

COMMUNITY DEVELOPMENT BLOCK GRANTS/ENTITLEMENT GRANTS

OFFICE OF COMMUNITY PLANNING AND DEVELOPMENT

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

AUTHORIZATION:

Housing and Community Development Act of 1974, Title I, as amended, Public Law 93-383.

OBJECTIVES:

To develop viable urban communities, by providing decent housing and a suitable living environment, and by expanding economic opportunities, principally for persons of low and moderate income.

TYPES OF ASSISTANCE:

Formula Grants.

USES AND USE RESTRICTIONS:

Recipients may undertake a wide range of activities directed toward neighborhood revitalization, economic development, and provision of improved community facilities and services. Entitlement communities develop their own programs and funding priorities as long as programs/activities conform to the statutory standards and program regulations. Some of the specific activities that can be carried out with Community Development Block Grant (CDBG) funds include acquisition of real property; relocation and Demolition; rehabilitation of residential and nonresidential structures; provision of public facilities and improvements, such as water and sewer facilities which require reviews by the State single point of contact or a Regional Planning Agency in accordance with Executive Order 12372; streets, and neighborhood centers. In addition, CDBG funds may be used to pay for public services within certain limits. Recipients may contract with other local agencies or nonprofit organizations to carry out part or all of their programs. Community-based development organizations may carry out neighborhood revitalization, community economic development or energy conservation projects to further achieve the national objectives of the CDBG program. Recipients may provide assistance to microenterprises or other for-profit entities when the recipient determines that the provision of such assistance is appropriate to carry out an economic development project. All eligible activities must either benefit low- and moderate-income persons, aid in the prevention or elimination of slums or blight, or meet other community development needs having a particular urgency.

ELIGIBILITY REQUIREMENTS:

Applicant Eligibility: Cities in Metropolitan Areas designated by OMB as a central city of the Metropolitan Area; other cities over 50,000 in Metropolitan Areas; and qualified urban counties of at least 200,000 (excluding the population in entitlement cities located within the boundaries of such counties) are eligible to receive CDBG entitlement grants determined by a statutory formula.

Beneficiary Eligibility: The principal beneficiaries of CDBG funds are low- and moderate-income persons (generally defined as a member of a family having an income equal to or less than the Section 8 low income limit established by HUD). The grantee must certify that at least 70 percent of the grant funds received during a 1, 2, or 3-year period, that it designates, are expended for activities that will principally benefit low- and moderate-income persons.

Credentials/Documentation: Costs will be determined in accordance with OMB Circular No. A-87 for State and local governments.

APPLICATION AND AWARD PROCESS:

Preapplication Coordination: A grantee is required to prepare a proposed action plan in accordance with the requirements of Part 91; have and follow a detailed citizen participation plan; provide information to citizens on the amount of CDBG funds available and the range of community development and housing activities that may be undertaken; hold public hearings; publish a proposed action plan which includes a description of activities in sufficient detail, including location, to afford affected citizens an opportunity to submit views and comments prior to the preparation of a final action plan; prepare a final action plan. This program is covered under E.O. 12372, "Intergovernmental Review of Federal Programs." Recipients

should consult the office or the official designated as the single point of contact in its respective State for more information on the process the State requires to be followed when funds are used for the planning or the construction (reconstruction or rehabilitation) of water or sewer facilities.

Application Procedure: Submit a Consolidated Plan, an annual action plan and certifications to HUD. The Consolidated Plan and annual action plan cover four major formula-distribution HUD community development programs, including CDBG. The annual action plan must include the local community development objectives and show the proposed use of the funds. If the grantee makes a complete submission within the established deadlines, the Department will make a grant award unless the Secretary has made a determination that the grantee's performance is unsatisfactory. The Secretary will approve the submission generally within 45 days of receipt of the annual action plan and required certifications unless a determination has been made that the grantee has failed to carry out its CDBG program in a timely manner or has failed to conform to the requirements of the statute or other applicable laws. Under such circumstances, the Secretary may take appropriate actions, including reductions in the amount of the final grant.

Deadlines: For formula grants, action plans associated with the Consolidated Plan must be submitted based on the grantee's program year, but no earlier than November 15 or no later than August 16 of the fiscal year for which the funds are allocated.

Range of Approval/Disapproval Time: Generally within 45 days.

Appeals: Administrative appeals process followed if entitlement grant funds are withheld or reduced, or repayment proposed for non-compliance or non-performance.

Renewals: Every 3 to 5 years, localities submit a Consolidated Plan. Each year localities submit an annual action plan and certifications.

ASSISTANCE CONSIDERATIONS:

Formula and Matching Requirements: Entitlements are based on a dual formula under Section 106 of the Act using statistical factors. Each metropolitan city and urban county is entitled to receive an amount equaling the greater of the amounts calculated under two formulas. The factors involved in the first formula are population, extent of poverty and extent of overcrowded housing, weighted 0.25, 0.50, and 0.25, respectively. The factors involved in the second formula are population growth lag, poverty, and age of housing, weighted 0.20, 0.30, and 0.50, respectively. The statistical factors used for fund allocation are (1) total resident population from the 2000 Census of Population and Housing; (2) number of persons with incomes below the poverty level from the source 2000 Census; (3) number of housing units with 1.01 or more persons per room from the source 2000 Census; (4) age of housing; number of year-round housing units built in 1939 or earlier from the source 2000 Census; (5) growth lag; the lag in population growth as computed from population in 1960 to current population from the source 1960 Census and P25, Census Report. Statistical factors used for eligibility are (1) metropolitan city: central city of a Metropolitan Area or city within MA with 50,000 population from the source Census and OMB; (2) urban county: generally, counties in MA having a net population of 200,000 or more excluding entitlement cities located therein from the source Census and OMB. Questions concerning the formula should be addressed to Robert Meehan, Systems Development and Evaluation Division, Community Planning and Development, 451 7th Street SW., Washington, DC 20410. Telephone: (202) 708-0790.

Length and Time Phasing of Assistance: Assistance is for an annual program of activities, but activities generally may be continued beyond one year until completed.

REGULATIONS, GUIDELINES, AND LITERATURE:

Administrative Regulations for Community Development Block Grants, 24 CFR 570.