Community Development Block Grant
2020 Full Certification – Webinar 1
We’ll Explain

- History of the Community Development Block Grant (CDBG) Program
- The Nebraska CDBG Program
- Eligible Recipients of CDBG Funds
- National Objectives
- Eligible and Ineligible Activities
Community Development Block Grant

- The Housing and Community Development Act of 1974 (HCDA) authorized the U.S. Department of Housing and Urban Development to make grants under the CDBG Program.

- Resources
  - [https://www.hud.gov/](https://www.hud.gov/)
  - [https://www.hudexchange.info](https://www.hudexchange.info)
Primary Goals of CDBG

- Decent Housing
- A suitable living environment
- Expanded economic opportunities.
HUD Allocates Funding

- State Program (Non-entitlement Areas)
  - Nebraska Department of Economic Development

- Entitlement Program
  - Bellevue
  - Grand Island
  - Lincoln
  - Omaha
Requirements

- Consolidated Plan
- Annual Action Plan
- Analysis of Impediments to Fair Housing Choice
- Consolidated Annual Performance Evaluation Report
Nebraska CDBG Goals

*Program Years: 2020 - 2024*

1. Increase Availability of Affordable Housing
2. Enhance Public Facilities and Infrastructure
3. Encourage Economic Development
4. Support Vital Public Services
For Program Year 2020
July 1, 2020 – June 30, 2021

Nebraska CDBG Funding Opportunities

1. Downtown Revitalization
2. Economic Development
3. Emergent Threat
4. Owner Occupied Rehabilitation
5. Planning
6. Public Works
7. Tourism Development
8. Water/Wastewater
9. Youth Job Training
Requirements

- Activities must be eligible
- Activities must meet a national objective
- Activities must be fundable
Eligible Recipients

- The Nebraska CDBG Program awards grants to local units of government that are within the non-entitlement area.

- Special Policies
  - Local units of governments may apply for funding in collaboration with either:
    - For Profit Business
    - Nonprofit Organization
National Objective
COMMUNITY DEVELOPMENT BLOCK GRANT
Meeting a National Objective

- Low/Moderate
  - Area Benefit
  - Limited Clientele
  - Housing
  - Jobs

- Slum/Blight
  - Area Basis
  - Spot Basis

- Urgent Need
CDBG National Objectives

- **National Objectives** *(24 CFR 570.483)*
  - Benefiting low and moderate income (LMI) persons
  - Aid in the prevention or elimination of slums and blight (SB)
  - Meets community development needs having a particular urgency (UN) that the unit of local government is not able to fund on its own or obtain other sources of funding
National Objective: Low to Moderate Income (LMI)

- Statutory Requirement that at least 70% of the State’s CDBG funding must benefit low to moderate income person.
Low & Moderate Income Benefit

- Area Benefit (LMA)
  - 24 CFR 570.483(b)(1) ...persons

- Limited Clientele (LMC)
  - 24 CFR 570.483(b)(2) ...persons

- Housing (LMH)
  - 24 CFR 570.483(b)(3) ...households

- Job Creation/Retention (LMJ)
  - 24 CFR 570.483(b)(4) ...persons
LMI on an Area Basis (LMA)

Meet the LMA National Objective Through:
- U.S. Census Data
- HUD Estimates
- Census Survey
- Random Sample Survey
LMI on an Area Basis (LMA)

- Data must include all individuals within the service area (primarily residential) that will benefit from the potential project.

- Individuals whose benefit from the project is incidental are not counted as beneficiaries.
Limited Clientele (LMC)

Meet the LMC National Objective with activities that exclusively benefit a clientele who are generally presumed by HUD to be principally LMI

- Abused children
- Elderly persons (62+)
- Battered spouses
- Homeless persons
- Illiterate adults
- Persons living with AIDS
- Migrant farm workers
- Adults meeting Bureau of Census' definition of severely disabled adults
Limited Clientele (LMC)

- Meet the LMC National Objective with activities that:
  - Requires information on family size and income
  - Be of such nature and in such location that it may reasonably be concluded that the activity's clientele will primarily be LMI
  - Removal of architectural barriers (commonly used with State’s Tourism and Downtown Revitalization projects)
LMI Housing (LMH)

- Based on household/occupancy
- Record Keeping Requirements
  - Copy of agreement between grantee and landlord indicating total number of units and number to be occupied by L/M households
  - Total cost of activity including CDBG and non-CDBG funds
  - Household size and household income for each unit claimed to be occupied by L/M household
  - For rentals:
    - Rent charged after assistance for each unit in each structure assisted
    - Information to show affordability of units occupied by L/M households
LMI Jobs (LMJ)

- Most economic activities undertaken based on job creation or retention OR
- Based on jobs held by or made available to L/M persons

Record Keeping Requirements
- Agreement between business and grantee
- Job creation records document hire persons LMI qualified or other income status
- Hiring plan-jobs available to L/M persons and jobs that will be taken by L/M persons—special skills not required & first consideration LMI persons
- Job retention-document permanent job loss
Prevention/Elimination of Slums or Blight

- **Activities must meet one of two determinations:**
  - Area Basis - clearly eliminating objectively determinable signs of slums or blight in a defined area. [24 CFR 570.483(c)(1)]
  - Spot Basis - strictly limited to eliminating specific instances of blight outside such an area. [24 CFR 570.483(c)(2)]
Prevention/Elimination of Slums or Blight

**Area Basis**
- Area must be officially designated within last 10 years
- Project activities must explicitly address the contributing conditions to the slum/blight designation

**Spot Basis**
- Activity takes place outside Slum or Blighted Area
- Activity limited to: acquisition*, clearance, relocation*, historic preservation, or rehabilitation of buildings

*Must have a follow-on activity
Urgent Need (note: not used Nebraska)

- **Criteria:**
  - Need must pose a serious and immediate threat to health and welfare of the community
  - Need must be of recent origin or recently urgent (within 18 months)
  - Community must be unable to finance activity on its own
  - Other funding sources must not be available to carry out activity
Each eligible activity must meet one national objective.

Name the 3 CDBG National Objectives.

National Objectives (24 CFR 570.483)
CDBG National Objectives

- Unit of Local Government is contractually responsible for activities funded with CDBG to meet the designated national objective and complete activities as approved and awarded by the State

- Understand the project activities and ensure they are eligible activities and meet a CDBG National Objective
Survey Methodology
LMA NATIONAL OBJECTIVE
Why an Income Survey?

• Income surveys are used to document LMA Benefit when ACS data is not applicable.
  — For example, where grantee believes that the data is:
    • Not current or
    • Do not provide enough information regarding income levels in the service area
      ▪ Service area must be ≥51% LMI persons
      ▪ Service area = the community or the neighborhood served
Why an Income Survey?

- What are some examples of why ACS data may not apply?
- Best practices for determination.
Why an Income Survey?

- HUD’s LMI data (LMISD) must be used “to the fullest extent feasible”
  - Changes to the area may not be reflected in most current data
  - Service Area/Target Area may not always conform with Census Block or Tract Groups, especially in the cases projects including:
    - Public Improvements,
    - Public Service, or
    - Public Facility activities.

- All income surveys must state reason why the survey was conducted.
Survey Methodology

- **Federal CDBG regulations at 24 CFR 570.483(b)(1)(i)** require that the survey be methodologically sound.
  - All steps of the survey must be documented
  - Submit documentation to the Department

- Income surveys to be conducted on **families** (not households).
  - **Family** is defined as a single person, or a group of person residing together regardless of actual or perceived sexual orientation, gender identity, or marital status.
  - Refer to CPD 14-013 for more details
Types of Surveys

- **Census**
  - Service Areas with 200 households or fewer
  - Requires high response rate (100%)

- **Random Sample Survey**
  - Service Areas with more than 200 households
  - Representative of entire population
Service Area

The area that will benefit from the completion of the CDBG project.

May use already identified boundaries such as natural boundaries (rivers) and/or man-made boundaries (streets, railroads)

- Step 1: Identify the Service Area
- Step 2: Determine the type of Income Survey to be used
- Step 3: Conduct Income Survey
Conducting Income Surveys

- Develop the Questionnaire/Survey Form

- Determine who will be Surveyed
  - Census = Every resident
  - Random = Sample Size with an Oversample

- Publicize the Survey
- Conduct the Survey
- Analyze the Results
- Document your Results
Conducting Income Surveys

Avoid Bias throughout the process.

- Development of questionnaire/instrument
- Publicizing or advertising
- Data
  - collection
  - analysis
Key Terms

- **Margin of Error (MOE):** Tells you how many percentage points your results could differ from the real value.

- **Confidence Level:** Tells you how sure you are that your estimate falls within your confidence interval.

- **Confidence Interval:** Related to the MOE and confidence level. Tells you how much uncertainty there is within a statistic.
Survey Methodology

- **Effective April 1, 2019:** Must comply with Margin of Error (MOE) guidance.
  - MOE tells you how many percentage points your results could differ from the real value.
- Follow the survey methodology guidance in the manual.
- Application Exhibits updated for PY 2019.
Walkthrough

Appendix: Section 1

HUD Income Limits

Random Sample Survey
- Sample Size Calculator
- Random Sample Selection

Margin of Error Calculator

Application Exhibit E1 or E2 (pg. 11)
Resources

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

**HUD CPD Notice 19-02**: Low- and Moderate-Income Summary Data Updates

**DED CDBG Policy Memo 19-01**: LMI Summary Data Income Survey Update
Registrations
COMMUNITY DEVELOPMENT BLOCK GRANT
Background

- **Federal Regulation**
- In October 2003, Federal Acquisition Regulation Policy was published. This required that all federal contractors register in the Central Contractor Registration Database prior to the awarding of any contract or purchasing agreement.
- July 30, 2012, the above system transitioned to the System for Award Management (SAM), this combined the CCR and 8 other databases into a central system.
- Nebraska issued policy memo 13-02, 14-02, and 18-02 regarding the above federal regulation.
Review SAM Registration Status

- Review the search results and print the results. Your printed copy should include a date stamp at the bottom of the page. If not date and initial.
- The printed copy needs to be included in your CDBG application.
Review SAM Registration Status

- Check your registration status in the SAM
Review SAM Registration Status

- Enter your DUNS number. If the result is not active, create a user account. If result is inactive, reactivate user account.
Print Registration Status

- Print a screen shot of the SAM Status tracker that indicates active status for the applicant. The applicant must be in an active status as determined by DUNS number entry.
Other Results

- No Results
Other Results

- Excluded
Resources

- System for Awards Management:  [www.sam.gov](http://www.sam.gov)
Changes

- Effective July 1, 2018
- Revises previous Department guidance that states all entities that receive CDBG funds must be registered and active in SAM.

— Now:
  - Red = Registered and Active in SAM
  - White = Search SAM to verify that the entity does not have an active exclusion.
  - Blue = Individual – no search required.
Example: Construction of Library

- State
- Local Unit of Government
  - General Administrator
  - General Contractor
    - Subcontractor
    - Subcontractor
Example: Commercial Rehab

State

Local Unit of Government

- General Administrator
- Business 3
- Business 2
- Business 1

Contractor

Subcontractor
Example: Owner Occupied Rehab

State → Local Unit of Government → General Administrator → Housing Management → Homeowner → Contractor, Contractor
Example: Child Care Center

- State
- Local Unit of Government
  - General Administrator
  - Engineer
  - Architect
  - Non Profit Daycare
    - Contractor
    - Contractor
  - Subcontractor

[NEBRASKA Logo]
Nebraska Contractor Registration Act

- All contractors doing business in Nebraska must register with the Nebraska Department of Labor.
- A contractor is any person who engages in the business of construction and includes subcontractors, general contractors and any other person arranging for the performance of work on real property.
- General Phone #: 402.471.2239
- Email: NDOL.ContractorRegistration@nebraska.gov
Eligible Activities

COMMUNITY DEVELOPMENT BLOCK GRANT
CDBG Eligible Activities

- All project activities must be eligible for funding according to Housing and Community Development Act (HCDA) Section 105 (a)

- General Rule - any activity that is not authorized by the HCDA is ineligible to be assisted with CDBG funds
  
  — HUD matrix code matches eligible CDBG activities to National Objective.
CDBG Eligible Activities

- Basic categories of eligibility in order of appearance in Section 105(a) of the HCDA:
  - Acquisition of Real Property
  - Public facilities and Improvement of Privately Owned Utilities
  - Code Enforcement
  - Clearance, Rehab, Reconstruction and Construction of Buildings
  - Architectural Barrier Removal
CDBG Eligible Activities

- Loss of Rental Income
- Disposition of Real Property
- Public Services
- Payment of the Non-federal Share
- Relocation
- Planning and Capacity Building
- Program Administration Costs
CDBG Eligible Activities

- Activities Carried out through Nonprofit
- Assistance to Neighborhood Based Development Organizations
- Energy Efficiency/Conservation
- Economic Development Assistance to For-profit Businesses
- Technical Assistance
- Housing Services
CDBG Eligible Activities

- Microenterprise Assistance
- Homeownership Assistance
- Tornado Safe Shelters
- Lead-based Paint Hazard Evaluation and Reduction
Additional Eligible Activity

Program Administration Costs:

- Funds may be used to pay reasonable program administration costs and charges related to the planning and execution of the CDBG Program.
Program Administration Costs (PACs)

Costs may include:

- Overall Program Management
- Coordination
- Monitoring
- Reporting
- Evaluation
Program Administration Costs

Eligible Costs include:

- Staff and Related Costs (State/UGLG/Sub)
- Citizen Participation Costs
- Fair Housing Activities
- Record keeping and Financial Management
- Compliance and Closeout Reports
- Other project specific administration costs in accordance with the Super Circular (2 CFR Part 200) not prohibited under the CDBG regulations
Activity Delivery Costs (ADCs)

**Eligible Costs include:**

- Allowable costs incurred for implementing and carrying out CDBG activities
- Project Implementation Costs (can be charged to specific activity, e.g. housing rehabilitation, commercial rehabilitation) considered Activity Delivery Costs (ADC).
- Allowable activities: staff time and travel for housing management and construction management, delivery public services, lead-based paint testing, architectural, engineering as examples.
Ineligible Activities

COMMUNITY DEVELOPMENT BLOCK GRANT
Ineligible Activities

Construction or rehabilitation of buildings for the general conduct of government except for special cases.
Special Cases for Ineligible Activities

Special cases for buildings used for the general conduct of government

Construction or Rehabilitation may be done:

- Removal of materials and architectural barriers that restrict mobility and accessibility of elderly or severely disabled adults.
Special Cases for Ineligible Activities

Special cases for buildings used for the general conduct of government

Construction or Rehabilitation may be done:

• Work on buildings used to deliver services to the public such as fire stations.
• Can pro-rate costs for buildings associated with providing both service deliver and administrative functions.
Ineligible Activities

Operation and Maintenance:

• Mowing grass, filling pot holes in streets, repairing cracks in sidewalks, etc.
• Payment of staff salaries (not related to CDBG program)
• New housing construction (with certain exceptions)
Ineligible Activities

Construction or rehabilitation of buildings for the **General Conduct of Government**.

- Repair
- Maintenance
- Operations Costs
Fundability
COMMUNITY DEVELOPMENT BLOCK GRANT
CDBG Program Fundability

- Fundability refers to key thresholds that determine the ability of projects and programs to receive CDBG funding.
- The state review process for all local government CDBG funding applications must include a fundability determination prior to award.
- All activities must be eligible for funding and meet a national objective.
Statutory & Regulatory Requirements

- **Projects must meet a National Objective**
  - Section 104(b)(3) Housing and Community Development Act (HCDA) of 1974 as amended; and
  - 24 CFR 570.483 of the State CDBG regulations

- **Activities must be eligible**
  - Section 105(a) HCDA
  - State CDBG regulations 24 CFR 570.482

**Note:** The State also identifies priority activities for programs
Statutory & Regulatory Requirements

- The State must meet a two-step process:
  - Each proposed activity must meet a national objective and be eligible at time of application development and approval (Award)
  - Following implementation, State must also determine that activities met national objective and are the same eligible activities that were originally approved for award
What are the 2 elements for a project meeting the CDBG fundability test?

When?
References & Resources

- HUD CPD
  http://www.hud.gov/offices/cpd/index.cfm

- HCDA Housing and Community Development Act
  http://www.hud.gov/offices/cpd/communitydevelopment/rulesandregs/#laws

- 24 CFR 570
  http://www.access.gpo.gov/nara/cfr/waisidx_06/24cfr570_06.html
References & Resources

- HUD Guide to National Objectives and Eligible Activities for State CDBG Program (USE for understanding what is eligible for proposed projects)
  http://www.hud.gov/offices/cpd/communitydevelopment/library/stateguide/

- HUD CPD Monitoring Handbook
References & Resources
