

Rhode Island  
Community Development  
Block Grant (CDBG)  
One-on-One

CONFERENCE ROOM B

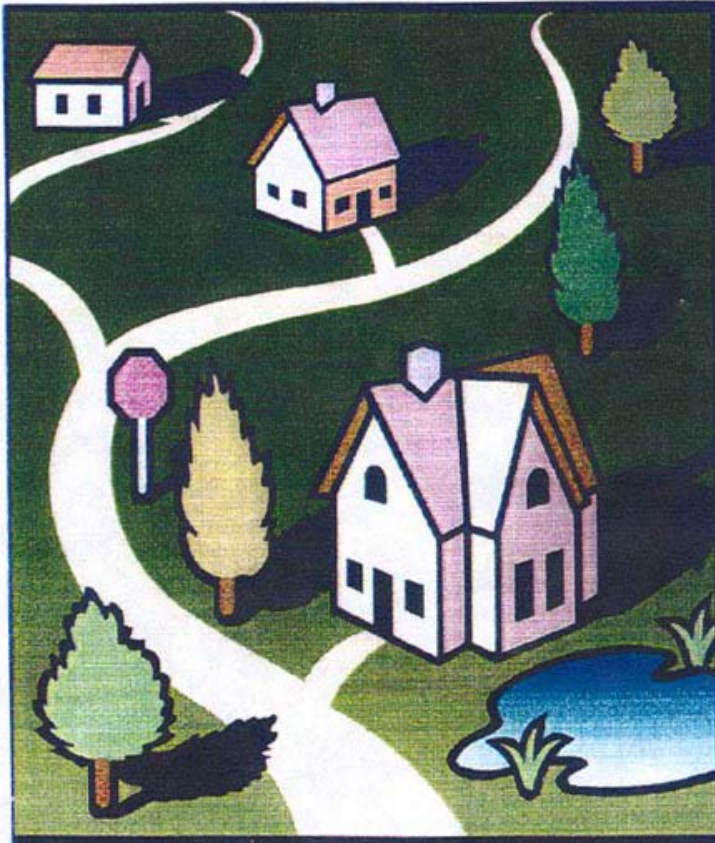
# Eligibility & National Objectives

- ▶ Eligibility
  - ▶ 24 CFR Part 570.482
  - ▶ 24 CFR Part 570.200-207 (Entitlement)
  - ▶ HCDA, Section 105(a)
  
- ▶ National Objectives



U. S. Department of Housing and Urban Development  
Office of Community Planning and Development

## State Community Development Block Grant Program



Guide to National Objectives and Eligible  
Activities for State CDBG Program

# National Objective and Eligibility Overview

- ▶ CDBG National Objectives
  - ▶ Benefitting persons of LMI Income
  - ▶ Elimination of slums/blight
  - ▶ Urgent need
- ▶ In order to be fundable, an activity MUST meet Eligibility AND National Objective requirements.
- ▶ Documentation must be maintained
- ▶ Failure to document National Objective will result in de-obligation or recapture of funds

# National Objective and Eligibility Overview

- ▶ Primary Objective for the Small Cities Program: Benefit to low- and moderate-income persons
  - ▶ Area Benefit
  - ▶ Limited Clientele
  - ▶ Housing
  - ▶ Jobs
- ▶ Preventing or eliminating blight (area or spot basis)
- ▶ Urgent Need. (not generally applicable to “regular” CDBG, applies to immediate threat to public health or welfare.)

# How do you apply area benefit?

Area benefit applies to facilities/services which are available to all persons in a specific geographic area. At least 51% of the persons in the “service area” must be low/moderate income. This service area may or may not coincide with the Census boundaries for the area.

Also note that certain facilities, such as those used for the general conduct of government, are generally not eligible for assistance.

# National Objective and Eligibility Overview

- ▶ Low/Moderate Income - Area Benefit
  - ▶ Survey
  - ▶ HUD Low/Moderate Income Summary Data Tables (LMISD) (Census tracts and block groups)
  - ▶ Maps needed

# National Objective and Eligibility Overview

- ▶ Low/Moderate Income - Limited Clientele
  - ▶ Persons vs. Households
  - ▶ Presumed clientele:  
Elderly, Homeless, Battered Spouses,  
Illiterate Adults, Severely Disabled Adults
  - ▶ Require Information on Family Size and Income
  - ▶ Documentation is Key!  
(Forms, Procedures...)



# National Objective and Eligibility Overview

## ▶ National Objective Common Errors

- ▶ Area Benefit and Limited Clientele are mutually exclusive!  
Don't select both.
- ▶ If activity serves an entire area which qualifies as LMI, it's Area Benefit (example: neighborhood parks, sidewalks)
- ▶ If activity serves a limited number of people or target population, it's limited clientele (example: boys/girls club, food pantry, senior center)

## ▶ Documentation

- ▶ Application must include forms/method of collection

QUESTIONS SUBMITTED

# Should subrecipients follow same guidance for conducting surveys as municipalities?

Yes - State (and HUD) guidance regarding income surveys should be followed for documenting national objectives (area benefit, survey) regardless of whether the activity is conducted directly by the municipality or its subrecipient. Program requirements/policies apply to both parties.

Notice CPD-14-013: Guidelines for Conducting Income Surveys to Determine the Percentage of LMI Persons in the Service Area of a CDBG-Funded Activity

# What happens when a residential property is unoccupied (due to fire/flood/repairs)?

Note - Residential rehabilitation is not included in the current RFP.

General Answer - The LMI Housing National Objective requires that units assisted be predominately (51%) occupied by LMI households, at completion. The income-eligibility of household(s) occupying the unit(s) immediately after completion must be assessed.

24 CFR Part 570.483(b)(3)

# Must a homeowner sign/agree to a lien placed on their property?

Note - Residential rehabilitation is not included in the current RFP.

General Answer - Communities should assure a written (signed) agreement to the terms of assistance (including the lien) is executed prior to undertaking any work.

# Is property insurance required?

In General, communities should take actions to protect public funds invested in properties.

The Subrecipient shall carry sufficient insurance coverage to protect contract assets from loss due to theft, fraud and/or undue physical damage, and as a minimum shall purchase a blanket fidelity bond covering all employees in an amount equal to cash advances from the Grantee. The Subrecipient shall comply with the bonding and insurance requirements of 24 CFR 84.31 and 84.48, Bonding and Insurance.

# Are maintenance activities eligible?

The general rule is that any expense associated with repairing, operating or maintaining public facilities, improvements and services is ineligible. Specific exceptions to this general rule are operating and maintenance expenses associated with public service activities, interim assistance, and office space for program staff employed in carrying out the CDBG program. For example, the use of CDBG funds to pay the allocable costs of operating and maintaining a facility used in providing a public service would be eligible under § 570.201(e), even if no other costs of providing such a service are assisted with such funds. Examples of ineligible operating and maintenance expenses are:

- (i) Maintenance and repair of publicly owned streets, parks, playgrounds, water and sewer facilities, neighborhood facilities, senior centers, centers for persons with a disabilities, parking and other public facilities and improvements. Examples of maintenance and repair activities for which CDBG funds may not be used include the filling of pot holes in streets, repairing of cracks in sidewalks, the mowing of recreational areas, and the replacement of expended street light bulbs; and
- (ii) Payment of salaries for staff, utility costs and similar expenses necessary for the operation of public works and facilities.

# Town may not meet (drawdown) threshold but hopes to reallocate. How should this be handled?

Communities unable to meet drawdown threshold by the deadline are advised to voluntarily de-obligate amounts necessary to meet requirement prior to the expenditure deadline.

The Town may reapply for these funds if an alternative use is identified subsequently.

Please note that approval of amendment requests are not guaranteed.



Conditions related to the environmental review are anticipated to change prior to undertaking the activity.

Communities are required to update their environmental review if/when conditions impacting the analysis are known. If the change is anticipated, the community may complete its original environmental review to account for this inevitability.

# Are (Residential) Rehabilitation requests submitted through this application process?

No - This competitive process is limited to public infrastructure/improvements, facilities and public service activities.

Residential rehabilitation applications are accepted on an ongoing basis.

# Are schools (improvements) eligible?

Generally schools can be considered an eligible public facility. Documentation of national objective compliance with essential to verify the facility is eligible for CDBG assistance. 51% of the beneficiaries (students) must be from income eligible households. Area information alone may not be sufficient.

Public facilities and public improvements are broadly interpreted to include all improvements and facilities that are either publicly owned or that are traditionally provided by the government, or owned by a nonprofit, and operated so as to be open to the general public. This would include neighborhood facilities, firehouses, public schools, and libraries. Public improvements include streets, sidewalks, curbs and gutters, parks, playgrounds, water and sewer lines, flood and drainage improvements, parking lots, utility lines, and aesthetic amenities on public property such as trees, sculptures, pools of water and fountains, and other works of art.

# Is the environmental review submitted with the application?

While the community may prepare (and submit) its environmental review with its application, the RROF is typically submitted after award but prior to contracting for a supported activity.

Some elements of the environmental review may need to be explored to fully explore viability/cost.

# Are bus shelters eligible?

Generally, bus shelters would qualify as an eligible public facility. The applicant must document that 51% or more of the beneficiaries of the facility are LMI persons. Area information alone may not be sufficient.

# Are (commercial) facades eligible?

Note - Economic development activities are not included in this RFP.

Facades are generally qualified as an economic development (assistance to for-profit) activity. Economic development proposals are accepted on an ongoing basis. Interested parties are encouraged to directly contact OHCD staff to discuss the requirements imposed on such proposals.

# Status of Past Activities?

Communities may contact OHCD staff to discuss the status of past activities.

The progress of past activities is considered in assessing the viability of current applications (especially similar or related requests)

# Can a project be phased over multiple years?

The applicant may propose to phase a project but only the first (current) year's funding request will be considered at this time. The application narrative should address viability of the project should future year funding not be made available.

The State is considering a multi-year funding process in the future but CDBG funds cannot currently be guaranteed over multiple years at this time.



# Is Administration eligible if activity does not complete?

Administrative funds expended must generally relate to a complete, fundable CDBG activity which has met federal program requirements.

# Can CDBG fund Special Assessments?

**CDBG funds may be used to pay for special assessments for public improvements not initially assisted with CDBG funds, provided:**

The installation of the public improvements was carried out in compliance with all applicable requirements (e.g., environmental, citizen participation and Davis-Bacon);

and

The CDBG funds are used to pay the special assessment on behalf of all LMI owner occupants (or for low-income owner/occupants only if there are not sufficient funds to pay for all low- and moderate-income owner occupants).

**Consequently, a decision to provide CDBG assistance for the payment of assessments would generally have to be made prior to the commencement of the improvement so that these requirements can be met.**

Basically CDBG - Chapter 6 (HUD Guide)

HUD Memorandum, May 1993 (Payment of Special Assessments)

# Should homeless shelters apply through this competitive process?

**The State's program design directs certain "residential" public facilities (homeless shelters) to apply through the Affordable Housing setaside.**

- **Applicants should note that shelters/groups homes are considered "public facilities" under CDBG regulations. As such, the appropriate national objective is "LMI Limited Clientele" not "LMI Housing". The application must provide documentation to demonstrate compliance with this requirement (people vs. units/household).**
- **Other possible differences: Federal Labor Standards (DBRA), public service/operating budgets**

# Additional Questions

## Are there changes to the Affirmatively Furthering Fair Housing requirements?

Answer - As a condition of CDBG funds, communities must certify they are "affirmatively furthering fair housing". The State instructs recipient communities to conduct (and report to OHCD) at least one activity towards this requirement. The State encourages communities to review the State Analysis of Impediments (AI) in attempts to identify actions to be taken.

HUD has suspended Assessment of Fair Housing submissions until after October, 2020. Revisions to planning requirements have not yet been finalized relative to State programs.

This year's federal Omnibus/Appropriation included the following language:

"None of the funds made available by this Act may be used by the Department of Housing and Urban Development to direct a grantee to undertake specific changes to existing zoning laws as part of carrying out the final rule entitled 'Affirmatively Furthering Fair Housing' ... or the notice entitled 'Affirmatively Furthering Fair Housing Assessment Tool' ..."

# Additional Questions

Does job training need to meet the LMI Limited Clientele or LMI Jobs national objective?

Answer - While certainly related to economic development, job training activities are typically classified as public service activities and, as such, require compliance with the LMI Limited Clientele national objective.

It is possible a job training activity may be considered "Assistance to For-Profit" and comply under the LMI Jobs national objective. This is, however, atypical.

# Additional Questions

Can public hearings for the competitive application process be consolidated with hearings conducted relative to ongoing applications (housing)?

Answer - Yes, the community may combine required public hearings but should maintain adequate records of the meeting to show required content is covered.

# Additional Questions

Do regional public service proposals need sign-off from all communities served?

Answer - Unless the community is assuming the activity limit/cap from other municipalities, it is not necessary to obtain a sign-off/designation from from other communities. It may, however, help a proposal to demonstrate support from all area communities impacted (letters of support/etc.).

# Additional Questions

Are there application limits for the CDBG competitive Application Cycle?

Answer - Communities may request up to 2 public service activities (cumulatively totaling no more than \$100,000) and up to 3 public facility/improvement activities (up to \$500,000/each). This would result in a maximum of \$1.6M in proposals. This amount may be increased if the community is applying for regional proposals and assuming the activity cap from other municipalities served.



# Additional Questions

How do we handle available Program Income?

Answer - The availability of program income may be factored in the review of current proposals. Communities may retain PI provided it is use for the same purposes from which it was generated. A process is available to amend funds from one CDBG eligible use to another. In general, local PI funds must be spent before additional federal funds are to be disbursed.

A request, partially supported by local PI, may request additional funds through the application process.

# Additional Questions

Can mixed-use buildings be renovated by CDBG?

Answer - Renovations to mixed use buildings are allowable but may prove complicated. The national objective met for each portion of the mixed use building may differ. For example, the residential portion of the building may qualify under the LMI Housing national objective while the commercial portion of the building may qualify under LMI Limited Clientele (microenterprise) or LMI Jobs (assistance to for-profit). Depending upon the nature of the improvements, the national objective of Slums & Blight removal might also be appropriate.

Applicants in such situations are advised to very clearly outline how activities will meet national objective. Segregation of costs may be necessary.

# Additional Questions

Do communities request Administrative funds?

Answer - OHCD will provide administrative support for activities funded. The specific amount allocated will generally range from 5%-15% depending upon the complexity of the activities funded. The community is not required to detail administrative costs in its proposal.

# Additional Questions

Should the public service budget page reference CHF?

Answer - The "CHF" reference on forms distributed was an error. All "CHF" references should be changed to "CDBG". The same budget page was used for both programs.

# Additional Questions

How many copies of the application must be submitted?

Answer - One (1) original and an electronic copy must be provided to the Office of Housing and Community Development staff (One Capitol Hill - 3<sup>rd</sup> floor, Providence) by the deadline. Please note that application materials must be delivered, not mailed/postmarked, by the deadline.