

# GENERAL INFORMATION



## COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) PROGRAMS

The U.S. Department of Housing and Urban Development (HUD) allocates CDBG funds to state and local governments, who in turn, reallocate them to private non-profit community development corporations, community-based organizations, city departments, and private for-profit corporations, for activities that benefit low and moderate-income areas or low and moderate-income persons.

The City of Pasadena's CDBG Program is designed to expand opportunities for low and moderate-income citizens through the provision of public services, acquisition and improvements to public facilities, neighborhood improvements, housing, and economic development opportunities.

## ELIGIBLE ACTIVITIES

Before preparing an application for funds, first determine whether or not the proposed activity is eligible per federal regulations. **If the activity does not meet at least one of the three national objectives for CDBG funding, or is determined to be ineligible under the CDBG regulations<sup>1</sup>, the activity cannot be considered for funding.**

## PUBLIC SERVICE ACTIVITIES <sup>2</sup>

Must demonstrate that CDBG funds will be used to provide public services that meet **each** of the following criteria:

1. The public service must be either:
  - ✓ A new service; **or**
  - ✓ A quantifiable increase in the level of a service

This provision was put into place to ensure that CDBG funds were not used to replace local or state monies to fund essential services typically offered by local government.

This provision can be tested using the following:

- If a service is new, it may be eligible
- If a service is existing, determine whether it was provided by or on behalf of the unit of local government with local or state funding.
- If it was not provided by or on behalf of the local government with funding from the local government, it may be eligible.
- If it was provided by or on behalf of the local government with funding from the local government, grantees must determine whether the proposed service will be a quantifiable increase in the level of service. If it can be documented that the service is a quantifiable increase in the level of service, it may be eligible.

The regulations do not prohibit a grantee from continuing to provide funding to a CDBG-funded public service at the same or decreased level in subsequent program years.

2. The total amount of CDBG funds obligated for public service activities **must not exceed 15% of the annual grant** allocation **plus** 15% of the program income received during the prior program year.

Public Service activities include but are not limited to:

- Senior Services
- Disability Services
- Employment Training Services
- Crime Prevention and Public Safety Services
- Domestic Violence Victim Services
- Legal Services
- Drug Abuse Prevention Services
- Healthcare Services

CDBG funds may be used to pay for labor, supplies and materials as well as to operate and/or maintain the portion of a facility in which the public service is located. This includes the lease of a facility, and other property needed for the public service.

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<sup>1</sup> CDBG Regulations can be found on the City of Pasadena's Community Development website. 24 CFR 570.201 to 24 CFR 570.206 lists CDBG eligible activities and 24 CFR 570.207 discusses the ineligible activities

<sup>2</sup>Full regulations can be found at 24 CFR 570.201(e)

## B. NON-PUBLIC SERVICE ACTIVITIES

Under this category CDBG funds may be used for the following activities provided that each of the applicable qualification for each activity are met:

1. Public Facilities and Improvements<sup>3</sup> – The acquisition, construction, reconstruction, rehabilitation or installation of public facilities and improvements are eligible activities under CDBG and can be carried out by a grantee, subrecipient, or other nonprofit. Public facilities may only be owned by these types of entities. Eligible type of facilities and improvements include:
  - Infrastructure improvements (construction or installation) including but not limited to streets, curbs, and water and sewer lines;
  - Neighborhood facilities including, but not limited to public schools, libraries, recreational facilities, parks, playgrounds; and
  - Facilities for persons with special needs such as facilities for the homeless or domestic violence shelters, nursing homes, or group homes for the disabled.If the assisted facility is owned by a nonprofit, regulations stipulate that the facility must be open to the public during normal business hours.
2. Economic Development<sup>4</sup>- Creating economic opportunities and jobs are among the various CDBG activities that may be funded. Some eligible activities include but are not limited to:
  - Micro-enterprise assistance
  - Special Economic Development
  - Technical assistance to businesses
3. Other Real Property Improvements<sup>5</sup>- Other real property activities include but are not limited to:
  - Acquisition and disposition of real property
  - Historic Preservation
  - Handicapped Accessibility

## INELIGIBLE ACTIVITIES <sup>6</sup>

The following activities **may not** be assisted with CDBG Funds:

- Buildings used for the general conduct of government
- Political Activities
- General government expenses
- Purchase of equipment
- Operating and maintenance expenses
- Income Payments
- New housing construction – unless organized by a Community-Based Development Organization (CBDO)

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<sup>3</sup> 24 CFR 570.201(c)

<sup>4</sup> 24 CFR 570.203 & 24 CFR 570.209

<sup>5</sup> 24 CFR 570.202

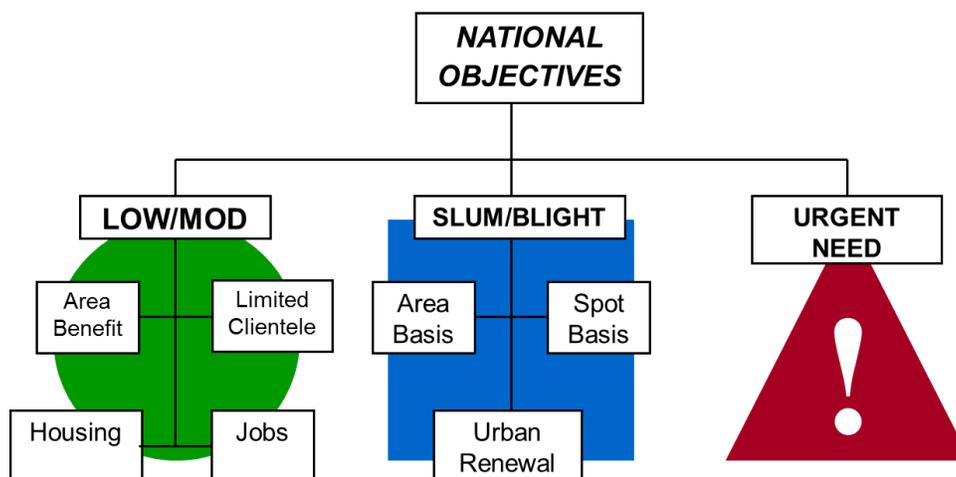
<sup>6</sup> 24 CFR 570.207

## BENEFIT TO LOW AND MODERATE INCOME PERSONS

The primary objective of the CDBG program is the development of healthy communities "by providing decent housing and a suitable living environment and expanding economic opportunities principally for persons of low and moderate-income." HUD requires that, at a minimum, **70%** of the CDBG money be used for activities that benefit lower income people.

## NATIONAL OBJECTIVES

CDBG applicants must choose **one** of the HUD national objectives under which to apply for funding of their activity. Please read each National Objective carefully before selecting as each applicant must demonstrate how it will meet one of the three national objectives of the CDBG program listed below. **Without exception, all CDBG program activities must meet one of the program National Objectives:**



### 1. National Objective 1: Benefiting low and moderate-income persons<sup>7</sup>

Activities being proposed as benefiting low and moderate-income (LMI) persons must be designed to include participation by such persons. A CDBG assisted activity "benefits lower income people" if it meets any one of the four following subcategories:

- a. Low/Mod Area – activities which meet the needs for LMI persons in an area where at least 51% of the residents are LMI persons. Boundaries of the service area must be primarily residential. The activity should benefit **all** of the residents of the particular area.
- b. Low/Mod Limited Clientele – activities which benefit a **specific group** of people rather than all of the residents in a particular area, at least 51% of whom are LMI persons.
- c. Low/Mod Housing – activities which adds or improves permanent, residential structures which are or will be occupied by LMI households.
- d. Low/Mod Jobs – activities which create or retain permanent jobs, at least 51% of which are either taken by LMI person or considered to be available to LMI persons.

<sup>7</sup> Code of Federal Regulation 24 Part 570.208 (a) (1), (2), (3), (4)

## 2. National Objective 2: Prevention or elimination of slums or blight<sup>8</sup>

Activities being proposed under this national objective must demonstrate that they are designed to address **and** ameliorate the conditions causing the slums and blight.

- a. Slum/Blight Area – activity must meet **all** of the following qualifying criteria:
  1. *the area must be delineated by the City of Pasadena, TX and must meet a definition of a slum, blighted, deteriorated or deteriorating are under state or local law, **NONE are currently defined under local law ; and***
  2. *there must be a substantial number of deteriorated or detreating building throughout the area; **and***
  3. *the activity must address one or more of the conditions that contributed to the deterioration of the area.*
- b. Slum/Blight Spot Basis – activity must meet all of the following criteria:
  1. *must be designed to eliminate specific conditions of blight or physical decay on a spot basis; **NONE are currently defined under local law ; and***
  2. *must be limited to acquisition, clearance, relocation, historic preservation, and/or rehabilitation of buildings. Rehabilitation is limited to the extent necessary to eliminate specific conditions detrimental to public health and safety.*
- c. Urban Renewal – activity must meet all of the following qualifying criteria:
  1. *must be located within a federally designated urban renewal project area or Neighborhood Development Program action area; **NONE are currently designated under local law ; and***
  2. *activity must be necessary to complete the urban renewal plan, then in effect, including initial land redevelopment permitted by the plan.*

## 3. National Objective 3: Urgent Need<sup>9</sup>

Activities being proposed under this national objective must be designed to alleviate conditions that have a particular urgency and must meet **all** the following qualifying criteria:

- a. *Existing conditions must pose a serious and immediate threat to the health or welfare of the community; **and***
- b. *Existing conditions are of recent origin or recently became urgent (last 18 months); **and***
- c. *Grantee is unable to finance the activity on its own; **and***
- d. *Other sources of funding are not available.*

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<sup>8</sup> Code of Federal Regulations 24 Part 570.208 (b), (1), (2), (3)

<sup>9</sup> Code of Federal Regulations 24 Part 570.208 (d)