

CDBG PROGRAM

Primary Objective

The primary objective of the Community Development Block Grant Program is to aid in the development of viable urban communities by providing decent housing and a suitable living environment and expanding economic opportunities, principally for persons of low- and very-low-income.

National Objectives

Each project or program assisted through the CDBG Program must meet one of the following three (3) objectives:

1. Activities benefiting low-income persons:
 - a. Area Benefit Activities: An activity, the benefits of which are available to all the residents of an area, where at least fifty-one (51%) percent of the residents are low-income according to HUD. [Note: Area must be primarily residential in character.]
 - b. Limited Clientele Activities: An activity which benefits a limited clientele, at least fifty-one (51%) percent of whom are low-income persons according to HUD;
2. Aid in the prevention or elimination of slums and blight; or
3. Meet other urgent community development needs having a particular immediate threat to the health or welfare of the community where other financial resources are not available to meet such needs.

Basic Eligible Activities

CDBG funds may be used to carry out a wide range of community development activities directed toward neighborhood revitalization, economic development and improved community facilities and services. Funds may be used for the activities listed below:

- Acquisition. Acquisition in whole or in part of real property. Examples: Purchase of land easements, right-of-ways and buildings.
- Public facilities and improvements. Acquisition, construction, reconstruction, rehabilitation or installation of public facilities and improvements.
- Clearance activities. Clearance, demolition, and removal of buildings and improvements.
- Public services. Provision of public services which are directed toward improving the community's public services and facilities. [Note: The amount of CDBG funds used for public services can not exceed fifteen percent (15%) of each entitlement area's grant.]
- Removal of architectural barriers. Special projects directed to the removal of material and architectural barriers which restrict the mobility and accessibility of elderly or handicapped persons to publicly-owned and privately-owned buildings, facilities and improvements.
- Housing services. Services such as housing counseling in connection with tenant-based rental assistance, energy auditing, preparation of work specifications, loan processing, inspections, tenant selection, management of tenant-based rental assistance, and other services related to assisting owners, tenants, contractors, and other entities participating in housing activities under Title II of Cranston-Gonzales National Affordable Housing Act I.

- Privately owned utilities. CDBG funds may be used to acquire, construct, reconstruct, rehabilitate, or install the distribution lines and facilities of privately owned utilities, including the placing underground of new or existing distribution facilities and lines.
- Construction of housing. CDBG funds may be used only as last resort housing provisions set forth in 24 CFR part 42 (Uniform Relocation Assistance and Real Property Acquisition For Federal and Federally Assisted Programs) and when carried out by an entity pursuant to 570.204(a) (Special Activities by CBDOs).
- Homeownership assistance. CDBG funds may be used to provide direct homeownership assistance to low- and very-low income households.
- Microenterprise assistance. Assistance to facilitate economic development by providing credit, technical assistance and general support to owners of micro-enterprises and persons developing microenterprises.
- Technical assistance. Provision of technical assistance to public and nonprofit entities to increase the capacity of such entities to carry out eligible neighborhood revitalization or economic development activities.
- Rehabilitation and preservation activities. Privately-owned buildings and improvements for residential purposes; code enforcement; historic preservation; and lead-based paint hazard evaluation and reduction.
- Special economic development. Acquisition, reconstruction, rehabilitation or installation of commercial or industrial buildings, structures and other real property equipment and improvements. Economic development services including, but not limited to, outreach efforts to market available forms of assistance; screening of applicants; reviewing and underwriting applications for assistance; preparation of all necessary agreements; management of assisted activities; and the screening, referral, and placement of applicants for employment opportunities generated by CDBG-eligible economic development activities.
- Special activities by Community-Based Development Organizations (CBDOs). CDBG funds may be provided to qualified CBDOs to carry out neighborhood revitalization, community economic development, or energy conservation projects.

Ineligible Activities

The general rule is that any activity that is not authorized in the CDBG program regulations is ineligible for CDBG funding. The following outlines specific activities that may not be assisted with CDBG funds:

- Buildings or portions thereof used for the general conduct of government;

- General government expenses required to carry out the regular responsibilities of the unit of general local government;
- Political activities. CDBG funds can not be used to finance the use of facilities or equipment for political purposes or to engage in other partisan political activities, such as candidate forums, voter transportation, or voter registration;
- Purchase of equipment:
 - Purchase of construction equipment is ineligible;
 - Purchase of equipment, fixtures, motor vehicles, furnishings or other personal property not an integral structural fixture is generally ineligible;
- Operating and maintenance expenses. Generally, any expense associated with repairing, operating, or maintaining public facilities, improvements and services is ineligible.
- New housing construction. Activities in support of the development of low- or very-low-income housing including clearance, site assemblage, provision of site improvements and provision of public improvements and certain housing pre-construction costs set forth in 570.206(g), are not considered as activities to subsidize or assist new construction. CDBG funds may not be used for the construction of new permanent residential structures or for any program to subsidize or assist such new construction, except as noted under eligible activities.
- Income payments. The general rule is that CDBG funds may not be used for income payments. Income payments means a series of subsistence-type grant payments made to an individual or family for items such as food, clothing, housing (rent or mortgage), or utilities.

OTHER PROGRAM INFORMATION

Land Acquisition

Applicants are encouraged to have all necessary land acquisitions completed prior to applying for CDBG funds.

Displacement

The permanent displacement of homeowners, tenants, businesses, nonprofit organizations or farms for CDBG-funded projects is discouraged. If permanent displacement is necessary, it must comply with federal regulations. In addition, certain restrictions apply to the demolition of buildings that could be used to provide housing for low- and moderate-income persons. If a proposed project includes displacement, this information must be included in the proposal.

Ownership of Improvements

CDBG funds cannot be used to repair or maintain public facilities for the general conduct of government. The applicant must have the **legal authority** to submit an application for CDBG funds to improve or construct public facilities and/or legal ownership of private facilities.

First Amendment Church/State Principles

As a general rule, CDBG assistance may not be used for religious activities or provided to primarily religious entities for any activities, including secular activities. Generally, CDBG funds may not be used for the acquisition of property or the construction or rehabilitation of structures to be used for religious purposes or which will otherwise promote religious interests.

However, CDBG funds may be used to rehabilitate buildings owned by primarily religious entities if the primarily religious entity agrees to provide all eligible activities under this program in a manner that is free from religious influences and to be used for a wholly secular purpose under certain conditions.

Conflict of Interest

The general rule is that no persons who exercise or have exercised any functions or responsibilities with respect to CDBG activities assisted or who are in a position to participate in a decision-making process or gain inside information with regard to these activities, may obtain a financial interest or benefit from a CDBG-assisted activity, or have a financial interest in any contract, subcontract or agreement with respect to a CDBG-assisted activity, or with respect to the proceeds of the CDBG-assisted activity, either for themselves or those with whom they have business or immediate family ties, during their tenure or for one (1) year thereafter. The conflict of interest provisions apply to any person who is an employee, agent, consultant, officer, or elected official or appointed official of the recipient, or any designated public agencies, or of subrecipients which are receiving funds.