

**GUIDE TO NATIONAL OBJECTIVES  
&  
ELIGIBLE & IN-ELIGIBLE ACTIVITIES**

**ALL HUD PROJECTS & ACTIVITIES HAVE TWO REQUIREMENTS:**

1. They must meet a national objective;
- &
2. They must be considered an eligible activity.

*This guide will direct you in how to qualify your project / activity for HUD funding.*

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## **GUIDE TO NATIONAL OBJECTIVES (24CFR570.208)**

### **Importance of National Objectives**

The authorizing statute of the CDBG program requires that each activity funded must meet one of three national objectives. The three national objectives are:

- I. Benefit to low- and moderate- income (LMI) persons;**
- II. Aid in the prevention or elimination of slums or blight; and**
- III. Meet a need having a particular urgency (referred to as urgent need).**

An activity that does not meet a national objective is not compliant with CDBG requirements and may be subject to remedial actions.

### **I. Benefit to Low and Moderate Income Persons or Households**

The LMI national objective is often referred to as the “primary” national objective because the statute requires that recipients expend 70 percent of their CDBG funds to meet the LMI national objective.

This section covers the four categories that can be used to meet the LMI national objective:

- A. Area benefit activities;
- B. Limited clientele activities;
- C. Housing activities; or
- D. Job creation or retention activities

#### **A. Low Mod Area Benefit (LMA)**

The area benefit category is the most commonly used national objective for activities that benefit a residential neighborhood. An area benefit activity is one that benefits all residents in a particular area, where at least 51 percent of the residents are LMI persons.

Examples of area benefit activities may include the following when they are located in a predominately LMI neighborhood:

- Acquisition of land to be used as a neighborhood park;
- Construction of a health clinic;
- Improvements to public infrastructure like the installation of gutters and sidewalks; and
- Development of a community center.

The activities listed above benefit all LMI residents in a service area and thus are the type of activities that may qualify under the LMI area benefit category for the purposes of meeting a national objective. Grantees are responsible for determining the service area of an activity. HUD will generally accept a grantee’s determination as long as it is reasonable.

The factors that should be considered in making a determination regarding the service area include:

The nature of the activity:

In general the size and the equipment associated with the activity should be taken into consideration. A small park with a limited number of slides and benches would not be expected to serve the entire neighborhood. In the same way, a larger park that can accommodate a considerable number of people would not be expected to service just the immediately adjacent properties. The same applies to improvements or assistance to an alleyway versus a small two-lane street versus an arterial four-lane street within the same neighborhood. The service area for each of these infrastructure projects will be different in size and population.

The location of the activity:

In general, the immediate area surrounding a facility is expected to be included in the service area. Additionally, when a facility is located near the boundary of a particular neighborhood, its service area could likely include portions of the adjacent neighborhood as well as the one in which it is located.

Accessibility issues:

Geographic barriers can separate and preclude persons residing in a nearby area from taking advantage of a facility. Other limits to accessibility can include access fees, language barriers, time or duration that an activity is available, access to transportation and parking, etc.

The availability of comparable activities:

Comparable activities within the service area should be taken into account so that the service area does not overlap with the service area of another comparable activity.

Boundaries for facilities and public services:

The service area for some public facilities and services are determined based on specified and established boundaries or districts. Examples of such services and facilities are police precincts, fire stations, and schools.

If the service area has not already been identified for an activity, the grantee has to determine the service area before CDBG assistance can be provided under the LMI Area Benefit category.

An area is considered to meet the test of being LMI if there is a sufficiently large percentage (51 percent) of LMI persons residing in the service area as determined by:

- The most recently available decennial Census information, together with the Section 8 income limits that would have applied at the time the income information was collected by the Census Bureau; or
- A current survey of the residents of the service area.

Income surveys are often used to determine LMI area in one of two instances:

If HUD data does not indicate the service area contains at least 51 percent LMI persons, and if a grantee has a compelling reason to believe the data is incorrect, then the grantee may conduct household surveys based on a change in either population or income of the area since the census.

Also, when the service area is not generally the same as a census tract or block group, then the grantee should conduct household surveys to determine the LMI percentage for the service area.

Finally, the service area of the activity must be primarily residential and the activity must meet the identified needs of LMI persons.

An activity with a service area that is not primarily residential may not qualify under the LMI area benefit category even if the activity provides benefits to all residents in the service area and 51 percent of the residents are LMI persons.

This requirement does not apply to the location of the activity itself but rather the service area of the activity. As such, it does not mean that activities located in commercial districts cannot be qualified under the LMI area benefit category on the virtue of their geography. The primarily residential test is applied to the service area of the activity.

For example, activities that support the infrastructure of a commercial district composed of institutions and firms that serve a national and international clientele will not qualify under LMI area benefit.

In contrast, if the commercial district is composed of stores and businesses that serve local customers such that the service area boundaries of the commercial district is around a primarily residential area with the requisite percentage of LMI residents, the activity qualifies under the LMI area benefit category.

Activities under Public Facilities and Improvements and some Public Service activities (e.g. police or fire services) tend to provide benefits to all residents in the service area. Additionally, public schools can be qualified under LMI area benefit because of the affect a school may have on the value of the residential property in the area. Public Schools are considered to benefit all the residents of the service area and may qualify under this category.

There are activities and facilities that are located in a service area but are designed to meet special needs. These activities cannot be qualified under this category. For example, a senior center would qualify under the LMI limited clientele category and not the LMI area benefit category.

## **B. Low Mod Limited Clientele (LMC)**

The limited clientele category is a second way to qualify specific activities under the LMI benefit national objective. Under this category, 51 percent of the beneficiaries of an activity have to be LMI persons.

In contrast to the area benefit category, it is not the LMI concentration of the service area of the activity that determines whether the activity will qualify or not, but rather the actual number of LMI persons that benefit from the activity.

Activities in this category provide benefits to a specific group of persons rather than everyone in an area. It may benefit particular persons without regard to their residence, or it may be an activity that provides a benefit to only particular persons within a specific area.

Examples of activities that qualify under the limited clientele category include:

- Acquisition of a building to be converted into a shelter for the homeless;
- Rehabilitation of a center for training severely disabled persons to enable them to live independently;
- Clearance of a structure from the future site of a neighborhood center that will exclusively serve the elderly; and
- Public services activities like the provision of health services.

The listed examples qualify under the limited clientele category because the beneficiaries can be identified as LMI residents.

With respect to determining the beneficiaries of activities as LMI and qualifying under the limited clientele category, activities must meet one of the following tests:

Benefit a clientele that is generally presumed to be principally LMI. This presumption covers abused children, battered spouses, elderly persons, severely disabled adults (see the box below), homeless persons, illiterate adults, persons living with AIDS and migrant farm workers; or

Require documentation on family size and income in order to show that at least 51 percent of the clientele are LMI; or

Have income eligibility requirements limiting the activity to LMI persons only; or

Be of such a nature and in such a location that it can be concluded that clients are primarily LMI. An example is a day care center that is designed to serve residents of a public housing complex.

In addition, the following activities may qualify under the limited clientele national objective:

Removal of architectural barriers to mobility for elderly persons or the severely disabled will be presumed to qualify under this category if it is restricted, to the extent practicable, to the removal of such barriers by assisting

The reconstruction of a public facility or improvement, or portion thereof that does not qualify under the area benefit category;

The rehabilitation of a privately owned nonresidential building or improvement that does not qualify under area benefit or job creation or retention category: or

The rehabilitation of common areas in a residential structure that contains more than one dwelling unit and that does not qualify under housing activities category for meeting national objectives.

Microenterprise activities carried out in accordance with the HUD regulations when the person owning or developing the microenterprise is LMI; or

Activities that provide training and other employment support services when the percentage of persons assisted is less than 51 percent LMI may qualify if: the proportion of total cost borne by CDBG is no greater than the proportion of LMI persons assisted; and when the service assists businesses, CDBG is only used in the project to pay for the job training and/or supportive services.

### **Definition of Severely Disabled**

Persons are considered severely disabled if they:

- Use a wheelchair or another special aid for 6 months or longer;
- Are unable to perform one or more functional activities (seeing, hearing, having one's speech understood, lifting and carrying, walking up a flight of stairs and walking);
- Need assistance with activities of daily living (getting around inside the home, getting in or out of bed or a chair, bathing, dressing, eating and toileting) or instrumental activities or daily living (going outside the home, keeping track of money or bills, preparing meals, doing light housework and using the telephone);
- Are prevented from working at a job or doing housework;
- Have a selected condition including autism, cerebral palsy, Alzheimer's disease, senility or dementia or mental retardation; or
- Are under 65 years of age and are covered by Medicare or receive Supplemental Security Income (SSI).

### **C. Low Mod Housing Activities (LMH)**

The housing category of LMI benefit national objective qualifies activities that are undertaken for the purpose of providing or improving permanent residential structures which, upon completion, will be occupied by LMI households.

Examples of eligible activities include, but are not limited to:

- Acquisition of an apartment house to provide dwelling units to LMI households at affordable rents, where at least 51 percent of the units will be occupied by LMI households;
- Site improvements on publicly-owned land to serve a new apartment structure to be rented to LMI households at affordable rents;
- Housing rehabilitation for single family units;
- Conversion of an abandoned warehouse to be reconfigured into new apartments, where at least 51 percent of the units will be occupied by LMI households at affordable rents.

In order to meet the housing LMI national objective, structures with one unit must be occupied by a LMI household. If the structure contains two units, at least one unit must be LMI occupied. Structures with three or more units must have at least 51 percent occupied by LMI households.

### **D. Job Creation or Retention Activities**

Butler County Community Development utilizes the Revolving Loan Fund and other Economic Incentive packages when using this objective. Please contact 785-5391 for additional information.

## **II. Elimination of Slums and Blight**

Activities under this national objective are carried out to address one or more of the conditions which have contributed to the deterioration of an area designated as a slum or blighted area.

The focus of activities under this national objectives is a change in the physical environment of a deteriorating area. This contrasts with the LMI benefit national objective where the goal is to ensure that funded activities benefit LMI persons.

This difference in focus has an impact on the information that is required to assess the qualifications of an activity. Under the LMI benefit national objective, determining the number of LMI persons that actually or could potentially benefit from an activity is central to qualifying the activity. Under the elimination of slum and blight national objective, determining the extent of and physical conditions that contribute to blight is central to qualifying an activity.

There are three categories that can be used to qualify activities under this national objective:

- A. Prevent or eliminate slums and blight on an area basis;
- B. Prevent or eliminate slum and blight on a spot basis; or
- C. Be in an urban renewal area.

## **A. Slum Blight Area Basis (SBA)**

This category covers activities that aid in the prevention or elimination of slums or blight in a designated area. Examples of activities that qualify when they are located within the slum or blighted area include

- Rehabilitation of substandard housing located in a designated blighted area and where the housing is expected to be brought to standard condition;
- Infrastructure improvements in a deteriorated area; and
- Economic development assistance in the form of a low-interest loan to a business as an inducement to locate a branch store in a redeveloping blighted area.

To qualify under this category, the area in which the activity occurs must be designated as slum or blighted. The following tests apply:

The designated area in which the activity occurs must meet the definition of a slum, blighted, deteriorated or deteriorating area under state or local law;

Additionally, the area must meet either one of the two conditions specified below:

Public improvements throughout the area are in a general state of deterioration; or

At least 25 percent of the properties throughout the area exhibit one or more of the following:

- Physical deterioration of buildings/improvements;
- Abandonment of properties;
- Chronic high occupancy turnover rates or chronic high vacancy rates in commercial or industrial buildings;
- Significant declines in property values or abnormally low property values relative to other areas in the community; or
- Known or suspected environmental contamination.

Documentation must be maintained by the grantee on the boundaries of the area and the conditions that qualified the area at the time of its designation. The designation of an area as slum or blighted must be re-determined every 10 years for continued qualifications.

As stated above, qualified activities must address the identified conditions that contributed to the slum and blight.

## **B. Slum Blight Spot Basis (SBS)**

These are activities that eliminate specific conditions of blight or physical decay on a spot basis and are not located in a slum or blighted area. Examples include:



- Acquisition and demolition of a dilapidated property;
- Rehabilitation of a decayed community center that eliminates code violations that are detrimental to the health and safety of potential occupants like faulty wiring, falling plaster, or other similar conditions;
- Preservation of a deteriorated building of historic significance; and
- Financial assistance to a business to demolish a decayed structure and construct a new building on the site.

Activities under this category are limited to acquisition, clearance, relocation, historic preservation, remediation of environmentally contaminated properties, and building rehabilitation activities.

Furthermore, rehabilitation is limited to the extent necessary to eliminate a specific condition detrimental to public health and safety.

### **C. Slum Blight Urban Renewal Area (SBR)**

This national objective category is rarely used as there are only a handful of communities with open Urban Renewal Plans. Butler County does not have an open Urban Renewal Plan.

## **III. Urgent Need (URG)**

Use of the urgent need national objective category is rare. It is designed only for activities that alleviate emergency conditions. Examples include:

- Acquisition of property located in a flood plain that was severely damaged by a recent flood;
- Public facility improvements like the reconstruction of a publicly-owned hospital that was severely damaged by a tornado;
- Demolition structures that are severely damaged by a major earthquake;
- Public services like additional police protection to prevent looting in an area damaged by a recent hurricane;
- Interim assistance such as emergency treatment of health problems cause by a flood; and
- Special economic development assistance to a grocery store that was damaged by an earthquake.

Urgent need qualified activities must meet the following criteria:

- The existing conditions must pose a serious and immediate threat to the health or welfare of the community;
- The existing conditions are of recent origin or recently became urgent (generally, within the past 18 months);
- The grantee is unable to finance the activity on its own; and
- Other sources of funding are *not* available.

## IV. Eligible/ In-Eligible CDBG Activities

Eligible Public Facility and Improvement Projects	CDBG Conditions
Sewer and Water Facilities Streets and Sidewalks Curbs and Gutters Parks and Playgrounds Senior Citizens' Center Parking Lots or garages Utility Lines Recreation Center	These projects may be undertaken on an interim basis in areas exhibiting objectively determinable signs of physical deterioration where it was determined that immediate action is necessary to arrest the deterioration and that permanent improvements will be carried out as practicable to repair: <ul style="list-style-type: none"> <li>➤ Streets;</li> <li>➤ Sidewalks;</li> <li>➤ Parks;</li> <li>➤ Playgrounds,</li> <li>➤ Publicly owned utilities; and</li> <li>➤ The execution of special garbage, trash, and debris removal, including neighborhood cleanup campaigns, but not the regular curbside collection of garbage or trash in an area.</li> </ul>
Police or Fire Station in which services to the public are actually provided (as opposed to administrative offices).	Fire protection equipment including fire trucks, fire fighters' protective clothing, "jaws of life," and other life-saving equipment are eligible for CDBG funding under Public Facilities and Improvements as this equipment is integral to the fire protection facility.
City Halls, or government centers	The Community Development Block Grant funds may be used by the grantee or other private or public non-profit organizations to develop, improve, or install a public facility <b>except for buildings used for the general conduct of government.</b> <i>"Buildings for the general conduct of government"</i> means: <ul style="list-style-type: none"> <li>• City halls;</li> <li>• County administrative buildings;</li> <li>• State capital or office buildings; and</li> <li>• Other facilities in which the legislative, judicial, or general administrative affairs of government are conducted.</li> </ul> In all cases, a National Objective must be met and eligible costs include: <ul style="list-style-type: none"> <li>➤ Energy improvements;</li> <li>➤ Removal of architectural barriers – including those in a building used for the general conduct of government (typically city halls or county government centers) – however CDBG funds may be used in these buildings to remove architectural barriers that restrict the movement of the elderly or persons with severe disabilities, and</li> <li>➤ Aesthetic improvements to public structures or buildings.</li> </ul>
Aesthetic amenities on public land such as landscaping (trees, sculptures, pools of water and fountains and other works of art).	These include all improvements and facilities that are either publicly owned or that are traditionally provided by government, or owned by a non-profit, and operated so as to be open to the general public.
Jails or prisons	Jails are considered to benefit the entire community served by the facility and thus would may qualify under the L/M Income Benefit national objective only if the percentage of L/M income persons in the entire jurisdiction is sufficiently high to meet the "area benefit" test.
Library	Public facilities that serve the entire jurisdiction of the grantee, a main library for example, may qualify under the L/M Income Benefit national objective only if the percentage of L/M income persons in the entire jurisdiction is sufficiently high to meet the "area benefit" test.

Community Development Block Grant Program

Examples of how the use of CDBG for Public Facilities and Improvements meets one of the three National Objectives are listed below:

PUBLIC FACILITIES AND IMPROVEMENTS – MEETING A NATIONAL OBJECTIVE		
National Objective Subcategory	Conditions for Eligibility	Example
Low-Moderate Income Area Benefit (LMI)	A Facility or improvement will be used for a purpose that benefits all residents in a defined area primarily residential in which at least 51% are Low – Moderate Income households.  Paying all or part of a special assessment on behalf of Low-Moderate Income households qualifies under this objective.	The Installation of paved streets, sidewalks, curbs and gutters in a predominantly Low-Moderate Income household neighborhood.  CDBG funds pay the assessment made to Low-Mod Income household homeowners when a new water/sewer system is installed in their neighborhood.
Low-Moderate Income Limited Clientele (LMI)	Facility will be used by a specific group of people who are at least 51% of Low-Moderate Income households.	A rehabilitation of a home for use as a half-way house for runaway youth.
Low-Moderate Income Housing (LMI)	The Facility or Improvement exclusively benefits housing to be occupied by Low-Moderate Income household.	<b>A parking lot and landscaping are improved on the site of a rental property with 51% Low Moderate Income Households paying affordable rents.</b>
Low-Moderate Income Jobs (LMI)	Public improvement is for an economic development project that creates or retains permanent jobs.  If the CDBG cost per job is less than \$10,000 per full-time employee, the grantee must ensure that at least 51% of the jobs will be held by or will be available to Low-Moderate Income persons.  If the CDBG cost per job is more than \$10,000 per full-time employee (FTE), the grantee must ensure that at least 51% of the jobs created in the entire service area benefiting from the improvement will be held by or available to Low-Moderate Income (LMI) persons.	<b>A new water tower will enable factory expansion and owners to commit to hiring at least 51% of new permanent jobs to 51% of new permanent jobs to Low- Moderate Income (LMI) persons (Less than \$10,000 per full-time employee job. Construct water/ sewersystem project that is installed in an industrial park. (Cost is Greater than \$10K per full time job.) All jobs in the service area that result from CDBG improvements are subject to the 51% Low-Moderate Income Benefit test.</b>
Slums/Blighted Area	<b>Public improvements and facilities are in a designated blighted area and activity addresses conditions that contributed to blight.</b>	An outdated fire hall is rehabilitated and equipment is updated to prevent further loss of life and property due to fires.
Slums/Blight – Spot Areas	Public improvements or facility is outside designated blighted area and activity is limited to eliminate specific conditions of blight or decay.	A Historic library building located outside a designated area is rehabilitated.
Urgent Need	Acquisition, construction, or reconstruction of a public facility or improvement that is designed to alleviate recent serious and imminent threat to public health and safety and no other funds are available.	<b>A Storm sewer system is reconstructed after a severe flood damaged it. All other funding exhausted.</b>

**Real Property & Housing Projects:**

Eligible Real Property & Housing Projects	CDBG Conditions
Acquisitions of land or buildings – 570.201 (a)	<ul style="list-style-type: none"> <li>• Activities that are eligible in support of new housing construction that include:                             <ol style="list-style-type: none"> <li>1. Acquisition of a site</li> <li>2. Clearance of the site including clean up of contaminants</li> <li>3. Site improvements while the property is still in public ownership</li> <li>4. Disposition costs for properties acquired with CDBG funds that will be used for new construction</li> </ol> </li> </ul> <p><b>*Note:</b> Only a qualified non-profit organization that meets the criteria as a Community Based Development Organization (CBDO) is eligible to undertake new housing construction for renters or homebuyers with CDBG assistance.</p>
Disposition – 570.201(b)	<ul style="list-style-type: none"> <li>• CDBG funds may be used to dispose of property acquired with CDBG funds provided the property will be used to meet a National Objective.</li> <li>• The property may be sold at less than fair market value.</li> <li>• The reasonable cost to temporarily manage the property is also eligible. (There must be a planned re-use for the property.)</li> <li>• Costs may include legal fees, surveys, market studies, financial fees and other costs incurred in the transfer of property.</li> </ul>
Clearance Activities – 570.201(d)	<ul style="list-style-type: none"> <li>• Demolish buildings and improvements;</li> <li>• Remove rubble and debris after demolition;</li> <li>• Remove environmental contaminants or treat them to make them harmless; and</li> <li>• Move structures to other sites.</li> </ul> <p><b>Note:</b> The demolition of HUD – assisted housing units may only be done with prior approval from HUD. This includes properties with project –based or development subsidies, Public Housing, or HOME –program properties in which affordability requirements have not expired.</p>
Interim assistance – 570.201(f)	<ul style="list-style-type: none"> <li>• Interim assistance for limited activities in deteriorated areas that require immediate action.</li> </ul>
Urban Renewal Projects – 570.201(h)	<ul style="list-style-type: none"> <li>• Payment of the cost of completing an urban renewal project funded under Title I of the Housing Act of 1949 as amended.</li> </ul>
Relocation – 570.201(i)	<ul style="list-style-type: none"> <li>• Relocation of payments and other assistance for permanently and temporarily relocated individuals families,</li> <li>• Businesses,</li> <li>• Non-profit organizations, and</li> <li>• Farm operations.</li> </ul>
Loss of Rental Income 570.201(j)	<ul style="list-style-type: none"> <li>• Payments to housing owners for losses of rental income incurred in holding, for temporary periods, housing units to be used for the relocation of individuals and families displaced by program activities assisted.</li> </ul>
Housing Services – 570.201(k)	<ul style="list-style-type: none"> <li>• Housing services in support of the HOME program, such as pre-purchase counseling or administrative costs to operate a tenant-based rental assistance program.</li> </ul>
Privately Owned Utilities – 570.201(l)	<ul style="list-style-type: none"> <li>• CDBG funds may be used to acquire, construct, reconstruct, rehabilitate, or install the distribution lines and facilities of privately owned utilities, including the placing underground of new or existing distribution facilities and lines.</li> </ul>
Construction of Housing – 570.201(m)	<ul style="list-style-type: none"> <li>• CDBG funds may be used for the construction of housing.</li> </ul>
Homeownership Assistance – 570.201(n)	<ul style="list-style-type: none"> <li>• Homeownership assistance, such as down payment assistance or mortgage interest subsidy for homebuyers.</li> </ul>

**Other CDBG Eligible Projects:**

Eligible Project	CDBG Conditions
Micro – Enterprise Assistance – 570.201(o)	<p>The provisions of assistance either through the recipient directly or through public or private organizations, agencies, and other sub-recipients (including non-profit and for-profit sub-recipients) to facilitate economic development by:</p> <ul style="list-style-type: none"> <li>• Providing credit, including, but not limited to, grants, loans, loan guarantees, and other forms of financial support, for the establishment, stabilization, and expansion of micro-enterprises;</li> <li>• Providing technical assistance, advice, and business support services to owners of micro-enterprises and persons developing micro-enterprises; and</li> <li>• Providing general support, including but not limited to, peer support programs, counseling, child care, transportation, and other similar services, to owners of micro-enterprises and persons developing micro-enterprises.</li> </ul>
Rehabilitation of buildings and improvements eligible for rehabilitation assistance – 570.202(a)	<p>CDBG may be used to finance the rehabilitation of:</p> <ul style="list-style-type: none"> <li>• Privately – owned homes;</li> <li>• Publicly – owned residential housing;</li> <li>• Publicly or privately – owned commercial or industrial buildings;</li> <li>• Nonresidential buildings owned by nonprofits; and</li> <li>• Manufactured housing when it is part of the permanent housing supply.</li> </ul>
Code Enforcement – 570.202(c)	<ul style="list-style-type: none"> <li>• The costs of salaries and related expenses, such as legal costs, are included providing the code enforcement is carried out in a deteriorating or deteriorated area and</li> <li>• There are other public or private improvements, rehabilitation, or services that – together with the enforcement activity – are expected to stop the further decline of the area.</li> </ul> <p><b>Note:</b> <i>The costs to correct violations are not included in this provision.</i></p>
Historic preservation. 570.202(d)	<ul style="list-style-type: none"> <li>• CDBG funds may be used for the rehabilitation, preservation or restoration of historic properties, whether publicly or privately owned.</li> <li>• Historic properties are those sites or structures that are either listed in or eligible to be listed in the National Register of Historic Places, listed in a State or local inventory of historic places, or designated as a State or local landmark or historic district by appropriate law or ordinance.</li> <li>• Historic preservation is not authorized for buildings for the general conduct of government.</li> </ul>
Renovation of closed buildings – 570.202(e)	<ul style="list-style-type: none"> <li>• CDBG funds may be used to renovate closed buildings, such as closed school buildings, for use as an eligible public facility or to rehabilitate such buildings for housing.</li> </ul>
Lead – based paint hazard, evaluation and reduction, and clearance – 570.202(f)	<ul style="list-style-type: none"> <li>• Lead-based paint hazard evaluation and reduction as defined in section 1004 of the Residential Lead-Based Paint Hazard Reduction Act of 1992 (42 U.S.C. 4851b).</li> </ul>

The table below provides eligible Planning & Administration expenses.

Eligible Planning & Administration Projects 570.205 & 570.206
➤Preparation of general plans such as the Consolidated Plan
➤Functional plans such as housing plans
➤Neighborhood plans and general historic preservation plans
➤Policy planning, management, and capacity building activities
➤Monitoring

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The table below illustrates in-eligible CDBG activities and, if any, special conditions.

In-Eligible CDBG Project	In-Eligible Activities Descriptions Under 24 CFR 570.207
Buildings or Portions of Buildings used for the General Conduct of Government	<ul style="list-style-type: none"> <li>Assistance for buildings or portions of buildings used for the general conduct of government (typically city halls or county government centers) –however CDBG funds may be used in these buildings to remove architectural barriers that restrict the movement of the elderly or persons with severe disabilities.</li> </ul>
General Local Government Expenses	<ul style="list-style-type: none"> <li>General local government expenses unless the expense is authorized under CDBG Entitlement rules or OMB Circular A-87; and.</li> </ul>
Political Activities	<ul style="list-style-type: none"> <li>CDBG funds cannot be used to finance the use of facilities or equipment for any partisan political purpose including voter registration.</li> <li>However, if a facility were originally CDBG-assisted, it may be used on an occasional basis for political meetings, forums, and voter registration, if all organizations have equal access to the building and all are charged equally for the use of the space.</li> </ul>
Purchase of Equipment	<ul style="list-style-type: none"> <li>The purchase of equipment is generally ineligible.</li> <li>Construction equipment may not be purchased with CDBG funds.</li> </ul> <p><b>Special Conditions to using CBBG funds for equipment:</b></p> <ul style="list-style-type: none"> <li>➤ However, grantees may use CDBG funds to pay the cost to rent, pay depreciation, a use allowance, or lease construction equipment to undertake an otherwise eligible activity.</li> <li>➤ The purchase of construction equipment for use in a solid waste disposal facility is not considered equipment' and is eligible under the category of Public Facilities and Improvements [570.201(c)].</li> </ul>
Furnishings	<ul style="list-style-type: none"> <li>Furnishings and personal property that are not an integral structural fixture are generally ineligible. There are exceptions: <ul style="list-style-type: none"> <li>➤ Fire protection equipment including fire trucks, firefighter protective clothing, and other life-saving equipment is eligible for CDBG funding under Public Facilities and Improvements [570.201(c)] as this equipment is integral to the fire protection facility.</li> </ul> </li> </ul>
Operating & Maintenance Expenses	<ul style="list-style-type: none"> <li>Operating and maintenance expenses are generally ineligible. This includes the expense to repair, operate, or maintain public facilities, improvements, and services.</li> </ul> <p>Examples of Ineligible Costs include:</p> <ul style="list-style-type: none"> <li>➤ The cost to maintain or repair publicly-owned streets, sidewalks, parks, playgrounds, water and sewer facilities, neighborhood facilities, senior centers, centers for persons with disabilities, parking lots or garages.</li> <li>➤ Filling pot holes or sidewalk cracks, grass mowing in city or county parks, and the replacement of street light bulbs.</li> <li>➤ Salaries and other similar expenses for staff to operate public works and facilities.</li> </ul>
New Housing Construction	<ul style="list-style-type: none"> <li>New housing construction is generally ineligible, unless undertaken by a qualified Community Based Development Organization (CBDO) under 570.207(b)(3).</li> </ul>
Income Payments	<ul style="list-style-type: none"> <li>Under CDBG rules, this is defined as "a series of subsistence-type grant payments" made to a household for items such as rent, mortgage payments, Note: a Section 8 tenant-based rental assistance program is not eligible under CDBG Program) food, clothing, or utilities.</li> </ul> <p><b>Special Conditions to using CBBG funds:</b></p> <ul style="list-style-type: none"> <li>➤ The exception is: CDBG may be used to make one time grants, emergency assistance, or loans directly to providers of this assistance for a period not to exceed three months on behalf of a household under Public Services 570.201(e) and 570.207 (b)(4).</li> </ul>



Community Development Block Grant Program

The table below provides CDBG documenting and reporting requirements.

CDBG Program	Documenting and Reporting Performance
Keeping Records	<ul style="list-style-type: none"> <li>Records must be kept for four years after project completion.</li> <li>Experienced administrators keep some records indefinitely if they have long-term liability concerns, for example, on projects involving lead-based paid hazard control.</li> <li>HUD does not specify who must keep the records, but the grantee is responsible that someone keeps them for the required period of time.</li> </ul>
Types of Records to be Maintain	<ul style="list-style-type: none"> <li>The CDBG regulations at 570.506 categorize the types of records a grantee, subrecipient or contractor receiving CDBG funds must keep.</li> </ul> <p><b>Individual Activity or Project Records</b></p> <ul style="list-style-type: none"> <li>➤ Description of each project, location, amount of CDBG assistance budgeted, obligated and expended.</li> <li>➤ Sources and uses of funds, including CDBG, and all others.</li> <li>➤ Compliance with Eligibility and National Objectives under 570.208.</li> </ul> <p><b>CBDO Records</b></p> <ul style="list-style-type: none"> <li>➤ Evidence that CBDOs meet designation requirements during the period when they are receiving an allocation of CDBG funds to undertake special activities.</li> </ul>
Financial Record Keeping – 570.502 & 570.506	<p>Subrecipients must keep adequate records that comply with the applicable requirements of 24 CFR 85 and OMB Circulars. The financial records that must be maintained include:</p> <ul style="list-style-type: none"> <li>➤ A chart of accounts that lists all the names and numbers assigned to each account;</li> <li>➤ Accounting journals and ledgers</li> <li>➤ Source documentation that costs were eligible and paid (invoices, purchase orders, canceled checks, etc.)</li> <li>➤ An inventory of real property</li> <li>➤ Bank account records</li> <li>➤ Records regarding revolving loan fund activities</li> <li>➤ Drawdown requests</li> <li>➤ Payroll records and reports</li> <li>➤ Documentation of other administrative costs charged</li> <li>➤ Financial reports</li> <li>➤ Audit files</li> <li>➤ Financial correspondence</li> </ul>

**For Additional Information:**



Much more information is on our website at:

Ø <https://clermontcountyohio.gov//community-development/>

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