




# CDBG 101

## Introduction to CDBG and HUD Terminology from Planning to Reporting

Department of Housing and  
Community Development

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## What is CDBG?

- Community Development Block Grant (CDBG) is federal funding managed by the Department of Housing and Urban Development (HUD)
- Housing and Community Development Act (HCDA) of 1974
  - 3 National Objectives
    - Benefit to low- and moderate-income persons
    - Prevention or elimination of slums or blight
    - Meet a need having particular urgency
  - Entitlements
    - Cities > 50,000 & Urban Counties >200,000 population
- State CDBG 1981
  - Non-entitlement
    - Rural areas, unincorporated areas, and Colonias (on the southern border)



## What Can CDBG Pay For?

- **CDBG Eligible Projects and Programs – 5 types**
  - ✓ **Public Services** – provides a “unit of service” to assist individuals or families
  - ✓ **Public Infrastructure and Facilities** – capital improvement projects
  - ✓ **Housing Preservation and Assistance** – improves quality of existing housing
  - ✓ **Economic Development** – increases job opportunities
  - ✓ **Planning and Administration** – project/program planning & grant management
- **Federal Spending Caps**
  - ✓ 15% of CDBG funds may be used for public services
  - ✓ 20% of CDBG funds may be used for planning and general administration
- **State Set-Asides**
  - ✓ 30% must be set-aside for Economic Development activities
  - ✓ 51% must be set-aside for housing (or activities that support housing)
  - ✓ 5% may be set-aside for Colonias along the southern border
  - ✓ 1.5% may be set-aside for non-federally recognized Native American tribes.



## How Does CDBG Work?

### Planning and Reporting Overview

- Five-Year Consolidated Plan (Con Plan) chapters
  - **Public Outreach** – what are the community priorities?
  - **Needs Assessment** – what are the community needs?
  - **Market Analysis** – what is the current condition of the economic and housing market?
  - **Strategic Plan** – priorities, goals, and resources for the next 5 years.
  - **Annual Action Plan** – annual implementation plan.
- Consolidated Annual Performance Evaluation Report
  - Reports on program accomplishments each year



## The CDBG Award and Project Cycle

1. HCD Announces Notice of Funding Availability (NOFA)
2. Eligible cities and counties submit applications for eligible activities
3. Applications are reviewed, ranked, and awarded funding
4. Standard Agreement execution forms a contractual agreement between HCD and the grantee
5. Grantees start work on eligible activities
6. HCD informs HUD about the activities
7. Grantees report on progress and request funds from HCD
8. HCD reimburses costs from HUD
9. Grantees complete activity and report final accomplishments to HCD
10. HCD reports accomplishments to HUD



## HUD, HCD, and You

### Funding Authority



### Performance Responsibility





## CDBG and Eligibility National Objectives

- Every CDBG activity except general grant administration must meet a National Objective.
- If an activity does not meet a National Objective, it is ineligible, and all federal funds must be repaid to HUD.
- Program applicants should carefully consider which National Objective best fit the activities they would like to complete.
  - Sometimes multiple National Objectives can be used, however one may be significantly easier to report than the others.



## National Objective - LMI

### **Benefit to Low- and Moderate-Income (LMI) Persons**

- Persons, households, and neighborhoods benefiting from LMI activities must meet HUD's low- and moderate-income requirements.
- At least 70% of all CDBG funding, except general administration, must be used to meet the LMI objective.



## National Objective Slums and Blight

- Activity must aid in the prevention or elimination of slums or blight
- Areas must be geographically defined and publicly identified as slums or blighted, typically by a council or board resolution, before the activity is considered.
- Activities to address slums or blight usually also meet the LMI requirement.



## National Objective Urgent Need

- Activity must meet a need having a particular urgency (Urgent Need)
- The activity must be in response to a recent urgent need – typically within 18 months of the disaster or event that caused the need.
- Urgent need does not need to meet the LMI requirement, however, Urgent Need is only available if the overall CDBG program is surpassing the 70% requirement.
- 90% of CDBG funding is meeting the LMI objective, so up to 20% could be available for urgent need.



## LMI Breakdown

### Four general categories of LMI:

- Low-Mod Limited Clientele (LMC) defined by income limits and presumed benefit
- Low-Mod Area Benefit (LMA) identified using census block groups and tracts
- Low-Mod Housing (LMH) defined by household income limits
- Low-Mod Job Creation or Retention Activities (LMJ) number of full-time jobs produced or retained



## Low-Mod Limited Clientele

- **Persons who earn 80% or less of HUD Adjusted Median Family Income (HAMFI)**  
– HUD updates HAMFI annually by county
  - Low – 80%
  - Very Low – 50%
  - Extremely Low – 30%
- **Presumed benefit – persons who as a category are typically low-income**
  - Seniors
  - Persons with a disability
  - Homeless persons
  - Abused children and battered spouses
  - Illiterate adults
  - Persons living with AIDS
  - Migrant farm workers
- **HUD Pro-Tip! Presumed benefit activities still need to report beneficiary data!**
  - Race/Ethnicity, Head of Household, Household Size, Disabled HH, Income – it depends on the type of activity



## LMC Reporting

- LMC activities must report on every client that uses the CDBG funded service or facility
  - Race and Ethnicity
  - Income
  - Household size
  - Female head of household
  - Senior head of household
  - Person with disability in household
- The metrics depend on the LMC activity – different activities report different metrics



## Low-Mod Area Benefit

- **LMA Eligibility is based on American Community Survey (ACS) using Census Geographies**
  - At least 51.1% of households in the area must be earning at 80% or below HAMFI to meet LMA
  - Must be contiguous – no donut holes or cherry picking, and the area should be mapped to show eligibility
  - Activity must be a public benefit for the area such as streets and sidewalks, sewer/water infrastructure, community facilities, and park improvements
- **ACS Challenges**
  - Small samples skew data
  - Large geographies make it difficult to help specific neighborhoods
- **Income Surveys**
  - HUD and HCD income survey standards (future training)



## LMA Reporting

- **LMA activities must include the following information for reporting**
  - Census numbers for:
    - ✓ County Code
    - ✓ Census Tract(s)
    - ✓ Census Block Group(s) for each tract
  - Total residential population in the LMA
  - Total low-income population in the LMA
  - Total number of people with new/improved access due to the CDBG funded activity
  - Total number of code violations and units repaired with CDBG (in Code Enforcement Activities)



## Low-Mod Housing Activities

- Households earning 80% or less of HAMFI
- Owner-Occupied Housing programs
  - Housing Rehabilitation
  - Homebuyer Assistance
- Renter-Occupied Housing projects
  - Multi-Family Housing Rehabilitation
- Other Housing Programs/Projects
  - Housing Counseling
  - Code Enforcement, Relocation
- CDBG cannot be used to construct new units except for housing of last resort





## LMH Reporting

- LMH activities must include the following information for reporting:
  - Property address(s) (one for each unit assisted)
  - Household Race/Ethnicity for each household
  - Household Size for each household
  - Was the housing built before 1978?
  - Were there any actions to address lead-based-paint if the home was built pre-1978?
    - Best Practices <\$5,000 total project cost
    - Interim Controls \$5,000 - \$25,000 total project cost
    - Abatement >\$25,000 total project cost



## Low-Mod Job Creation or Retention

- Must create or retain jobs:
  - 51% of those jobs must be for LMI persons
- Expectation
  - For every \$35,000 spent that 1 job will be created/retained
- Activity examples
  - Rehabilitation to correct code deficiencies
  - Financial assistance to promote expansion
- Micro-Enterprise
  - Supports small businesses with 5 or fewer employees (including owner)
- CDBG Economic Development activities are complex –  
**Do not hesitate to ask for help!**



## LMJ Reporting

- Number of new or existing businesses assisted
- Number of façade improvements or building rehabilitations
- Number of full-time equivalent jobs created or retained; and
- Number of low-mod jobs created or retained; or
- Total weekly hours created or retained; and
- Total weekly hours for low-mod work created or retained
- Type of Jobs created or retained
- Race/Ethnicity
- Income



## Questions and Conclusion

Thank you!