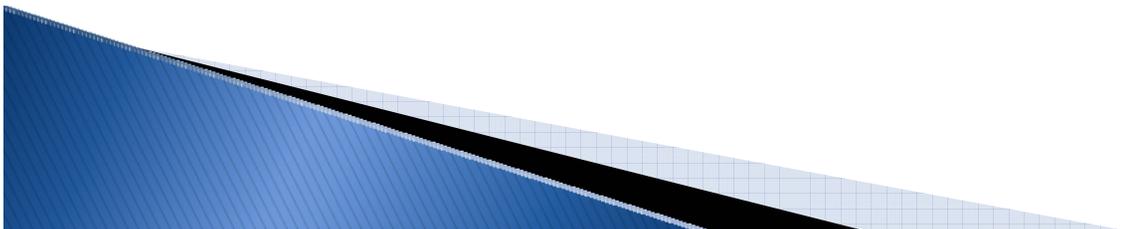


NON-PROFIT CAPACITY BUILDING WORKSHOPS

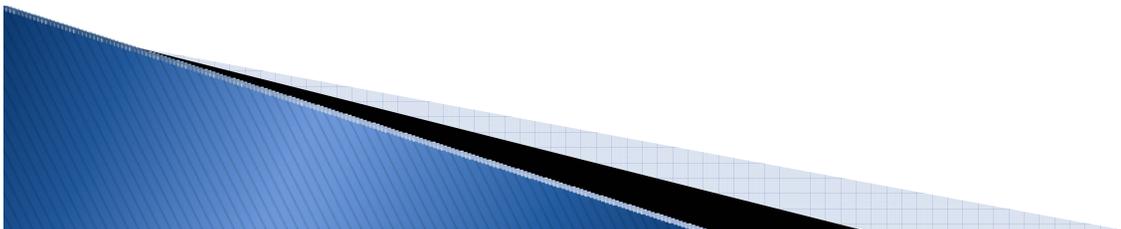
Designing CDBG-Eligible Programs

City of St. Louis
Community Development Administration
June 9th, 2015



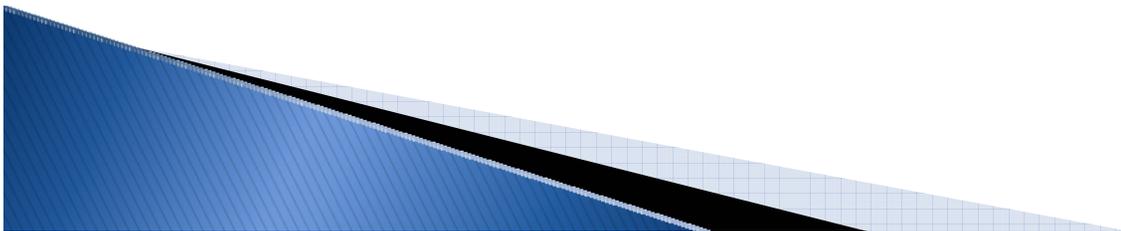
Goals of the Workshop

- ▶ To assist organizations in analyzing whether proposed projects are eligible for Community Development Block Grant (CDBG) funding.
- ▶ CDBG Background
- ▶ National Objectives
- ▶ Eligible Activities

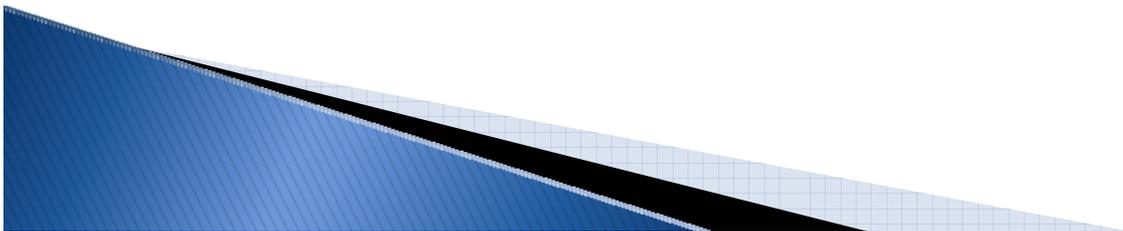


Designing a CDBG-Eligible Program: Steps

1. **Identify** an idea or concept
2. **Determine** whether a CDBG National Objective can be met
3. **Determine** whether a CDBG Eligible Activity can be met
4. **Determine** reasonableness of program costs

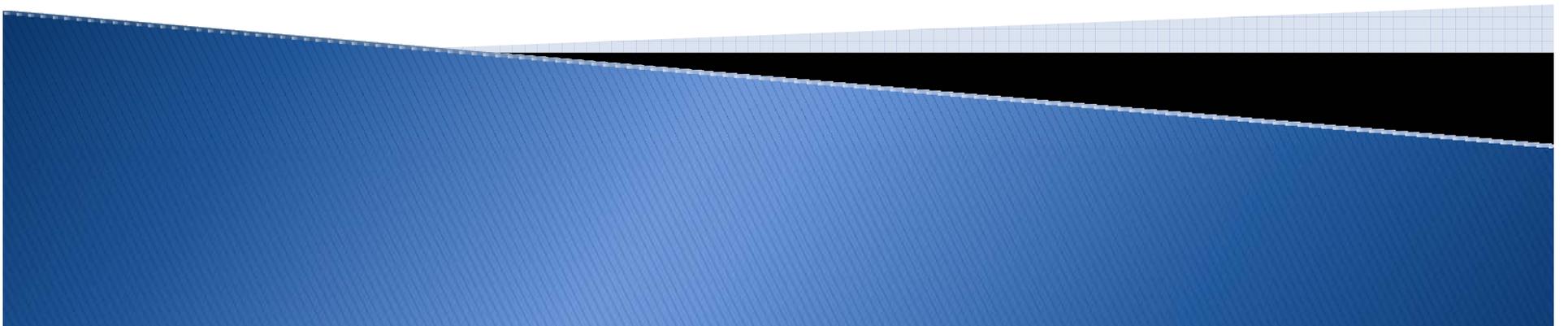


CDBG Quiz



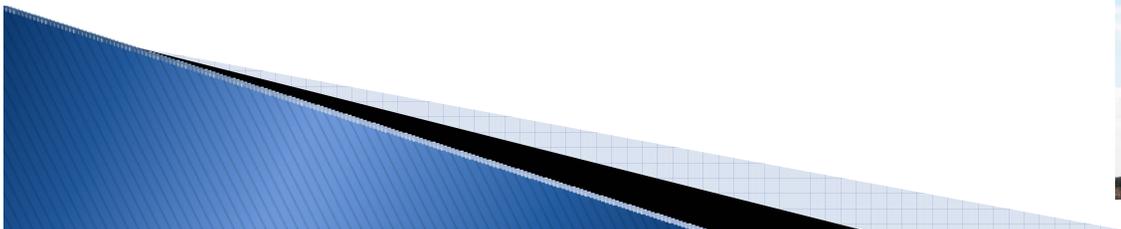
Community Development Block Grant Program

Background



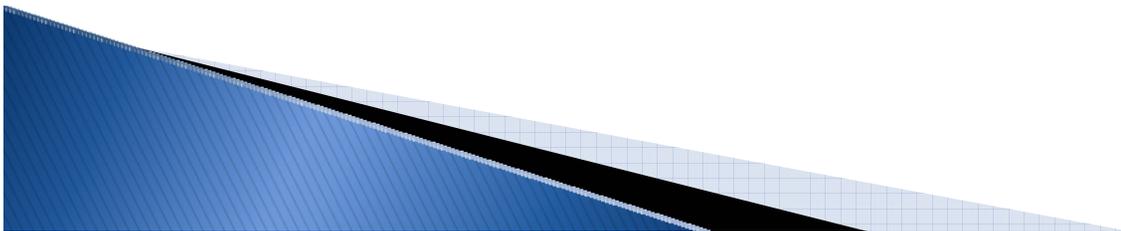
CDBG Background

- ▶ Enacted in 1974 as a part of the Housing and Community Development Act of 1974.
- ▶ One of the longest-running HUD programs.
- ▶ Provides funds to municipalities and other units of government around the country to develop viable urban communities.



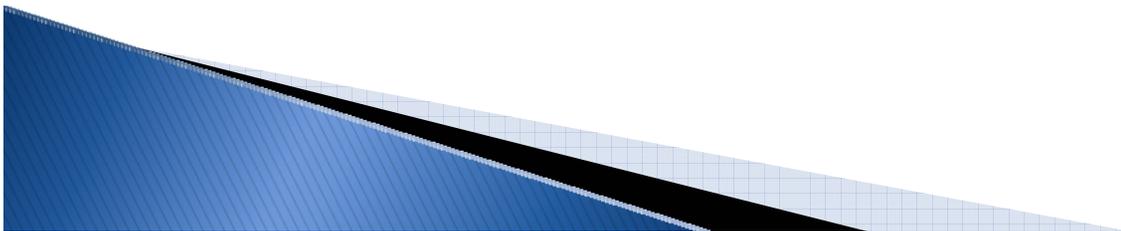
Goals of the CDBG Program

- ▶ Provide decent, affordable housing;
- ▶ Provide a suitable living environment; and
- ▶ Expand economic opportunities, principally for low and moderate-income persons.



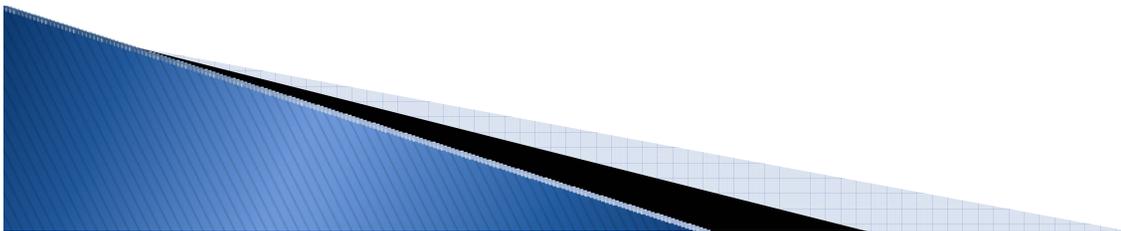
IMPORTANT !!!

For an activity to qualify under CDBG,
it must meet a program goal, national
objective and eligible activity.



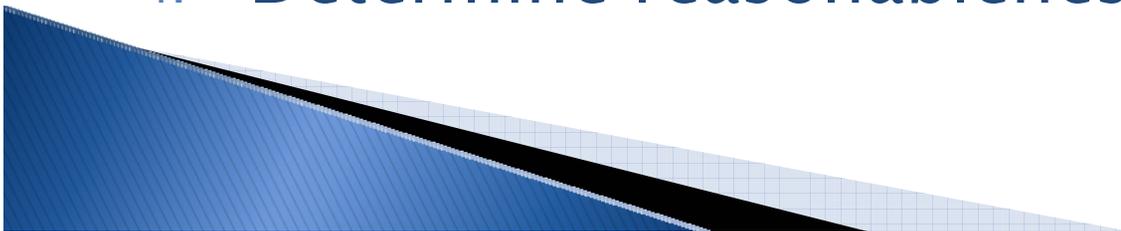
CDBG National Objectives

24CFR 570.208



DESIGNING A CDBG-ELIGIBLE PROGRAM: STEPS

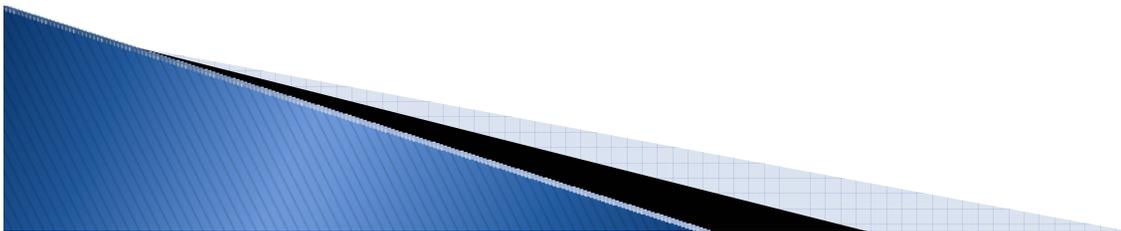
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CDBG National Objectives

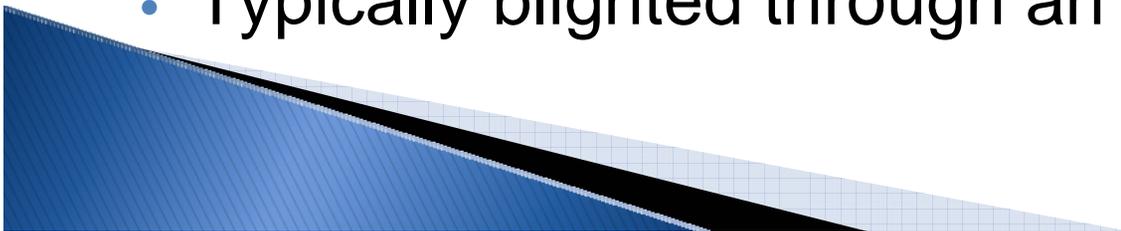
- ▶ Prevention or elimination of slums or blight
- ▶ Activities to address an urgent threat to health or welfare
- ▶ Benefits to low- and moderate-income people

An activity that fails to meet one or more of the national objectives is ineligible for CDBG funding!!!!



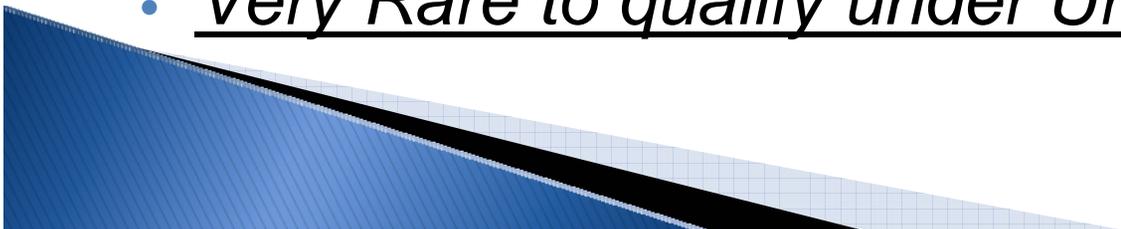
Elimination of Slum and Blight

- Includes activities designed to address deteriorated physical environment
- Area must be defined and meet the definition of slum/blighted area under state/local law (or through a blighting study)
- Must be blighted prior to application
- Typically blighted through an ordinance



Urgent Need

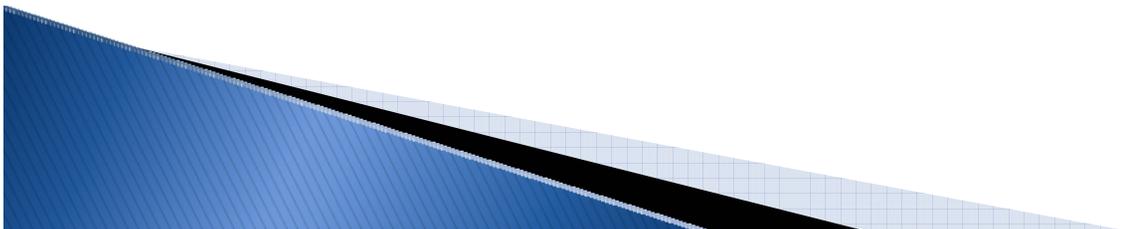
- Used to address emergency situations
- To meet the urgent need test the existing conditions must pose serious and immediate threat to health/welfare of the community
- Conditions must be recent or recently became urgent (generally 18 months)
- *Very Rare to qualify under Urgent Need*



Activities Benefiting Low- and Moderate- Income Persons

Activities that benefit low- and moderate income individuals are divided into four subcategories:

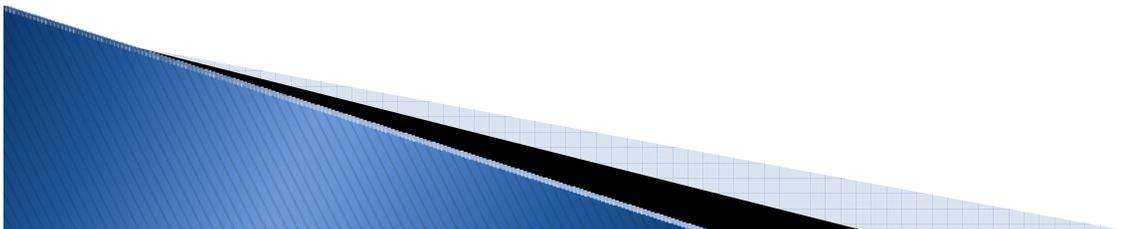
- Those serving a limited clientele
- Those based on an area benefit
- Those involving employment (jobs)
- Those involving housing



Activities Benefiting Low- and Moderate- Income Persons

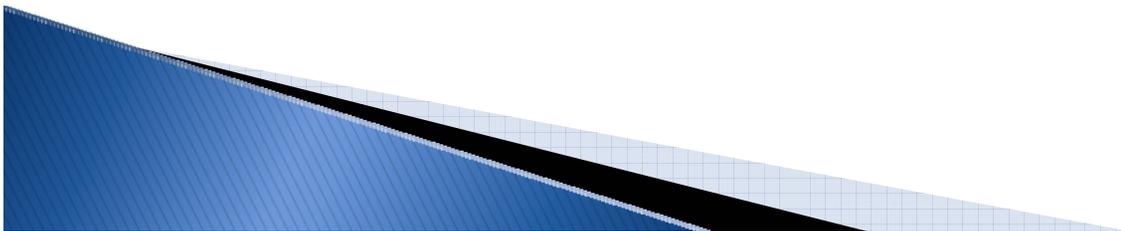
- ▶ Usually described as the most important national objective
- ▶ Statute requires that at least 70% of all CDBG expenditures benefit low/mod persons
 - Cumulative actual expenditures, not budgeted
- ▶ If LMI targeting not met, HUD can require grant repayment

For an activity to qualify under CDBG, it must meet a program goal, national objective and eligible activity.



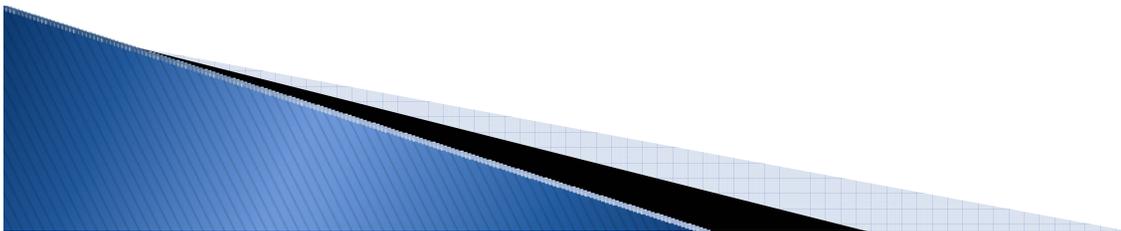
Definition of Low- and Moderate-Income Person

*“A low- and moderate- income **person** is defined as a member of a **family** having an income equal to or less than the Section 8 Housing Assistance Payment Program low-income limits established by HUD applicable to the size of the person’s family.”*



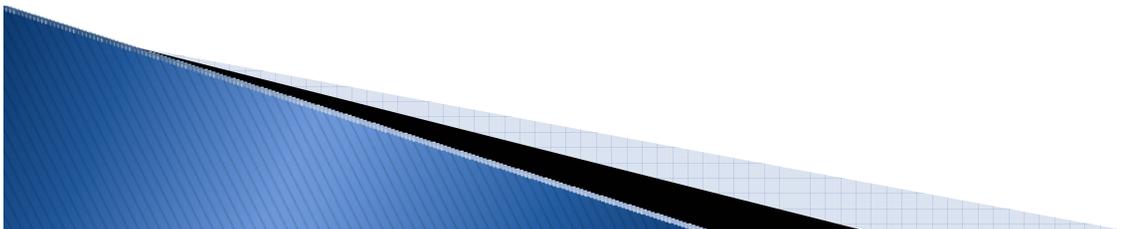
Definition of Low and Moderate Income Household

*“A low- and moderate- income **household** is defined as a household in which the total income of all of the household members is equal to or less than the Section 8 Housing Assistance Payments Program low-income limit established by HUD for an equivalent sized family.”*



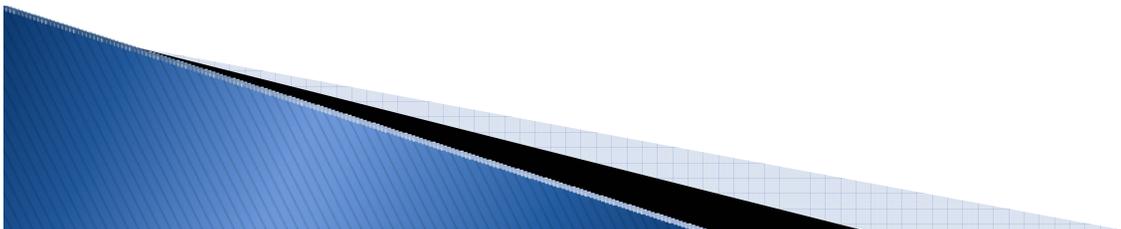
Family vs. Household

- ▶ With CDBG there is a difference between Household and Family
- ▶ Household (570.3) refers to people living together, related or unrelated
- ▶ Family (5.403), refers to family members who may or may not be living together.
- ▶ Public Service programs typically use Family definition; Housing programs use Household



Family vs. Household Example

- ▶ 2 roommates apply for a home repair loan. Both are considered members of the same 2 person household
- ▶ The same two roommates apply for a job training program, they would be considered separately for their family size.

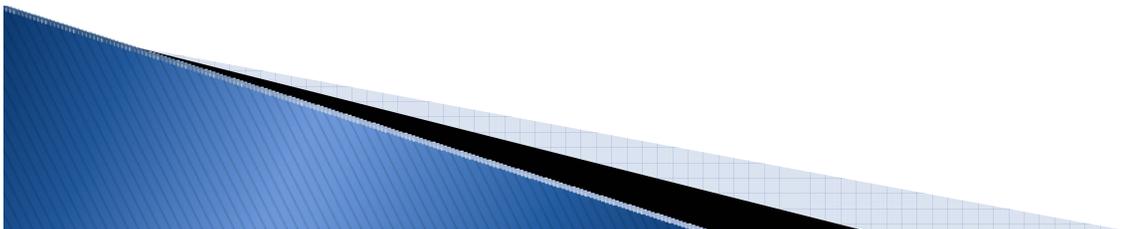


2015 Income Limits St. Louis, MO

FAMILY SIZE AND HOUSEHOLD INCOME

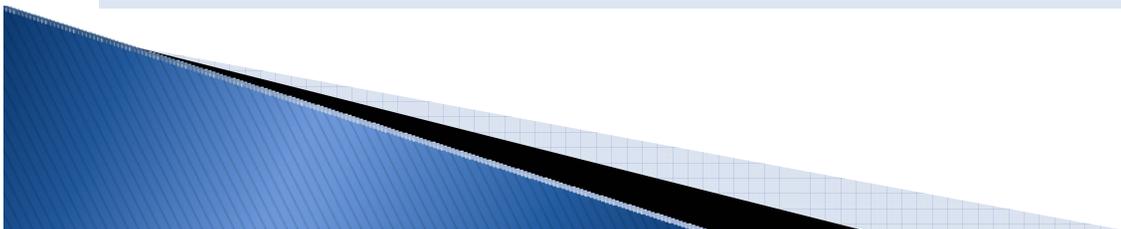
		1	2	3	4	5	6	7	8
Extremely Low Income	30% AMI	14,800	16,900	20,090	24,250	28,410	32,570	36,730	40,890
Low Income	50% AMI	24,650	28,150	31,650	35,150	38,000	40,800	43,600	46,400
Moderate Income	80% AMI	39,400	45,000	50,650	56,250	60,750	65,250	69,750	74,250

Income limits are determined by HUD on an annual basis



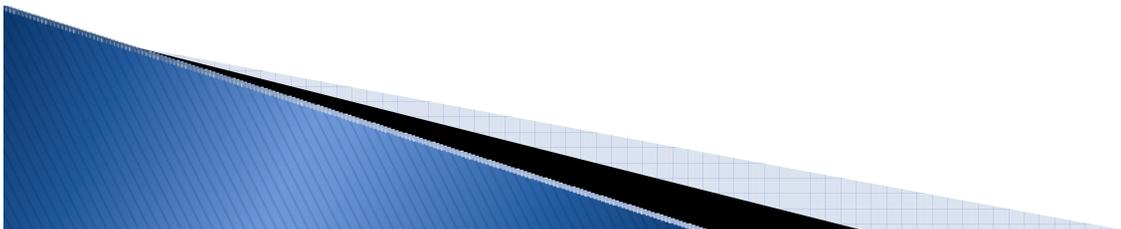
Limited Clientele

1. **51% of participants are documented to be LMI**
 2. **Participation is limited to LMI only**
 3. **Nature and location indicate low/mod benefit**
- ▶ **The following are presumed to be LMI:**
- Elderly
 - Adults with Disabilities
 - Homeless Persons
 - Illiterate Adults
 - Abused Children
 - Persons with AIDS
 - Victims of Domestic Violence
 - Migrant Farm Workers



Examples of Low/Mod Limited Clientele Activities

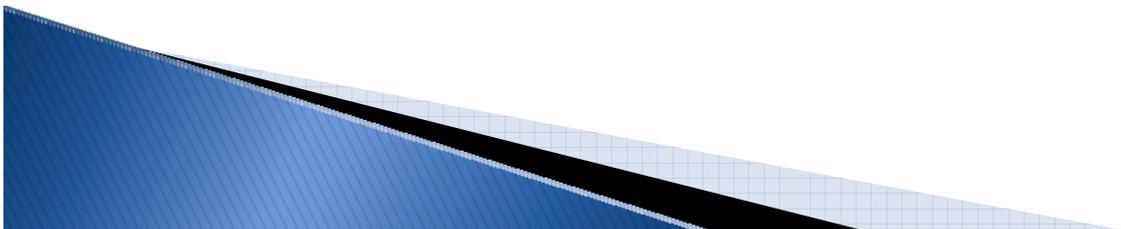
- Day Care Centers
- Youth Services for After-School Program (Ages 6 to 18)
- Summer Program for At-Risk Youth
- Job Readiness Training for Ex-Offenders
- Food Pantry
- Senior Meals on Wheels
- Low-Income Tax Assistance



AREA BENEFIT CRITERIA

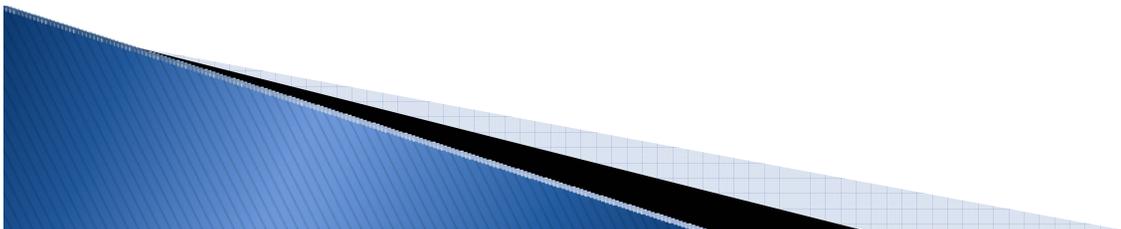
AREA MUST BE AT LEAST 51% LMI

- ▶ Area must be at least 51% LMI
(Typically uses Census data to determine)
- ▶ Boundaries must be clearly identified
(e.g. census tracts, single or multiple neighborhoods)
- ▶ Primarily residential
- ▶ Activities benefit all residents of area
- ▶ Must define reasonable service area



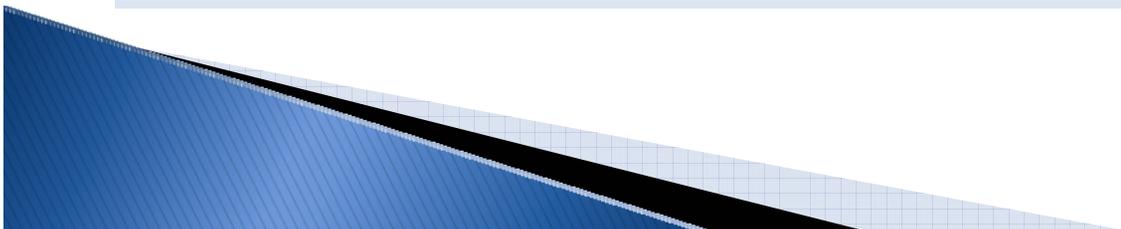
LOW/MOD JOBS

- ▶ Includes activities related to economic opportunity
- ▶ In order to meet this criteria, activities must **create *or* retain** permanent jobs **AND** 51% of the jobs created/retained must be **available to or held by** LMI persons
- ▶ Jobs counted on a full-time equivalent basis (FTE)
- ▶ At least one FTE, permanent job per \$35,000 of CDBG – 24 CFR 570.209(b)
- ▶ Failure satisfy job requirements will result in payback of CDBG funds
- ▶ Example: construction of a business incubator designed to offer space and assistance to small businesses

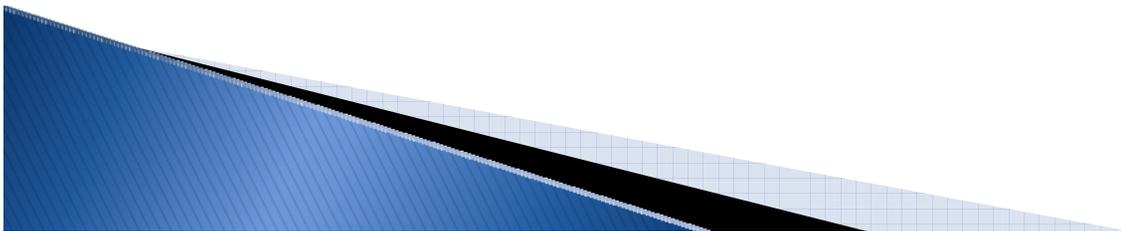


LOW/MOD HOUSING

- ▶ This is the only L/M national objective for housing activities
- ▶ To meet the housing national objective, structures must be occupied by low/mod households
- ▶ Typical activities: homeowner unit rehab, rental acquisition and rehab, homebuyer assistance

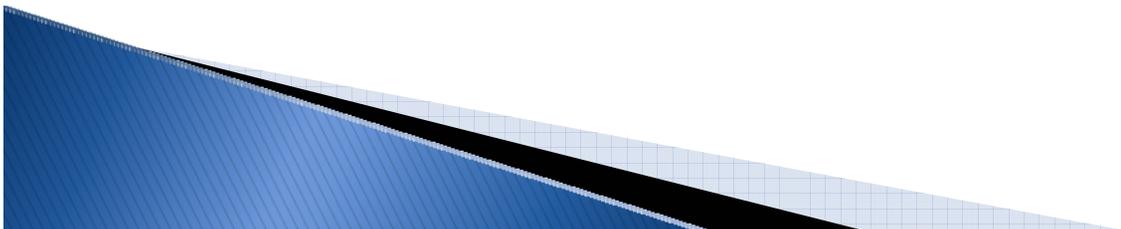


CDBG Eligible Activities 24CFR 570.201



DESIGNING A CDBG-ELIGIBLE PROGRAM: STEPS

1. Identify an idea or concept
2. Determine whether a CDBG National Objective can be met
3. Determine whether a CDBG Eligible Activity can be met
4. Determine reasonableness of program costs



ELIGIBLE ACTIVITIES

- ▶ CDBG funds can only be used for activities that fall under an authorized category of basic eligibility.
- ▶ Activities must be properly classified
 - Must be identified as a “matrix code” in IDIS to qualify.
- ▶ Adequate documentation must be provided and maintained for the selected activity.
- ▶ For an activity to be considered eligible, it must be included in the most recent Consolidated Plan

CDBG ELIGIBLE ACTIVITIES

To qualify for CDBG funding, programs must meet a national objective and eligible activity. Examples of eligible activities include:

- Acquisition of Real Property

- Public Improvements
(such as streets & sidewalks)

- Clearance and Demolition

- Public Services

- Rehabilitation of Housing

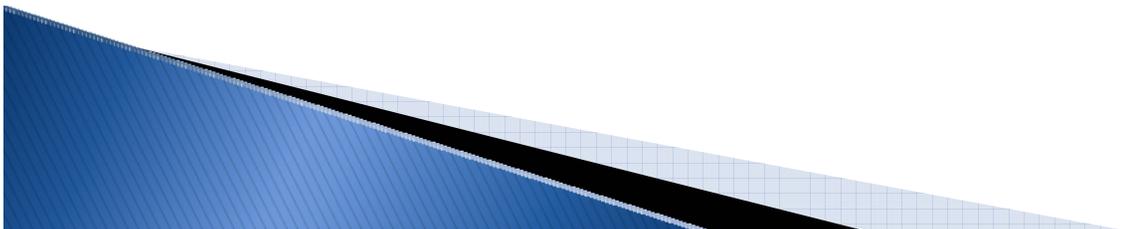
- Economic Development

- Construction of Public Facilities

- Homeownership Assistance

- Micro Enterprise Assistance

- Planning and Capacity Building



CDBG INELIGIBLE ACTIVITIES

Examples of ineligible activities:

REGULATIONS EXPRESSLY PROHIBIT

- Buildings for conduct of government

For Example:
City Hall Improvements
(Exception: Community Centers)

- General government expenses

For Example:

- Normal trash pickup
- Operating the city's tax collection department

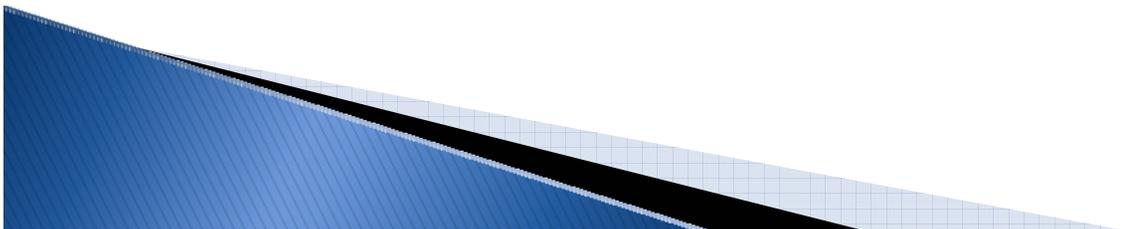
- Political activities

Includes:

- Costs related to political campaigns
- "Get Out The Vote" drives

COMMON ELIGIBLE ACTIVITY: Public Service

- ▶ Under this category, CDBG funds may be used to provide public services (including labor, supplies, materials and other costs), provided that each of the following criteria is met:
 - 1 – The public service must be either a new service or a quantifiable increase in the level of a service;
 - 2 – The total amount of allocated public service funding can not exceed the City's public service cap.



COMMON ELIGIBLE ACTIVITY: Public Service Examples

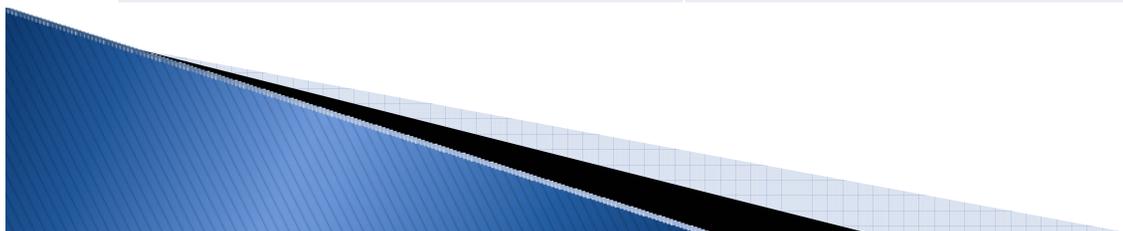
Public services include, but are not limited to:

- Energy conservation counseling and testing
- Child care
- Health care
- Job training
- Recreation programs
- Education programs
- Public safety services
- Services for seniors
- Drug abuse counseling and treatment
- Services for homeless persons



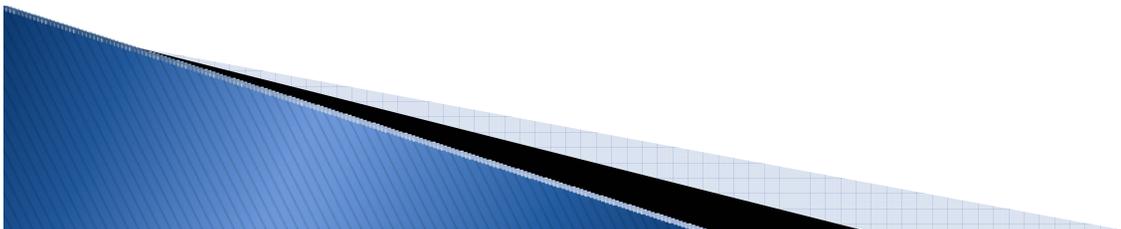
PUBLIC SERVICES: National Objective Analysis Example

Objective	Qualifies If:	Example
LMI Limited Clientele	The public service is limited to a specific group of people, at least 51% of whom are LMI persons. Services qualifying under this category serve a specific clientele, rather than providing service to all persons in a geographic area.	Energy Conservation training specifically for LMI persons; provision of meals to the homeless or seniors. (Most public services qualify under this category)



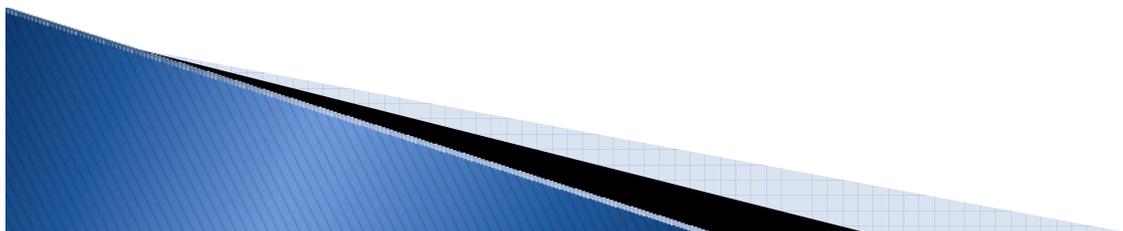
COMMON ELIGIBLE ACTIVITY: Public Facilities and Improvements

- ▶ CDBG funds may be used by the grantee or non-profits for the:
 - Acquisition,
 - Construction,
 - Reconstruction,
 - Rehabilitation, or
 - Installation of public improvements or facilities (except for buildings for the general conduct of government).
- ▶ Facilities must be open to the general public.
- ▶ Improvements and facilities must be publicly owned or owned by a nonprofit.



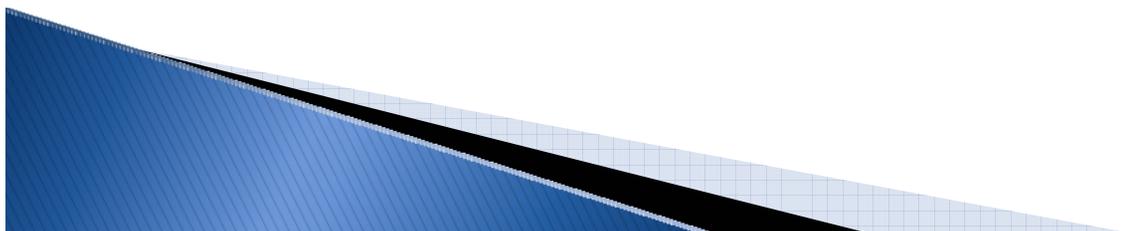
PUBLIC FACILITIES & IMPROVEMENTS: National Objective Analysis Example No. 1

Objective	Qualifies If:	Example
LMI Area Benefit	The public facility or improvement will be used for a purpose – the benefits of which are available to all residents in a particular area that is primarily residential and at least 51% of those residents are LMI persons.	Rehab, including installation of energy efficient windows for a community center located in the Kingsway East neighborhood; Paving of gravel streets and the installation of curbs, gutters and sidewalks in the Tower Grove South neighborhood.



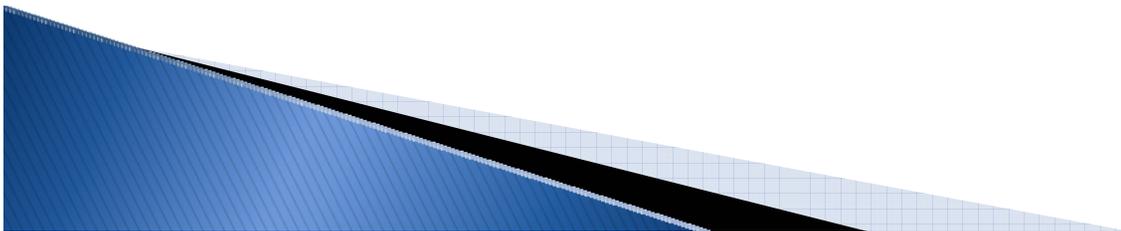
PUBLIC FACILITIES & IMPROVEMENTS: National Objective Analysis Example No. 2

Objective	Qualifies If:	Example
LMI Limited Clientele	The public facility or improvement will be used for an activity designed to benefit a particular group of persons (at least 51% of whom are LMI persons).	Energy Star upgrades to a building to be used as a center for training persons with disabilities to enable them to live independently.



TIPS IN DETERMINING ELIGIBLE ACTIVITY

- ▶ Use HUD–provided comprehensive list and descriptions of eligible activities (see handouts)
- ▶ Use HUD provided national objective/matrix code analysis (see handouts)



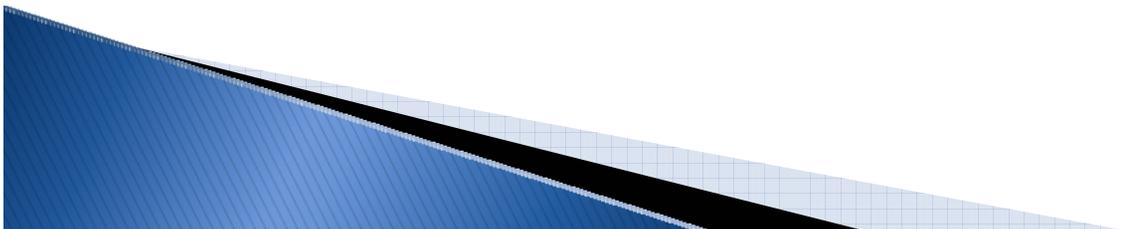
ELIGIBLE ACTIVITY QUIZ NO.1

“Our program helps the people in need of our service and provides a good service to the community, yet it still may not be an eligible program for CDBG funding.”

True or False?

True.

HUD CDBG regulations establish specific eligibility criteria and the program in question may not meet them even if it is a needed service. It may be eligible for some federal grant programs but not necessarily for the CDBG program.



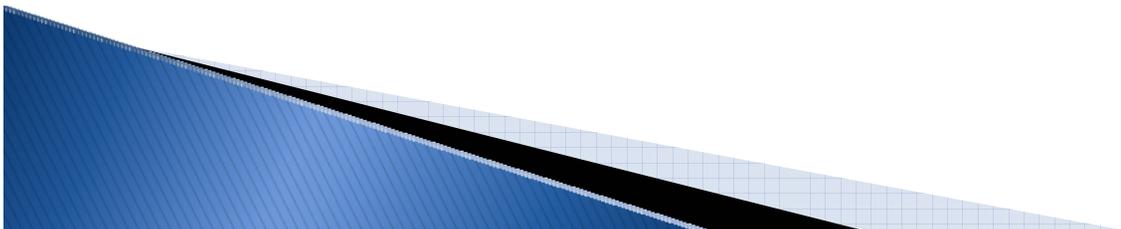
ELIGIBLE ACTIVITY QUIZ NO.2

“My family income meets the LMI limits and I am disabled. Weeds in my yard are too tall and I need to hire someone to cut them down but I can’t afford it. Can I call the City tomorrow and get some CDBG money to help me pay for the service?”

Yes or No?

No.

Unless there is a City approved program that has already secured CDBG funding for the year for that purpose.



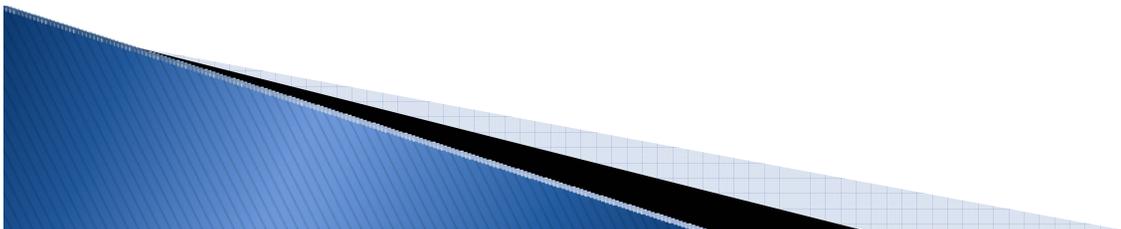
ELIGIBLE ACTIVITY QUIZ NO. 3

“Our agency is eligible and our program is eligible, but we don’t have adequate resources and internal systems to ensure compliance with CDBG regulations. Therefore, our agency is not up to the task of administering a CDBG-funded program.”

True or False?

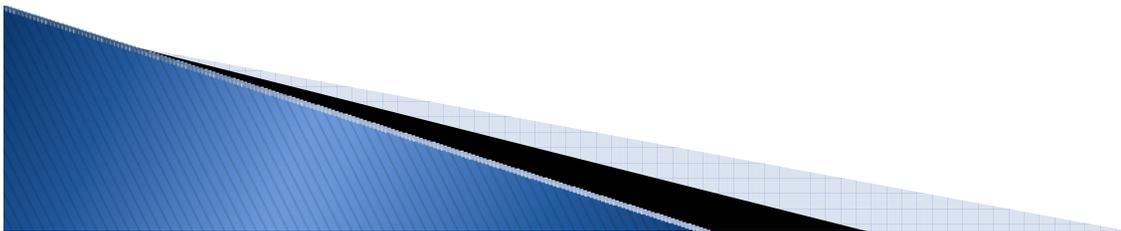
True.

If your agency does not have the capability to comply with the CDBG regulations, you will not be considered for CDBG funds.



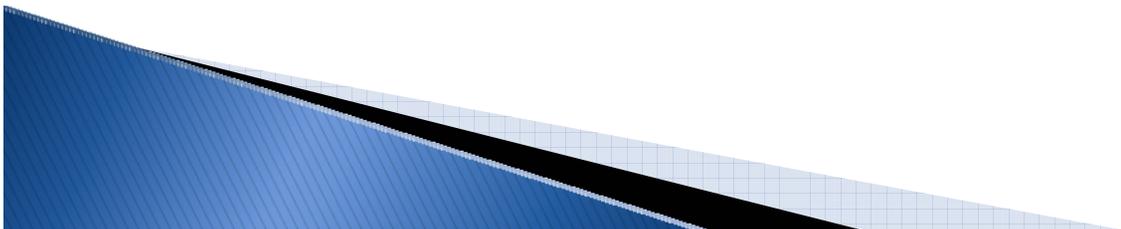
CDBG Quiz - Answers

BREAK



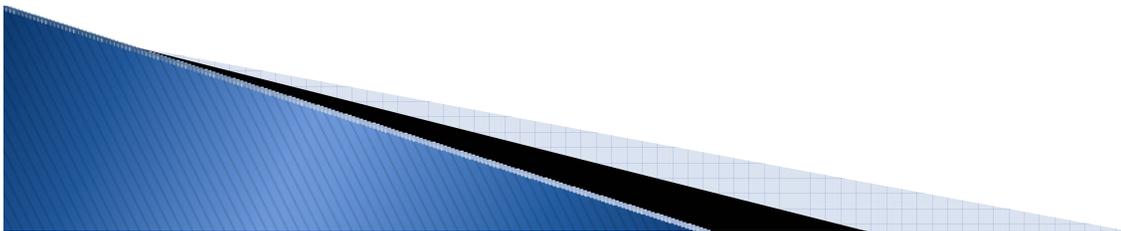
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CDBG ELIGIBLE ACTIVITIES EXAMPLES

- ▶ Determine whether a CDBG National Objective can be met
- ▶ Determine whether a CDBG Eligible Activity can be met
- ▶ If the activity qualifies under more than one National Objective and/or Eligible Activity, what is the *best fit*?



EXAMPLE #1

Capital Hill Community Services is proposing to implement a neighborhood beautification program. The program will target vacant lots and complete 6 distinct beautification projects in the Jefferson and Lincoln neighborhoods. Capital Hill Community Services will recruit and organize approximately 15 volunteers for each project who will clean-up vacant lots and landscape with new plantings of trees and flowers. Capital Hill Community Services will partner with local businesses, churches, block groups, and other organizations to donate supplies and maintain improvements after completion.

Eligible Activity?

Yes

Public Service

National Objective?

Low-Mod Area (LMA)

EXAMPLE #2

Senior Services is proposing to expand their “Meals on Wheels” program which currently provides home delivered meals to 150 elderly and disabled residents. With the increased funding, Senior Services could serve an additional 100 clients.

Eligible Activity?

Yes

Public Service

National Objective?

Low-Mod Clientele (LMC) – Presumed

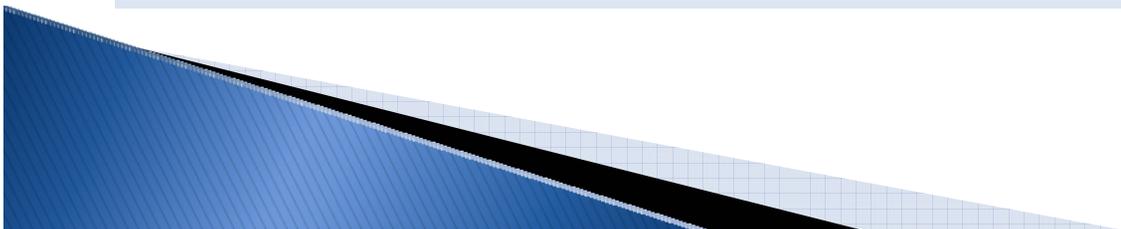
EXAMPLE #3

The City of Green Acres is expanding its Community Center and Recreation Complex. In addition to a new pool, the new facility will include expanded office space for City staff and new meeting rooms for council and board meetings. The City is primarily low-mod and recent data has show that the residents are at risk for diabetes, obesity, and other poor health outcomes.

Eligible Activity?

No

National Objective?



EXAMPLE #4

A local Head Start program proposes to expand their program from 50 to 75 children. The Head Start program is located in a low-mod neighborhood. Based on last year's enrollment, over 90% of the children come from families who receive food stamps or some other form of public assistance.

Eligible Activity?

Yes

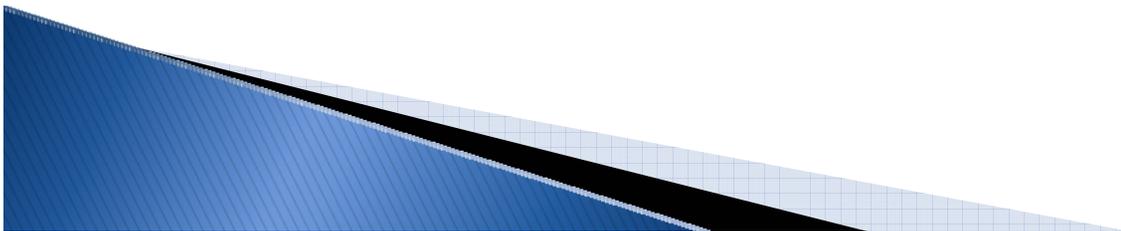
Public Service

National Objective?

Low-Mod Clientele (LMC)

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Questions & Review

Group Exercise

