



Goals of Workshop

- ▶ To assist organizations in analyzing whether proposed projects are eligible for Community Development Block Grant (CDBG) funding.
- ▶ Review CDBG National Objectives
- ▶ Review CDBG Eligible Activities

Designing a CDBG-Eligible Program: Steps

1. **Identify** an idea or concept
2. **Determine** whether a CDBG National Objective can be met
3. **Determine** whether a CDBG Eligible Activity can be met
4. Determine reasonableness of program costs

Workshop Outline

- ▶ The Idea: Energy-Efficiency/Conservation Presentation
 - Including Q&A for Presenter
- ▶ CDBG Background
- ▶ National Objective Review
- ▶ Eligible Activity Review
- ▶ Group Exercise
- ▶ Q and A

The EarthWays Center of the



MISSOURI BOTANICAL GARDEN

Presentation



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Community Development Block Grant Program

Background

CDBG Background

- ▶ Enacted in 1974 as a part of the Housing and Community Development Act of 1974.
- ▶ One of the longest-running HUD programs.
- ▶ Provides funds to municipalities and other units of government around the country to develop viable urban communities.



Goals of CDBG Program

- ▶ Provide decent, affordable housing;
- ▶ Provide a suitable living environment; and
- ▶ Expand economic opportunities, principally for low and moderate-income persons.

IMPORTANT!!!!

- ▶ For an activity to qualify under CDBG, it must meet a program goal, national objective and eligible activity.

CDBG

National Objectives

24CFR 570.208



National Objectives – (3)

- ▶ Benefits to low- and moderate-income people
- ▶ Prevention or elimination of slums or blight
- ▶ Activities to address an urgent threat to health or welfare.

An activity that fails to meet one or more of the national objectives is ineligible for CDBG funding!!!!

Activities Benefiting Low- and Moderate-Income Persons

- ▶ Usually spoken as the most important national objective
- ▶ The vast majority of CDBG expenditures must be for activities that meet this national objective.



Definition of Low/Mod Income Person

*“A low- and moderate income **person** is defined as a member of a **family** having an income equal to or less than the Section 8 Housing Assistance Payment Program low-income limits established by HUD applicable to the size of the person’s family.”*

-CDBG Guide to National Objectives and Eligible Activities.



Definition of Low/Mod Income Household

*“A low- and moderate income **household** is defined as a household in which the total income of **all of the household members** is equal to or less than the Section 8 Housing Assistance Payments Program low-income limit established by HUD for an equivalent sized family.*

-CDBG Guide to National Objectives and Eligible Activities.



Definition of Low/Mod Income

- ▶ Income limits are determined by HUD on an annual basis.
- ▶ Low-Income: 50% Area Median Income (“AMI”)
- ▶ Moderate-Income: 80% AMI
- ▶ Extremely Low-Income: 30% AMI



Ex. (2013 Family Size & Household Income)

		1	2	3	4	5	6	7	8
Very low	30%	\$14,550	\$16,600	\$18,700	\$20,750	\$22,450	\$24,100	\$25,750	\$27,400
	50%	\$24,250	\$27,700	\$31,150	\$34,600	\$37,400	\$40,150	\$42,950	\$45,700
Low	60%	\$29,100	\$33,240	\$37,380	\$41,520	\$44,880	\$48,180	\$51,540	\$54,840
	65%	\$31,525	\$36,010	\$40,495	\$44,980	\$48,620	\$52,195	\$55,835	\$59,410
Moderate	80%	\$38,750	\$44,300	\$49,850	\$55,350	\$59,800	\$64,250	\$68,650	\$73,100
	120%	\$58,150	\$66,450	\$74,750	\$83,050	\$89,700	\$96,350	\$102,950	\$109,600

Activities Benefiting Low- and Moderate-Income Persons

The criteria for how an activity may be considered to benefit low- and moderate-income persons are divided into four subcategories:

- 1 - Those based on area benefit
- 2 - Those serving a limited clientele
- 3 - Those involving housing
- 4 - Those involving employment (jobs)



LMI Examples

LMI Limited Clientele



Ex. Day Care Services

LMI Area Benefit



Ex. Community Center

LMI Benefit Category

LMI Housing



Ex. Affordable Homes

LMI Jobs



Ex. Job Creation/Retention

Area Benefit Criteria

Area must be at least 51% LMI

- ▶ Activities that benefit all residents of area
- ▶ Must define reasonable service area
- ▶ Area must be at least 51% LMI
 - Typically use Census data to determine
- ▶ Boundaries must be clearly identified
 - e.g. census tracts, single or multiple neighborhoods
- ▶ Primarily residential

Documenting Area

Limited Clientele Criteria

Benefits for Specific Populations

Options for Meeting Limited Clientele:

- ▶ 51% of participants are documented to be LMI
- ▶ Participation is limited to LMI only
- ▶ The following are presumed to be LMI:
 - Elderly
 - Adults with Disabilities
 - Homeless Persons
 - Illiterate Adults
 - Abused Children
 - Persons with AIDS
 - Victims of Domestic Violence
 - Migrant Farm Workers
- ▶ Nature and location indicate low/mod benefit

Documenting Limited Clientele

Low/Mod Housing

- ▶ This is the only L/M national objective for housing activities
- ▶ To meet the housing national objective, structures must be occupied by low/mod **households**
- ▶ Typical activities: homeowner unit rehab, rental acquisition and rehab, homebuyer assistance

Documenting L/M
Housing

Low/Mod Jobs

- ▶ Includes activities related to economic opportunity.
- ▶ 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

Documented Benefit



Elimination of Slum and Blight

- Includes activities designed to address deteriorated physical environment
- Area must be defined and meet the definition of slum/blighted area under state/local law (or through a blighting study).



Urgent Need (Rarely Used)

- Used to address emergency situations
- To meet the urgent need test the existing conditions must pose serious and immediate threat to health/welfare of the community (conditions must be recent or recently became urgent (generally 18 months)).



Choosing the Right National Objective

- ▶ Some activities qualify under more than one national objective:
 - Choose the one easiest to document
 - Generally LMI area benefit is easiest, if possible
 - LMI jobs sometimes considered most difficult due to tracking & administrative requirements



National Objective Exercise



Choose the National Objective to match the Activity below

▶ LMI Persons

▶ Slum and Blight

▶ Urgent Need

▶ National disaster declared due to massive flooding.

▶ Redevelop dilapidated building to include Energy Star Updates.

▶ Program to provide weatherization assistance to renters.

LMI Subcategory Exercise

▶ Provide Energy Smart Bulbs to Seniors

▶ Energy Conservation Workshop for the Lewis Place neighborhood

▶ Energy Efficient Community Center

▶ Summer Energy Summit for Youth

▶ National Disaster

▶ Limited Clientele

▶ Area Benefit

▶ Both

▶ Neither

Activity

Subcategory

CDBG Eligible Activities

24CFR 570.201



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Eligible Activities

- ▶ CDBG funds can only be used for activities that fall under an authorized category of basic eligibility.
- ▶ Activities must be properly classified
 - Must be identified as a “matrix code” in IDIS to qualify.
- ▶ Adequate documentation must be provided and maintained for the selected activity.
- ▶ For an activity to be considered eligible, it must be included in the most recent Consolidated Plan

CDBG Eligible Activities

To qualify for CDBG funding, programs must meet a national objective and eligible activity. Examples of eligible activities include:

- Acquisition of Real Property
- Clearance and Demolition
- Rehabilitation of Housing
- Construction of Public Facilities
- Public Improvements (such as streets & sidewalks)
- Public Services
- Economic Development
- Homeownership Assistance

Common Eligible Activity: Public Service

- ▶ Under this category, CDBG funds may be used to provide public services (including labor, supplies, materials and other costs), provided that each of the following criteria is met:
 - 1 – the public service must be either a new service or a quantifiable increase in the level of a service...
 - 2 – the total amount of allocated public service funding can not exceed the City's public service cap.

Common Eligible Activity: Public Service Examples

- ▶ Public services include, but are not limited to:
 - Energy conservation counseling and testing
 - Child care
 - Health care
 - Job training
 - Recreation programs
 - Education programs
 - Public safety services
 - Services for seniors
 - Drug abuse counseling and treatment

Public Services: N.O. Analysis Example

Objective	Qualifies If:	Example
LMI Limited Clientele	The public service is limited to a specific group of people, at least 51% of whom are LMI persons. Services qualifying under this category serve a specific clientele, rather than providing service to all persons in a geographic area.	Energy Conservation training specifically for LMI persons; provision of meals to the homeless or seniors. (Most public services qualify under this category)

Common Eligible Activity: Public Facilities and Improvements

- ▶ CDBG funds may be used by the grantee or non-profits for the:
 - Acquisition
 - Construction,
 - Reconstruction,
 - Rehabilitation, or
 - Installation of public improvements or facilities (except for buildings for the general conduct of government).
- ▶ Facilities must be open to the general public.
- ▶ Improvements and facilities must be publicly owned or owned by a nonprofit.

Public Facilities & Improvements: N.O. Analysis Example No. 1

Objective	Qualifies If:	Example
LMI Area Benefit	The public facility or improvement will be used for a purpose – the benefits of which are available to all residents in a particular area that is primarily residential and at least 51% of those residents are LMI persons.	Rehab, including installation of energy efficient windows for a community center located in the Penrose neighborhood; Paving of gravel streets and the installation of curbs, gutters and sidewalks in the Dutchtown South neighborhood.

Public Facilities & Improvements: N.O. Analysis Example No. 2

Objective	Qualifies If:	Example
LMI 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 LMI persons).	Energy Star upgrades to a building to be used as a center for training persons with disabilities to enable them to live independently.

Tips in Determining Eligible Activity

- ▶ Use HUD–provided comprehensive list and descriptions of eligible activities (see handouts)
- ▶ Use HUD provided national objective/matrix code analysis (see handouts)

CDBG Ineligible Activities

Examples of ineligible activities include:

- Regulations expressly prohibit:
 - Buildings for conduct of government
 - For example, city hall improvements (exception for community centers)
- General government expenses
 - For example, normal trash pick-up or operating the city's tax collection department
- Political activities
 - Includes any cost related to political campaigns, including “get out the vote” drives.

Eligible Activity Quiz No. 1

“Our program helps the people in need of our service and provides a good service to the community, yet it still may not be an eligible program for CDBG funding.”

True or False?

True. HUD CDBG regulations establish specific eligibility criteria and the program in question may not meet them even if it is a needed service. It may be eligible for some federal grant programs but not necessarily for the CDBG program.

Eligible Activity Quiz No. 2

“My family income meets the LMI limits and I am disabled. Weeds in my yard are too tall and I need to hire someone to cut them down but I can’t afford it. Can I call the City tomorrow and get some CDBG money to help me pay for the service?”

Yes or No?

NO. Unless there is a City approved program that has already secured CDBG funding for the year for that purpose.

Eligible Activity Quiz No. 3

“Our agency is eligible and our program is eligible but we don’t have adequate resources and internal system to ensure compliance with CDBG regulations. Therefore, our agency is not up to the task of administering a CDBG-funded program.”

True or False?

True.

If your agency does not have the capability to comply with the CDBG regulations, you will not be considered for CDBG funds.

Group Exercise:

*Design a CDBG-Eligible Energy Efficiency/Conservation Program.

*Present Ideas to Group



Thank You



City of St Louis
Community Development
Administration

