
 **Department of Planning & Housing
Housing and Community Development**


Community Development Block Grant (CDBG)

Program Overview

January 28, 2014


 **CDBG Program Background**

- ✓ The Program was created as part the Housing and Community Development Act (HCDA) of 1974, as amended.
- ✓ Congress appropriates funds annually.
(FY14: \$35 million)
- ✓ The Community Development Block Grant (CDBG) is one of the longest-running programs administered by the U.S. Department of Housing and Urban Development (HUD).

 **CDBG Program Purpose**

The primary purpose of the Community Development Block Grant (CDBG) program is the **development of viable urban communities by providing decent housing, a suitable living environment and expanded economic opportunities, principally for persons of very low- and low-income.**


CDBG is an important tool for helping local governments tackle serious challenges facing their communities.

 **CDBG Program Basis**

The CDBG program provides annual grants on a formula basis to **approximately 1209** general units of local government and States.


The annual CDBG appropriation is allocated between States and local jurisdictions called **"non-entitlement" and "entitlement" communities** respectively.

States distribute CDBG funds to non-entitlement localities not qualified as entitlement communities.

 **CDBG Program Basis, cont.**

Entitlement communities are comprised of central cities of Metropolitan Statistical Areas (MSAs); metropolitan cities with populations of at least 50,000; and qualified urban counties with a population of 200,000 or more (excluding the populations of entitlement cities).


HUD determines the amount of each grant by using a formula comprised of several measures of community need, including the extent of poverty, population, housing overcrowding, age of housing, and population growth lag in relationship to other metropolitan areas.

 **CDBG Program Basis, cont.**

Nationally, CDBG funds were spent for the following purposes in 2011:^[1]

- Public infrastructure (32.7%)
- Housing (24.8%)
- Administrative and planning (15.1%)
- Public services (11.4%)
- Economic development (7.3%)
- Property acquisition (4.9%)
- Other (3.8%)

1. "CDBG Expenditure Reports/U.S. Department of Housing and Urban Development (HUD)". Portal.hud.gov. Retrieved 2012-09-20.


 **CDBG Program Basis, cont.**

Citizen Participation

Entitlements must develop and follow a detailed plan that provides for and encourages citizen participation. This integral process emphasizes participation by persons of low or moderate income, particularly residents of predominantly low- and moderate-income neighborhoods, slum or blighted areas, and areas in which the grantee proposes to use CDBG funds.

The plan must provide citizens with the following: reasonable and timely access to local meetings; an opportunity to review proposed activities and program performance; provide for timely written answers to written complaints and grievances;

The must identify how the needs of non-English speaking residents will be met in the case of public hearings where a significant number of non-English speaking residents can be reasonably expected to participate.

 **CDBG Program Basis, cont.**

LOW AND MODERATE INCOME (LMI)

- The LMI objective is the most important of the three national objectives because it is the primary objective of the CDBG Program;
- At least 70% of all expenditures (over a 1-3 consecutive year period) must support activities which comply with the LMI National Objective;
- The Housing Objective is the only LMI national objective method based on households assisted.
- Qualifying household income is based on not exceeding 80% of the area median income (AMI) of the county or non metro state . The median income is determined by HUD.

CDBG Program Basis, cont.

2014 Story County Median Income Limits

80% (Low Income)		50% (Very Low Income)		30% (Extremely Low Income)	
Family Size	Gross Income Cannot Exceed	Family Size	Gross Income Cannot Exceed	Family Size	Gross Income Cannot Exceed
1	\$42,100	1	\$26,300	1	\$15,800
2	\$48,100	2	\$30,050	2	\$18,050
3	\$54,100	3	\$33,800	3	\$20,300
4	\$60,100	4	\$37,550	4	\$22,550
5	\$64,950	5	\$40,600	5	\$24,400
6	\$69,750	6	\$43,600	6	\$26,200
7	\$74,550	7	\$46,600	7	\$28,000
8	\$79,350	8	\$49,600	8	\$29,800

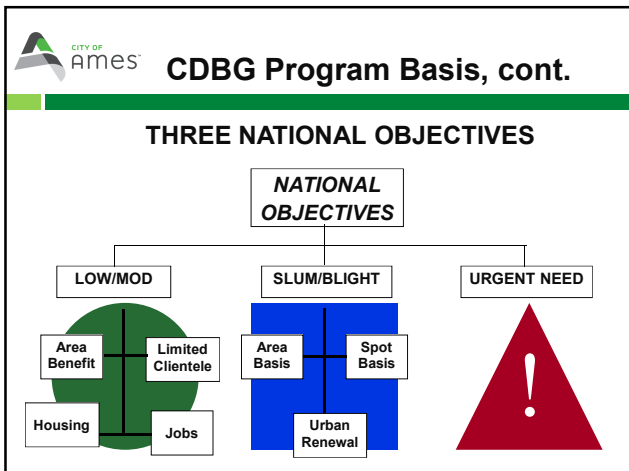
Median Area Income for 2014 is \$75,100

CDBG Program Basis, cont.


CDBG in Iowa

IA-FY13 Allocations

Entitlement	CDBG13	HOME13	HOPWA13	ESG13
Ames	\$509,171	\$0	\$0	\$0
Cedar Falls	\$265,976	\$0	\$0	\$0
Cedar Rapids	\$1,085,181	\$309,935	\$0	\$0
Council Bluffs	\$866,376	\$0	\$0	\$0
Davenport	\$1,316,865	\$408,548	\$0	\$0
Des Moines	\$3,516,662	\$770,308	\$0	\$243,429
Dubuque	\$974,408	\$0	\$0	\$0
Iowa City	\$596,122	\$352,649	\$0	\$0
Sioux City	\$1,534,726	\$346,861	\$0	\$109,959
Waterloo	\$1,190,399	\$435,428	\$0	\$0
West Des Moines	\$227,165	\$0	\$0	\$0
Iowa Non-entitlement	\$21,858,155	\$5,693,611	\$395,682	\$2,043,693




- CDBG Program Basis, cont.**
- INELIGIBLE ACTIVITIES**
- Activities that the CDBG regulations expressly **prohibit**:
 - Buildings for conduct of government & general government expenses
 - Political activities
 - New housing construction (some exceptions)
 - Income payments
 - Purchase of equipment
 - Operating and maintenance expenses
 - Some exceptions for ED and CBDO activities, interim assistance



CDBG Program Basis, cont.

ELIGIBLE ACTIVITIES

- Grantees are free to select those activities that **best** meet the needs of their communities, in accordance with the **National Objectives** and requirements of the **CDBG Program**.
- The following is **simply a representative overview of eligible activities**. These activities are loosely group in very general categories for the purpose of the overview.



ELIGIBLE ACTIVITIES, cont.

Activities Related to Housing:

- Lead-paint testing and abatement
- Code enforcement
- Slum and Blight Removal

In each of the activities below, National Objective is not met until the unit(s) are occupied by the specified number of LMI households:

- Property acquisition to be used for permanent housing
- Rehabilitation of property for permanent housing
- Conversion of non-residential structures into permanent housing
- Assistance to a household to enable it to acquire ownership of a home (homeownership assistance); and
- Hookups to connect residential structures to water and sewer systems



ELIGIBLE ACTIVITIES, cont.

Activities Related to Public Facilities:

- **Infrastructure**
 - Streets, sidewalks, water, sewer
- **Neighborhood facilities**
 - Parks, playgrounds, Recreational facilities
- **Facilities for special needs populations**
 - Homeless shelters, Group homes
- **Clearance and demolition**
- **Special Assessments**

Types of activities include: acquisition, rehabilitation, construction, or installation of public improvements or facilities.




ELIGIBLE ACTIVITIES, cont.

Activities Related to Public Services include:

- **Security Deposit Assistance**
- **Continuum of housing and services targeted for homeless, transitional housing clients and people with special needs**
- **Child care Assistance**
- **Transportations Assistance**
- **Services for senior citizens**
- **Utility Assistance**
- **Employment Services**
- **Crime Prevention**

*(Note: This activity has a **PROGRAM CAP** and some activities can only be assist on a interim basis of up to 3 months.*



ELIGIBLE ACTIVITIES, cont.

The Public Service must be either:

A **new** service or a **quantifiable** increase in the level of a service above that which has been provided by on behalf of the unit of local government through funds raised.

This requirement is intended to **prevent the substitution of CDBG funds** for recent support of public services by the grantee using local or State government funds in the 12 months preceding the grantee's Consolidated Plan or Action Plan to HUD.



ELIGIBLE ACTIVITIES, cont.


Activities Related to Economic Development:

A. **Microenterprise Assistance (5 or less employees), including:**

- Technical assistance to a new or existing microenterprise or to persons developing a microenterprise, and
- General Support to owners of micro-enterprises or to persons developing a microenterprise.

B. **Special Economic Development Activities (5 or more employees), including:**

- Acquisition, Construction, Rehabilitation or Installation of commercial or industrial buildings or structures and other related real property equipment and improvements.



ELIGIBLE ACTIVITIES, cont.

Activities Related to Economic Development, cont.:


Designed to create or retain permanent jobs, **at least 51%** of which (computed on a full-time equivalent basis) will be held by or made available to LMI persons.

Public Benefit Standards:

Individual: One job created/retained for each \$50,000 in direct CDBG assistance or \$1,000 per LMI person receiving goods/ services (area benefit activities)

Aggregate: Assistance cannot exceed \$35,000 per FTE Job; or \$350 per LMI person receiving goods/services (area benefit activities)


Cities have to if they want to required that jobs to be **created or retain** and if they want the benefit to be **individual or aggregate**




PROGRAM CAPS

The CDBG program has the following funding caps per year:


1. **Planning & Administration- 20%**
2. **Public Services activities- 15%; and**
3. **"Special "Economic Development Activities- has to meet a particular kind of financial analysis (known as the "appropriate" determination).**

 **OTHER FEDERAL REQUIREMENTS**

- ❑ Fair Housing and equal opportunity (Title IV&VIII)
- ❑ Handicapped accessibility
- ❑ Employment and contracting
- ❑ Environmental review (NEPA)
- ❑ Flood insurance
- ❑ Lead-based paint
- ❑ Labor standards
- ❑ Debarred contractors
- ❑ Conflict of interest
- ❑ Acquisition and relocation (Uniform Act of 1970)

 **THE CONSOLIDATED PLAN**

The Consolidated Plan is the document that is submitted to HUD that serves as the planning document (comprehensive housing affordability strategy and community development plan) of the jurisdiction for funding under any of the CPD formula grant programs.

 **CONSOLIDATED PLAN, cont.**

What are the components of the Consolidated Plan?

Component 1:
The **Strategic Plan** establishes goals to identify, prioritize, and address the general needs of low and moderate income persons for housing, jobs, and services for a three (3) or five (5)-year period;

Component 2:
Annually, in a **Action Plan** address how are those needs will be carried out through various program activities.

Component 3:
Annual report called the **Consolidated Annual Performance and Evaluation Report (CAPER)**.


*The City of Ames is on the 5-year cycle

 **CONSOLIDATED PLAN, cont.**

Component 1-Strategic Plan

The goals of the **Strategic Plan** must fall into these categories:


1. Major Housing and Community Development needs of **Low and Moderate Income residents** of the community
2. Other major Housing and Community Development needs (for residents who are **not of low and moderate income**)



CONSOLIDATED PLAN, cont.

**City of Ames CURRENT
2009-2014 STRATEGIC PLAN GOALS AND PRIORITIES
FOR LOW AND MODERATE-INCOME PERSONS**


1. CDBG funds should be used to strengthen neighborhoods by implementing affordable housing programs and services through acquiring, demolishing, and rehabilitating housing units that support homeowners, homebuyers, and renters to obtain and remain in affordable housing
2. CDBG funds should be used to promote one community by implementing programs that support a continuum of new or expanded housing and services targeted for homeless, transitional housing clients, and persons with special needs
3. CDBG funds should be used to strengthen neighborhoods by implementing programs that will increase or improve public facilities, infrastructure, and services



CONSOLIDATED PLAN, cont.

**City of Ames
2009-2014 COMMUNITY DEVELOPMENT
GOALS AND PRIORITIES
FOR NON- LOW AND MODERATE-INCOME PERSONS**


1. CDBG funds should be used for slum and blight removal in non-low and moderate income areas to assist in redevelopment projects to decrease the number of substandard housing units through acquisition, demolition, and new construction to the maximum limit that CDBG funds are allowed



CONSOLIDATED PLAN, cont.

Component 2-Action Plan

The **Annual Action Plan** is a component of the Consolidated Plan that outlines the type(s) of Program Activities/Projects that will be undertaken that addresses one or all of the goals outlined in the 3 or 5-year Priority Needs.



**City of Ames CDBG
Allocations from HUD:**

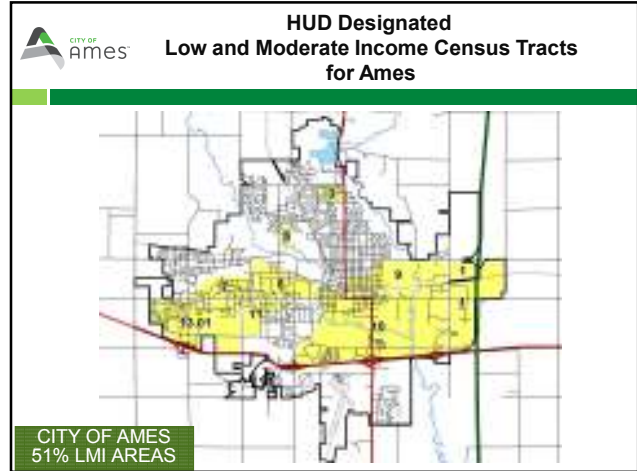
<u>Year</u>	<u>Amount</u>	<u>Program \$'s</u>	<u>Admn. \$'s (20%)</u>
2004-05	\$589,000	\$471,200	\$117,800
2005-06	\$562,732	\$450,186	\$112,546
2006-07	\$502,589	\$402,071	\$100,518
2007-08	\$500,165	\$400,132	\$100,033
2008-09	\$479,660	\$383,728	\$ 95,935
2009-10	\$491,369	\$393,096	\$ 98,273
2010-11	\$534,545	\$427,636	\$109,909
2011-12	\$449,081	\$359,277	\$ 89,804
2012-13	\$511,276	\$409,021	\$ 102,255
2013-14	\$509,171	\$407,337	\$101,834

This is an average of approximately \$500,000 over the last 10 years

Annual Action Plan, cont.

2004-13 Action Plan Project Activities & Budget

ANNUAL PROGRAM PROJECTS 2004-2012	Priority Goal Met	% of Low & Moderate-Income Benefited	CDBG Program Category	Amount and Percent of CDBG Funds Expended
Renter Affordability Programs (Deposits Transportation, and Child Care Assistance)	1	100%	Public Service	\$283,430 (7%)
1) Public Infrastructure Improvements; 2) Minor Repair Program for Non-Profits;	2 & 3	100%	Public Facilities	\$1,385,678 (33%)
1) Neighborhood Sustainability Programs, (Acquisition/Reuse, Lease-Purchase, Slum and Blight, Operation/Repair, Housing Improvement, Homebuyer Assistance)	1	96%	Housing Activities	1,767,189 (41%)
General Administration & Progra				\$818,739 (19%)



CONSOLIDATED PLAN, cont.

**Component 3-Consolidated Annual Performance
and Evaluation Report (CAPER)**

- CAPER must include two major parts
- Narrative component
- Consolidated Plan progress elements
- CDBG-specific elements
- Financial reports
- Grantee must submit annual report to HUD within 90 days of close of program year
- Prior to submission, grantee must make report available to public for at least 15 days
- Grantee must summarize comments and make final report available to public

Timeline of Next Steps

5-year Strategic Plan Goals

1. CDBG Overview Presentation to City Council: January 2014
2. HUD Training on Consolidated Plan: February 2014
3. Public Forums (Strategic Plan Goals) February 2014
4. Prepare 2014-2019 Strategic (Goals) Plan: March 2014

Anticipated Dates

5. 30-day Public Comment Period: April 23-May 7, 2014
6. Public Hearing May 13, 2014
7. Submit Strategic Plan to HUD on or before May 17, 2014

 **Timeline of Next Steps**

2014-15 Action Plan Projects

1. CDBG Overview Presentation to City Council:	January 2014
2. HUD Training on Consolidated Plan:	February 2014
3. Public Forums (Action Plan Projects)	???
4. Prepare 2014-2015 Action Plan Projects:	???

Anticipated Dates

5. 30-day Public Comment Period:	???
6. Public Hearing	???
7. Submit Strategic Plan to HUD on or before	???

 **CDBG PROGRAM OVERVIEW**

 **QUESTIONS?
AND/OR
COMMENTS**