

# UNDERSTANDING THE CDBG PROGRAM

## (FACT SHEET)

The Community Development Block Grant (CDBG) program is funded by the federal government through the Department of Housing and Urban Development (HUD). The **primary objective** of this program is to help develop viable urban communities through the provision of **decent housing, a suitable living environment, and economic opportunity, principally for low- and moderate-income persons.**

ANY activity proposed to accomplish with CDBG funds **MUST** meet one of three **National Objectives**:

1. **Benefit low and moderate income persons**— (almost all applications fall under this category)
2. **Aid in the prevention or elimination of slums and blight** — These are activities that help to prevent or eliminate slums or blighted conditions in a designated area, on a spot basis, or within an urban renewal area. There are restrictions on what specific activities are permitted.
3. **Urgent need**— These involve activities that meet other community development needs having a particular urgency because existing conditions pose a serious threat to the health and welfare of the community and other financial resources are not available to meet such needs. This is very rarely used and only applies in an extreme emergency.

A minimum of **Seventy percent (70%) of CDBG funds, not including administrative costs, must support activities that benefit lower income persons.** Activities meeting this requirement are those which:

- **Serve** all residents in a particular **area**, where at least **51%** of residents are low/mod income. The City of Fort Bragg meet this low/mod income threshold;
- **Benefit a limited clientele**, as long as at least 51% are low/mod income. Under this category, income and family size must be clearly documented or else the income eligibility requirements must limit the activity to low/mod income persons or be of a nature and location that it can be concluded that primary clients are low/mod income. In addition, certain clientele are presumed by HUD to be low/mod income. They are: senior citizens, severely disabled adults, persons living with AIDS, battered spouses, abused children, the homeless, illiterate adults, or migrant farm workers;
- **Housing activities** that provide or improve permanent residential structures which will be occupied by low/mod income persons (if structure contains more than one unit, at least 51% must be low/mod income occupied); or
- **Job creation or retention activities** that create or retain permanent jobs, at least 51% of which will be made available to or held by low-mod income persons.

Cities with fewer than 50,000 residents and Counties with fewer than 200,000 residents are **Non-Entitlement jurisdictions** and participate in the CDBG State Program. The **City of Fort Bragg** like all of Mendocino County is a non-entitlement jurisdiction. Non-entitlement jurisdictions are eligible to apply for competitive State CDBG Grants.

Cities with over 50,000 residents and Counties with over 200,000 residents participate in the CDBG **Entitlement** grant program, which is non-competitive. Entitlement grant amounts are based on age of housing or amount of overcrowded housing, population, and poverty levels. Entitlement counties also receive entitlement grants on behalf of cities within their

boundaries that number less than 50,000 in population and that do not receive CDBG funds directly.

## INCOME LIMITS

In order for a project or program to qualify for Community Development Block Grant (CDBG) funds, 51% of the program beneficiaries must be low and moderate income as defined by the U.S. Department of Housing and Urban Development (HUD). The following table reflects the current 2016 HUD income limits for low and moderate-income families. The amounts listed in the Moderate-Income category are 80% of the Area Median Income for Mendocino County.

Income Category	Number of Persons in Household							
	1	2	3	4	5	6	7	8
Extremely Low-Income (30% AMI)	\$12,650	\$14,450	\$16,250	\$18,050	\$19,500	\$20,950	\$22,400	\$23,850
Very Low-Income (50% AMI)	\$21,050	\$24,050	\$27,050	\$30,050	\$32,500	\$34,900	\$37,300	\$39,700
Low-Income (60% AMI)	\$25,260	\$28,860	\$32,460	\$36,060	\$39,000	\$41,880	\$44,760	\$47,640
Low-Income (80% AMI)	\$33,700	\$38,500	\$43,300	\$48,100	51,950	\$55,800	\$59,650	\$63,500

\*U.S. Department of Housing and Urban Development, 4/1/2017

## PRIORITIES FOR CDBG PROGRAM

Non-entitlement Cities and Counties identify pressing needs for their communities through the Public Hearing Design Phase process. Jurisdictions are free to select those activities to fund with CDBG monies that best meet the needs of their community in accordance with local needs and objectives *and* national objectives and requirements of the CDBG program.

## PROGRAM REQUIREMENTS

CDBG funds are federal funds. Therefore, there are a number of significant rules and regulations that must be followed in order to comply with federal requirements. Some of these are:

- 70% of funds must benefit low- to moderate-income persons.
- If the City chooses to have an entity other than itself provide CDBG-funded services, that entity must either (a) possess current non-profit status under the regulations of the U.S. Internal Revenue Service, (b) be a governmental entity (City, School District, Special District); or (c) in the case of Economic Development activities, a for-profit business can receive funds and provide services.
- In accordance with the First Amendment concerning the separation of church and state, CDBG funds generally may not be used for religious activities or provided to

primarily religious entities for activities. CDBG funds may be used for eligible public services to be provided through a primarily religious entity, provided that the religious entity enters into an agreement stating that it will not discriminate on the basis of religion, and it will not provide any sort of religious services or other types of influential activities.

- There are also various other federal requirements which may or may not apply to a given activity, including: Drug-Free Workplace posting and compliance; Anti-lobbying statement; Fair Housing and Equal Opportunity; Handicapped Access (non-discrimination on the basis of handicap in admission, access, treatment, or employment in any federally assisted program or activity); Employment and Contracting Non-discrimination; Conflict of Interest certification; Procurement Requirements; Environmental Review; Flood Insurance, etc. In housing activities: Lead-based Paint rules and regulations; labor standards such as Davis Bacon Act and the Safety Standards Act; prohibition of using funds by debarred, suspended and ineligible contractors and sub recipients; etc.
- Agencies selected to provide services with CDBG funds must be prepared to begin their proposed programs within the specific guidelines of each grant contract.
- CDBG sub recipients will be required to enter into a standard CDBG contract with the City of Fort Bragg, which is the funding jurisdiction.
- Specific limits of insurance will be required as evidenced by a certificate of insurance.
- Quarterly programmatic reports and requests for funds with support documentation will be required, as well as an annual monitoring visit to ensure compliance with appropriate rules and regulations.
- When applicable, income must be verified and documented for each client or household. In all cases, records must be kept for five years.

## **ELIGIBLE ACTIVITIES**

A wide variety of activities are eligible for CDBG funding. Eligible activities that may be proposed for funding fall into one of six categories:

- **Public Services**—such as shelter for battered women and children; health care and substance abuse services; programs to help prevent or address homelessness; crime prevention; fair housing counseling; job training; services for the elderly, disabled, or disadvantaged youth; etc.
- **Housing Activities**—rehabilitation and preservation; lead-based paint testing and abatement; public infrastructure in support of new housing construction (but excluding funds for new housing construction); etc.
- **Economic Development**—Loans and other funding for business activities which will result in jobs for low-mod income individuals, such as assistance to micro-enterprises and other businesses; acquisition, construction and rehabilitation of commercial and industrial properties; outreach, marketing and other services to assisted businesses; relocation assistance for businesses temporarily or permanently relocated; etc.
- **Public Facilities and Improvements**—activities such as acquisition, installation, construction and rehabilitation of infrastructure (e.g., water/sewer lines, streets and sidewalks); acquisition, construction or rehabilitation of neighborhood facilities, and facilities for persons with special needs (e.g., homeless shelters, group homes and halfway houses); etc.

- **Planning and Technical Assistance**—Funds for research, analysis and planning for community and economic development.
- **Other**—such as code enforcement; historic preservation; interim assistance to arrest severe deterioration or alleviate emergency conditions; completion of urban renewal projects; community economic development and energy conservation projects; etc.

## **NONDISCRIMINATION POLICY**

There is no discrimination on basis of race, color, religion, national origin, sex (including sexual orientation), marital status, disability, or age in any of its policies, procedures or practices. This nondiscrimination policy covers admission and access to, or treatment or employment in, programs and activities funded through the CDBG Program.