

U.S. Department of Housing and Urban Development
COMMUNITY PLANNING AND DEVELOPMENT

Special Attention of:
All CPD Division Directors
All State Coordinators
All State CDBG Grantees

Notice CPD-96-08
Issued: December 17, 1996
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Cross References:

Subject: Use of the 1% Setaside for Technical Assistance in the State
Community Development Block Grant Program

I. Purpose

This notice provides guidance to States and HUD field staff on the use of the 1% setaside for technical assistance that has been available for use by State Community Development Block Grant (CDBG) grantees since its inclusion in Section 811 of the Housing and Community Development Act of 1992. The setaside is codified at §106(d)(5) of the Housing and Community Development Act of 1974 as amended (the Act). The provision does not appear in the State CDBG regulations.

II. Background

The State CDBG Operating Instructions for FY 1993 (CPD Notice 93-07) included some guidance on how to calculate the 1% amount for assistance. That notice stated that States can devote up to 1 percent of each CDBG grant for technical assistance activities and that technical assistance activities do not count against the State's administrative cap, and do not require a match. Other than CPD Notice 93-07, and a clarification contained in the State CDBG Operating Instructions for FY 1994 (CPD Notice 94-07) which indicated that the 1% technical assistance setaside did not count against the 20% planning and administration cap, there has been no general written guidance given to grantees on how to interpret the 1% technical assistance provision. There have been numerous case-by-case interpretations of whether a specific activity is eligible under the 1% technical assistance setaside. Due to a continuing interest by States in utilizing this provision of the Act, we are issuing additional guidance in this notice.

III. Guidance

Section 106(d)(5) of the Act provides, "From the amounts received under paragraph (1) for distribution in nonentitlement areas, the State may deduct an amount, not to exceed 1 percent of the amount so received, to provide technical assistance to local governments and non-profit program recipients." Section 570.480 (c) of the State CDBG regulations provides that "the Secretary will give maximum feasible

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deference to the state's interpretation of the statutory requirements and the requirements of this regulation, provided that these interpretations are not plainly inconsistent with the Act and the Secretary's obligation to enforce compliance with the intent of Congress contained in the Act." In accordance with these provisions, the Department has taken an expansive view of the 1% technical assistance provision and has permitted States to use it for any activity that does not clearly violate the Act. The State is required to include the proposed use of 1% technical assistance funds in its method of distribution that is contained in the State's consolidated plan.

A. Distribution of the Technical Assistance Setaside

States may distribute the technical assistance setaside as follows:

1. Provide the technical assistance directly with State staff.
2. Hire a contractor to provide the assistance.
3. Use subrecipients such as Regional Planning Organizations as providers or securers of the assistance.
4. Directly allocate the funds to non-profits and units of general local governments (UGLG) to secure/contract for technical assistance.
5. Pay for tuition, training, and/or travel fees for specific trainees from UGLG's and non-profits.
6. Transfer funds to another state agency for the provision of technical assistance.
7. Contract with institutions of higher education (IHE's) such as Historically Black Colleges and Universities to provide the assistance.

B. Ineligible Uses of the Technical Assistance Setaside

The 1% technical assistance setaside may not be used by States for the following activities:

1. Local administrative expenses not related to community development.
2. Any activity that can not be documented as meeting a technical assistance need.
3. General administrative activities of the State not relating to technical assistance, such as monitoring state grantees, rating and ranking State applications for CDBG assistance, and drawing funds from the Department.

4. Activities that are meant to train State staff to perform state administrative functions, rather than to train UGLG's and non-profits.

C. Eligible Uses of the Technical Assistance Setaside

The 1% technical assistance setaside may be used by States for the following activities:

1. Providing UGLG's with the capability of using the Integrated Disbursement and Information System (IDIS). The purchase of appropriate materials and equipment including computers and computer software for UGLG's is eligible to aid in developing and sustaining increased capacity at the local level.
2. Compiling the infrastructure needs of the non-entitlement jurisdictions in the State so that UGLG's will know specifically what their needs are in developing CDBG applications. This is not a specific plan on how to improve an area or community, and does not count against the 20% planning and administration cap as a planning activity.
3. Writing technical assistance handbooks or developing technical assistance in other media, (film, slides, computer programs) for potential applicants and program participants.
4. Giving workshops (including satellite conferences) on applying for and implementing CDBG programs.
5. Funding peer-to-peer technical assistance.
6. Funding attendance by UGLG and non-profit personnel at regularly scheduled workshops and academic courses that will enable the attendees to improve their capacity to implement a CDBG program.
7. State staff time that is spent on technical assistance provided on-site during a monitoring visit is eligible under the setaside. Likewise, technical assistance sessions to help potential sessions to help potential applicants for State

CDBG funds learn the application process are an eligible technical assistance expenditure.

8. Training state staff to provide technical assistance to UGLG's and non-profits on specific aspects of program administration or application preparation (e.g. economic development loan underwriting, procurement rules, Davis-Bacon requirements).
9. Entitlement grantees may be invited to State-sponsored training using the 1% setaside provided that their participation does not increase the cost of training, and does not prevent UGLG's and non-profits eligible to participate in the State CDBG program from attending the sessions due to space limitations. If permitting entitlement grantees to attend increases costs, the entitlement grantees should be charged an amount to make up for the increased costs caused by their inclusion.
10. Development and implementation of a community development certified practitioner certification for UGLG personnel.
11. Assistance provided to assist UGLG's in affirmatively furthering fair housing. This can include assistance in preparing an analysis of impediments to fair housing.
12. Providing assistance to UGLG's to help plan and implement community revitalization strategies.

D. Documentation

In order for an activity to be eligible as technical assistance, the State must be able to document that the activity is providing technical assistance to a local government(s) and/or a non-profit program recipient(s). This documentation may be reviewed by HUD staff when the State CDBG program is monitored.

IV. Conclusion

This is not meant to be an all inclusive list, but rather to provide examples of eligible technical assistance activities. It is noted that the 1% technical assistance category is not subject to the national objective requirements, whereas the technical assistance that is permitted under Sections 105(a)(20) and (23) of the Act must meet a national objective.

If you have questions about the eligibility of activities under the 1% technical assistance category, please call your CPD representative at your HUD field office.