered...**
 - Acquisition And Relocation Notification
 - **Does Not Include:**
 - Movable Equipment, Furnishings, Machinery

Disposition & Clearance

- **Disposition**

- Property Acquired With CDBG Funds

- ☞ **Final Use Determines NO**

- **Clearance:**

- Demolish buildings and improvements;

- Remove rubble and debris after demolition;

- Remove environmental contaminants or treat them to make them harmless; and

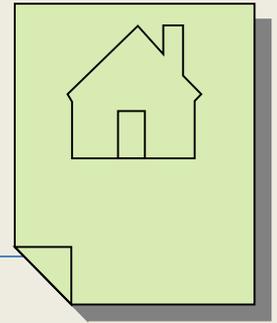
- Move structures to other sites.

- ☞ **Final Use Determines NO**

Homeownership Assistance

- **Direct assistance:**
 - Limited to LMI
 - Reduce Interest Rate
 - Principal Reduction
 - Downpayment, Closing Costs - Limitations....
 - Max. 50% of D/P
 - Closing costs must be Reasonable/Customary
- **May Also Be Public Service Or CBDO
“Special Activity”**

Rehabilitation and Preservation Activities



- **Rehabilitation – 24 CFR 570.202**
 - Property Types
 - ✓ Residential –public or private owned
 - ✓ Commercial/industrial – for-profit owner--- limit to exterior
 - ✓ Non-profit owned not public facility
- **Code Enforcement**
- **Historic Preservation**
- **Renovation of Closed Buildings**
- **Lead Based Paint Activities**

Rehabilitation II

- **Eligible Costs**

- Acquisition with rehab
- Additions
- Non-luxury items
- Some equipment, if integral
- Lending library tools
- Delivery costs
- Lead-Based Paint work
- Water/Sewer line connections



Rehabilitation III



- **Eligible Costs (Cont'd)**
 - Security/smoke alarms
 - Energy improvements
 - Barrier removal (ADA – Disabilities)
 - Closed building renovation
 - Insurance, when needed
 - Refinancing (only with rehab.) – Must do necessary/appropriate determination
 - Code enforcement admin
 - Rehab services
 - Historic preservation

Financing Rehab

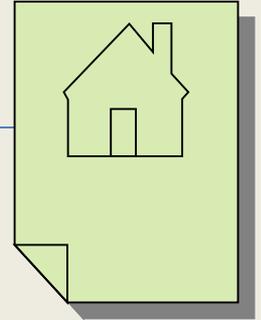
- **Grants**
- **Loans – Deferred, Repayable, Forgiven**
- **Non-interest Bearing**
- **Interest Subsidies**
- **Principal Reduction**



Revolving Loan Funds - §570.500(b)

- **Money Available Immediately**
- **Single Activity**
 - Repayments used for more loans
- **Separate Interest Bearing Account**
 - Account interest paid to Treasury annually
 - Loan interest is program income
- ***But* Can't Be Capitalized From CDBG Funds**

New Housing Construction - §570.207(b)(3)



- **Grantee Can't Do This Directly**
 - *But* CBDOs Can!
- **Eligible Activities in Support of New Housing Construction:**
 - Acquisition of site
 - Clearance
 - *Public* site improvements
 - Disposition costs
 - Pre-construction costs in §570.206(g)

Public Facilities and Improvements

- **What Are They?**
 - Either Publicly Owned, or
 - Traditionally Provided By Government, or
 - Owned By Non-profit and Operated to Serve Public
 - Examples:
 - Senior, Teen & Recreation Centers
 - Streets, Sidewalks
 - Parks & Playgrounds
 - Public Buildings (next page)
 - Many More (page 2-28)

Public Buildings

- **Sorry, Can't Do:**
 - Buildings For General Conduct Of Government
 - City halls
 - County admin buildings
 - State capitols/offices
 - General administrative facilities
- One Exception – disability access



Public Facilities

- **Multiple Use Facilities** (§570.200):
 - Delineate and separate eligible/ ineligible portions
 - Pro-rate costs
- **Special Needs Housing**
 - Not subject to new construction ban
- **If Non-profit Owner must be:**
 - Open to Public
 - During Normal Business Hours
 - **If Fees - Reasonable & Not LMI Prohibitive**
(§570.200)

Special Assessments



- **Special Assessments**

- Recovery of capital public facility costs, usually through taxes or fees in one of two ways:
 1. When **CDBG used to upfront cost of improvements** (must meet Area Benefit NO):
 - SAs can't be charged to LMI families
 - SAs are Program Income
 2. When **CDBG is used to pay assessments** (no CDBG funds upfront)
 - All LMI properties must receive, *except*:
 - » May limit to "LI" (if not sufficient CDBG funds)
 - Must meet NO: LMA, SB, or URG
 - SAs Not Program Income
- Be careful of triggering other federal requirements!

Public Services



- Regs allow a wide range of public services
- Existing public services, funded by local government, 1st time CDBG funded must be:
 - New Service – *or*
 - Quantifiable Increase
- **15% Limitation (aka Public Services Cap)**
 - This year's grant amount plus last year's program income
 - Include subrecipient amounts

Public Services II

- **Not Subject To 15% Cap:**
 - Homeownership assistance
 - Special Economic Development Activities
 - CBDDO special activities
 - Microenterprise assistance

Public Services III

- **Eligible Costs**

- Labor
- Supplies
- Equipment & Furnishings – note!!!
- Materials



- **Ineligible Costs**

- Payments directly to family for basic services (“Income Payments”)
 - Exception: Emergency subsistence grants paid directly to the provider

THE CHURCH, THE STATE, AND CDBG – I

- **First Amendment Prohibition, *However:***
 - A Faith-based Organization (FBO) may continue to carry out its role and mission, independent from federal, state, and local government, *provided:*
 - It does not use direct HUD funds to support any inherently religious activities, such as worship, religious instruction, or proselytizing.



THE CHURCH, THE STATE AND CDBG - II

- **Faith-based Organizations:**
 - Can't use funds for inherently religious activities
 - Can't discriminate – program participants
 - Employment Issues – check HUD direction
 - Other facilities – prorate by eligible use
 - Grantee can't require removal of religious symbols
 - See CPD Notice 04-10 for more info

Economic Development Activities

- **ED Activities provide benefit to LMI persons through Business/-commercial assistance**
- ***Special ED Activities***
 - 1. 570.203 – Special E.D. Activities to for-profit employers
 - 2. 570.204 – Special activities by CBDO'S
 - 3. 570.201(o) – Microenterprise assistance

Special Economic Development Activities

- **Special ED Activities *Defined* (§570.203):**
 1. Activities by **grantee, or non-profit subrecipients**, including:
 - Acquisition,
 - construction,
 - reconstruction,
 - rehabilitation or installation of commercial or industrial buildings, structures, and other real property equipment and improvements,
 - including railroad spurs or similar extensions



HUD GUIDELINES



- **Evaluating Special E.D. Projects (§570.209)**
 - *Guidelines* for evaluating project costs and financial requirements
 - **Optional** but grantee must underwrite ED project
 - *Standards* for evaluating **public benefit**.
 - **Mandatory**
 - Applied when funds obligated

Administration & Planning Activities -I

- **20 % Limit Admin. & Plan. Costs**
- **Assumed to Benefit LMI in Same % as Rest of Program**
- **Doesn't Include Staff Activity Delivery Costs**
 - Must be Documented



Administration & Planning Activities - II

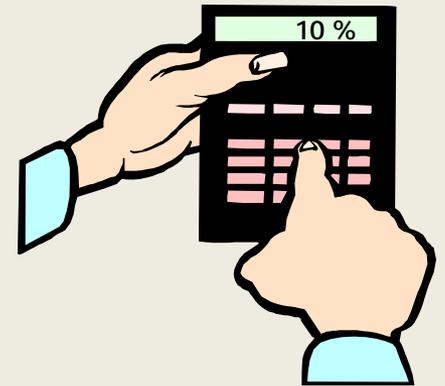
- **Some Admin. Activities:**
 - Providing information to officials and the public
 - Budget and scheduling preparation
 - Development of written agreements with others to carry out activities
 - Monitoring program progress and compliance
 - Report preparation
 - General management
 - Office expenses

Administration & Planning Activities - III

- **Some Planning Activities:**
 - Development of a comprehensive plan
 - Economic development planning
 - Transportation planning
 - Historic preservation studies and plans
 - Small area and neighborhood plans

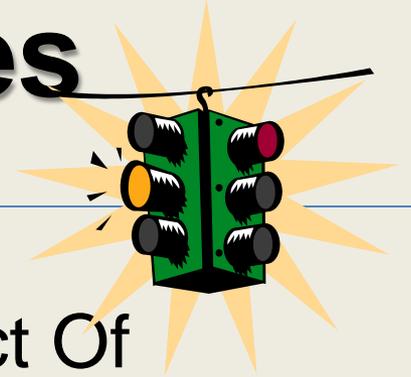
Limitations on Expenditures

- 70% LMI Over 1-3 Year Period
 - Includes Program Income (PI)
- 20% General Admin/Planning
 - Grant + PI (This Year's)
 - Project delivery costs not included
 - One of two methods to charge costs
- 15% For Public Services
 - Grant + PI (Prior Year's)



End eligible activities

Ineligible Activities



- Buildings Used For General Conduct Of Government
- General Local Gov. Expenses
- Political Activities
- Purchase Of Equipment – But...
- Operating And Maintenance Expenses
- New Housing Construction – But ...
- Income Payments

Eligible Activities Summary

- Google “Guide to National Objectives and Eligible Activities for CDBG Entitlement Communities”, also known as the “CDBG Desk Guide”
 - Does a great job of matching EAs with NOs
 - *Public Facilities* Example next slides

From: “Guide to National Objectives and Eligible Activities”

NATIONAL OBJECTIVES— PUBLIC FACILITIES AND IMPROVEMENTS

Objective	Qualifies If	Example	Additional Information
L/M Income Area Benefit	The public facility or improvement will be used for a purpose the benefits of which are available <i>to all the residents in a particular area</i> that is primarily residential, and at least 51% of those residents (or less if grantee qualifies to use the exception rule) are L/M income persons.	Paving of gravel streets and the installation of curbs, gutters, and sidewalks in a predominantly L/M income neighborhood.	For more information, see page 3-7.
L/M Income Limited Clientele	The public facility or improvement will be used for an activity designed to benefit a particular group of persons at least 51% of whom are L/M income persons.	Rehabilitation of a building to be used as a center for training severely disabled persons to enable them to live independently.	For more information, see page 3-14.
L/M Income Housing	The public facility or improvement exclusively assists in the provision of housing to be occupied by L/M income persons.	Site improvements on publicly-owned land to serve a new apartment structure to be rented to L/M income households at affordable rents.	For more information, see page 3-19.

NATIONAL OBJECTIVES — PUBLIC FACILITIES AND IMPROVEMENTS

Objective	Qualifies If	Example	Additional Information
L/M Income Jobs	The provision of a particular public improvement needed by one or more businesses to allow creation or retention of jobs, primarily for L/M income persons.*	Rebuilding a public road adjacent to a factory to allow larger and heavier trucks access to the facility, determined to be necessary for plant expansion and the creation of new jobs, where the business agrees to fill 51% of the jobs with L/M income persons.*	For more information, see page 3-24.
Slum or Blighted Area	The public facilities and improvements are located in a designated slum or blighted area and are designed to address one or more conditions which contributed to the deterioration of the area.	Reconstruction of a deteriorated public park located in an area designated by the grantee as slum or blighted pursuant to CDBG rules.	For more information, see page 3-35.
<p><i>* In certain cases, the area served by a public improvement that enables a business to create or retain jobs may also include other properties (e.g., bringing new water or sewer service to a fringe area of a community that will not only help a business to locate there but that also will bring that new water/sewer service to houses that are located in that area). When, overall, the properties served by the public improvement are primarily residential, the benefits to the residents must also be considered. Therefore, the assisted public improvement in such a case must not only meet the L/M Income Benefit based on the Jobs criteria but must also meet the Area Benefit criteria Reference: §570.208(d)(3)</i></p> <p><i>(See also the discussion on page 3-27 of this Guide concerning the case where more than one business may create or retain jobs as a result of a public improvement.)</i></p>			

NATIONAL OBJECTIVES — PUBLIC FACILITIES AND IMPROVEMENTS

Objective	Qualifies If	Example	Additional Information
Spot Blight	The public facilities or improvements are for the historic preservation or rehabilitation of blighted or decayed public facilities/improvements located outside of a designated slum or blighted area. Rehabilitation must be limited to the extent necessary to eliminate specific conditions detrimental to public health and safety.	Rehabilitation/restoration of a severely deteriorated building of historic significance that is being used as a museum that is located outside a designated slum or blighted area (and does not serve a L/M income area).	For more information, see page 3-38.
Urban Renewal Completion	The public facilities and improvements are located within an urban renewal project area (or an NDP action area), designated under Title I of the Housing Act of 1949, and the public facilities/improvements are necessary to complete the urban renewal plan.	Construction of a publicly-owned parking garage in an urban renewal project area where the garage is specified in the urban renewal plan and is necessary to complete the plan.	For more information, see page 3-40.
Urgent Needs	The acquisition, construction, or reconstruction of a public facility or improvement designed to alleviate existing conditions and the grantee certifies that those conditions are a serious and immediate threat to the health or welfare of the community, the conditions are of recent origin, and there is no other known source of funds it can use to implement the activity.	Reconstruction of a publicly-owned hospital that was severely damaged by a tornado.	For more information, see page 3-41.

Section 108 Loan Guarantees



- **Allows access to up to five times latest approved entitlement amount:**
 - In the form of a loan
 - Guaranteed by grantee's future CDBG grants.
- **Eligible Uses**
 - Economic development
 - Housing rehabilitation
 - Public facilities
 - Large scale physical development projects

Section 108 Loan Guarantees



- **Cannot Be Used For:**
 - Public services
 - Administration
 - Historic preservation, or
 - New housing construction
- Max. Term = 20 years
- Interest Charged to Grantee

Using Subrecipients

- **Government Entities** (Other Than The Grantee)
- **Public Or Private Non-profit**
- **Institutions Of Higher Education**
- **Private For-profits**
 - Selected To Undertake Limited Activities

Selecting Subrecipients

- **Questions To Ask?**
 - Nature Of The Activity
 - Capacity
 - Prior CDBG Experience
 - Conflict Of Interest
 - Grantee Management
 - Time Frame And Budget
 - Systems In Place

Subrecipient Agreements

- **Clear, Enforceable**
- **Min Requirements –**
 - Statement Of Work
 - Timeline For Completion Of Work, Payments
 - Records, Reports
 - Program Income
 - Admin, Other Requirements
 - Religious Organizations
 - Termination, Reversion Of Assets

Monitoring Others



- **Monitoring is the aspirin to prevent future headaches**
- **Monitoring flows downhill**
 - Grantees responsible
 - Grantees must monitor
 - How?
 - CPD Monitoring Handbook

Monitoring Plan

- Identified in Action Plan
- In-house Coordination – Program & Financial
- Risk Analysis
- Address Basic Monitoring of All
 - Some Will Not Be On-site
 - Who On-site, When

HUD's Risk Analysis



- **Four Risk Factors – HUD Uses These to Determine Grantees to Monitor**
 1. Financial
 2. Management
 3. Satisfaction
 4. Services To Beneficiaries

Four Risk Factors

1. Financial

- Rank Entities By Amount Of Grants
- Look At Timeliness In Expenditures, Completions
- Program Income Generates Risk
- Audits – On Time? Open Findings?
- 108 Loan Administrator?

Four Risk Factors

2. Management

- Determine Program Complexity
- Reporting On Time, Complete?
- Staff Capacity And Stability
- No Monitoring For Two+ Years

Four Risk Factors

3. Satisfaction

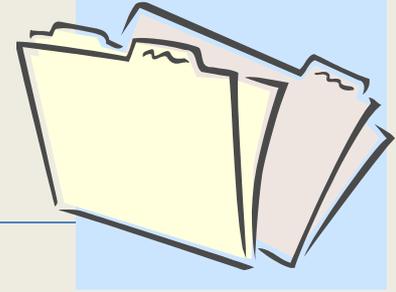
- Citizen Complaints
- Responsiveness To Complaints
- Cooperation From Grantee...

Four Risk Factors

4. Services To Beneficiaries

- Con Plan Objectives Met And Documented?
- IDIS data consistent & up-to-date?
- Size Of Relocation Workload
- Type Of Environmental Review The Project Requires – Issues?

Determining Risk



- Develop risk assessment form
- Assign A Point Value To Each Sub-factor
 - “High”, “Moderate”, Or “Low” Risk
- Total Points
- Plan Your Monitoring Accordingly

Tools To Assess Risk

- Reports
- CAPER, IDIS
- Audits
- Contacts – Inside And Outside
- Checklists



The Monitoring Visit

- Entrance Conference
- On-site Review
- Exit Conference
- Report
- Follow Up
- Intervention

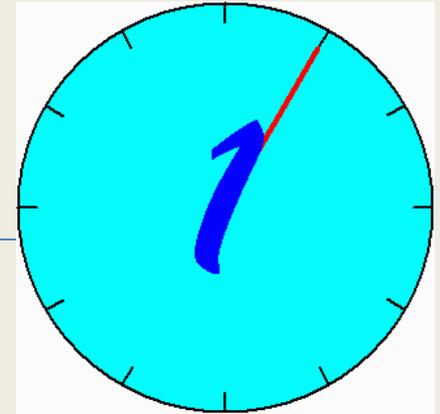
Documenting and Reporting Performance



KEEPING RECORDS

- **Four Years After Project Completion**
(§570.502)
 - Supersedes 2 CFR 200.333 which states 3 years
- **Types:**
 - National Objective, Eligible Activities Documented
 - Income Eligibility Documented
 - Con Plan
 - Financial Records
 - Other Federal Requirements (Labor Standards, Relocation, Etc.)

Timeliness Test



- HUD Does Annual Assessment of “Timely Use Of Funds”
- Grantee Fails If:
 - *Test 1*
 - 60 Days Prior To End Of Program Year,
 - 1.5 x Current Grant In Grant Funds In Treasury account, And
 - Reasons Are Within Grantee’s Control
 - Use IDIS PR 56 to track timeliness

Timeliness Test



- **Grantee Fails If:**

- ***Test 2:***

- 60 Days Prior To End Of Program Year,
 - Adding *Program Income* To Grant Funds in Treasury account and they Total 1.5 X current grant amount, and
 - Reasons Are Within Grantee's Control

Granteeville Timeliness

- **Current Grant: \$1,000,000**
- **60 Days Prior To End Of Program Year:**
 - Unspent In Grant Line Of Credit (LOC):
 - \$750,000
 - Program Income On Hand:
 - \$800,000

Do They Fail either test?

Does Granteeville Fail?

$\$1,000,000 \times 1.5 = \$1,500,000$ max allowed unspent

Test One

$\$750,000$ (LOC) is $< \$1,500,000$ Max.

Test Two

$\$750,000$ (Grant) + $\$800,000$ (PI) = $\$1,550,000$
available unspent

Does Granteeville fail?

Test One – No

Test Two – Yes (By \$50k)

What is the resolution?

Other Federal Requirements

- Lead Based Paint
- Davis-Bacon and Related Acts
- Copeland “Anti-Kickback” Act
- EEO, Executive Order 11246
- Section 3 – 24 CFR Part 35
- Environmental Review – 24 CFR Part 58
- Section 504
- Fair Housing
- Acquisition and Relocation 104(d)

**Thank You For Your Time And
Attention**