

CHAPTER 9: OTHER ELIGIBLE ACTIVITIES



CHAPTER PURPOSE & CONTENTS

This chapter provides States with general information on other CDBG-eligible activities. The chapter covers:

| SECTION | TOPIC |
|---------|---|
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9.1 Interim Assistance

This section outlines activities that are eligible and ineligible interim assistance activities under the CDBG program. The following is a summary of the topics in this section, applicable statutory and regulatory citations, and other reference materials available from HUD.

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| Key Topics in This Section | <ul style="list-style-type: none"> ✓ Eligible Interim Assistance Activities ✓ Ineligible Activities |
| Statutory Citations | |
| Other Reference Materials on This Topic | <ul style="list-style-type: none"> ✓ Guide to National Objectives and Eligible Activities for States - Chapter 2, Chapter 3 |

9.1.1 Eligible and Ineligible Activities

Eligible Activities

- ✓ The HCDA statute does not explicitly discuss interim assistance so states may use the entitlement regulations for guidance on this activity.
- ✓ CDBG funds may be used to provide interim assistance where:
 - Immediate action is necessary to stop physical deterioration until something permanent can be done; or



- Emergency conditions threaten the public health and safety.
- ✓ When immediate action is necessary to stop physical deterioration until something permanent can be done, certain activities are allowed on an interim or temporary basis. Under these circumstances:
 - The state must determine that:
 - Immediate action is necessary to stop the deterioration; and
 - Permanent improvements will be carried out as soon as possible.
 - Acceptable activities include:
 - Repairing streets, sidewalks, parks, playgrounds, publicly owned utilities and public buildings; and
 - Special garbage, trash, and debris removal, such as neighborhood cleanup campaigns.
- ✓ Where emergency conditions threaten the public health and safety, some activities are allowed on an interim or temporary basis in order to alleviate the threatening conditions. Under these circumstances:
 - The Chief Executive Officer of the state must determine that:
 - The situation is emergency in nature; and
 - The situation requires immediate attention.
 - The following activities are allowed:
 - Repairing streets, sidewalks, publicly owned utilities and public buildings (but not parks and playgrounds);
 - Special garbage, trash, and debris removal, such as neighborhood cleanup campaigns;
 - The clearance of streets including snow removal and similar activities; and
 - The improvement of private properties.

Ineligible Activities

- ✓ Regular activities of local government, such as curbside collection of garbage or trash, are NOT eligible CDBG activities. However, a specially planned community trash or cleanup campaign may be an eligible CDBG activity under the interim assistance category.
- ✓ The repair of parks and playgrounds is not an eligible activity under alleviating emergency conditions threatening the public health and safety.

9.1.2 National Objectives

LMI Benefit National Objective

- ✓ Interim assistance qualifies under the LMI area benefit national objective if the activities benefit all persons in a primarily residential area where at least 51% of persons (or less if the upper quartile applies) who are benefiting from the activities are LMI persons.



Slum/Blight National Objective

- ✓ Interim assistance activities may qualify under the Slum/Blight national objective if the activities are carried out in a designated slum or blighted area.
- ✓ The requirements for meeting the Slum/Blight National Objective under the Area Basis criteria include:
 - The area delineated by the state in which the activity occurs meets a 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 state 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.
 - The activity addresses one or more of the conditions that contribute or contributed to the deterioration of the area.

Urgent Needs National Objective

- ✓ Interim assistance activities may also qualify under the Urgent Needs national objective if the activities are designed to alleviate existing conditions (of recent origin or recent urgency) that the UGLG as posing serious and immediate threat to the health or welfare of the community where the UGLG is unable to finance the activity on its own and other sources of funds are not available.

9.2 Relocation

This section outlines activities that are eligible and ineligible relocation activities under the CDBG program. The following is a summary of the topics in this section, applicable statutory and regulatory citations, and other reference materials available from HUD.

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|-----------------------------------|---|
| Key Topics in This Section | <ul style="list-style-type: none"> ✓ Eligible Relocation Activities ✓ Ineligible Activities |
| Statutory Citations | Section 101(c), Section 104(b), Section 105(a)(11), Section 105(c) |



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|--|--|
| Other Reference Materials on This Topic | <ul style="list-style-type: none"> ✓ Guide to National Objectives and Eligible Activities for States - Chapter 2, Chapter 3 |
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9.2.1 Eligible Activities

- ✓ CDBG funds may be used for relocation payments and other assistance to displaced persons, including:
 - Individuals,
 - Families,
 - Businesses,
 - Nonprofit organizations, and
 - Farm operations.
- ✓ CDBG funds may be used for permanently and temporarily relocated persons where:
 - Required under the provisions of §570.606 of the regulation; or
 - Determined by the state to be appropriate under the provisions of §570.606(d).
- ✓ States are required to comply with:
 - The Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (URA) (49 CFR part 24); and
 - Section 104(d) and the residential antidisplacement and relocation assistance plan (24 CFR part 42, subpart B).
- ✓ On an optional basis, States may use CDBG funds for relocation payments and assistance to persons displaced by an activity not subject to the requirements described above, including:
 - Payments and other assistance for temporary relocation; and
 - Payments and assistance at levels higher than those required.
- ✓ Unless optional payments and assistance are made pursuant to State or local law, States may make such payments and assistance only after a written determination documents that such payments and assistance are appropriate. In addition, States must adopt a written policy, available to the public, stating the relocation payments and assistance it elects to provide. The written policy must also stipulate for equal payments for all displaced persons in similar circumstances.

9.2.2 National Objectives

- ✓ The requirements of compliance with national objectives, with regard to relocation activities depends on the nature of the relocation assistance. Relocation assistance can be a required or voluntary activity, depending on the type of activity that prompts the need for relocation.
 - Where relocation assistance is required by the Uniform Act or the CDBG statute, the relocation activity qualifies as meeting the LMI national objective only if the acquisition or rehabilitation that prompts the required relocation also qualifies under the LMI national objective.



- Where relocation assistance is voluntary, the initial activity causing the displacement and subsequent need for relocation is not required to meet the same national objective as the relocation itself. Relocation payments could meet a national objective based on the purpose of the re-use of the property or on the income of the States of the relocation assistance. The classification is the state’s discretion.

9.3 Loss of Rental Income

This section outlines activities that are eligible and ineligible rental income activities under the CDBG program. The following is a summary of the topics in this section, applicable statutory and regulatory citations, and other reference materials available from HUD.

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| Key Topics in This Section | <ul style="list-style-type: none"> ✓ Eligible Loss of Rental Income Activities ✓ Ineligible Activities |
| Statutory Citations | Section 101(c), Section 104(b), Section 105(a)(6), Section 105(c) |
| Other Reference Materials on This Topic | <ul style="list-style-type: none"> ✓ Guide to National Objectives and Eligible Activities States - Chapter 2, Chapter 3 |

9.3.1 Eligible Activities

- ✓ CDBG funds may be used to compensate property owners for the loss in rental income incurred while temporarily holding housing units to be used for the relocation of individuals and families displaced by CDBG-assisted activities.
- ✓ According to statutory requirements related to displacement, certain replacement housing must be made available to displaced persons. If a displaced household requires a unique type of housing that is not widely available, it may be necessary for the UGLG to hold an existing available unit for a short period until the displacement occurs.

9.3.2 National Objectives

- ✓ Compliance with national objectives of this activity is directly associated with the national objective(s) met by the related underlying relocation activity.
 - If the activity resulting in the relocation assistance to the displaced household qualified on the basis of benefit to LMI persons, then paying the housing owners for losses incurred in holding units for those displaced persons also qualifies as benefiting LMI persons, even if the displaced household itself is not LMI.
 - If the relocation assistance to displaced persons qualified under the Slum/Blight or Urgent Needs national objectives, then paying housing owners for losses incurred in holding units for those displaced persons also would qualify under Sum/Blight or Urgent Needs, as applicable.

9.4 Technical Assistance

This section outlines activities that are eligible and ineligible technical assistance activities under the CDBG program. The following is a summary of the topics in this section, applicable statutory and regulatory citations, and other reference materials available from HUD.



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| Key Topics in This Section | <ul style="list-style-type: none"> ✓ Eligible Technical Assistance Activities ✓ Ineligible Activities |
| Statutory Citations | Section 101(c), Section 104(b), Section 105(a)(19), Section 105(c), 106(d)(5) |
| Other Reference Materials on This Topic | <ul style="list-style-type: none"> ✓ Guide to National Objectives and Eligible Activities for States <ul style="list-style-type: none"> - Chapter 2, Chapter 3 |

9.4.1 Eligible Activities

- ✓ There are two ways that states may pay for technical assistance under CDBG, depending on the purpose of that TA.
- ✓ Under the first approach, CDBG funds may be used for the provision of technical assistance to public or nonprofit entities to increase the capacity of such entities to carry out eligible neighborhood revitalization or economic development activities.
 - Prior to providing the assistance, States must determine:
 - The eligibility of the activity for which the capacity is to be built; and
 - Whether it is likely that a national objective will be met once the public or nonprofit entity has received the technical assistance and undertakes the activity. This is especially important because the technical assistance will only meet a national objective IF the associated neighborhood revitalization or economic development activity will meet a national objective.
- ✓ Technical assistance activities that are related to building capacity for neighborhood revitalization and economic development are not subject to the 20% administrative cap.
- ✓ The second way of doing technical assistance is under section 106(d)(5) of the statute, which enables the state to use a part of the 3% administration, planning and technical assistance set aside to support TA and capacity building.
- ✓ Under this section, TA can be done in a number of ways:
 - Agency staff who provide the TA;
 - Hiring a contractor;
 - Granting funds to recipients to enable them to purchase TA; or
 - Granting funds to a subgrantee, such as a community college or regional planning organization to allow them to provide TA.

9.4.2 National Objectives

- ✓ If using the first approach to TA, prior to providing the technical assistance, the state must determine that there is a reasonable expectation that a national objective can be met once the entity receiving the assistance undertakes the activity.
- ✓ To determine compliance with a national objective is a reasonable expectation, prior to funding the assistance, the state should review the following factors:



- The nature of the organization receiving the assistance;
 - The type and eligibility of the activity to be carried out;
 - The location of the activity; and
 - The entity’s expected clientele.
- ✓ If the state is using the second approach to TA under 106(d)(5) as a part of the 3% administration, planning and technical assistance set aside, the activity is not required to meet a national objective.

9.5 Planning & Planning Only Grants

This section outlines planning activities that are eligible. The following is a summary of the topics in this section, applicable statutory and regulatory cites, and other reference materials available from HUD.

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|--|--|
| Key Topics in This Section | <ul style="list-style-type: none"> ✓ Eligible Planning Only Activities ✓ National Objectives |
| Statutory Citations | <ul style="list-style-type: none"> ✓ 105(a)(12) and 105(a)(15) ✓ 24 CFR 570.483(b)(5) |
| Other Reference Materials on This Topic | <ul style="list-style-type: none"> ✓ Guide to National Objectives and Eligible Activities for States - Chapter 2, Chapter 3 |

9.5.1 Eligible Activities

- ✓ There are three different ways that planning may be done under the state CDBG program:
 - General planning to assist in determining community needs;
 - Planning that is related to implementing a CDBG-assisted project; and
 - Planning for a specific project or activity (known as planning only grants).
- ✓ If the state is funding general planning activities, these may include but are not limited to:
 - Comprehensive plans;
 - Community development plans;
 - Small area and neighborhood plans; or
 - Local analyses of impediments to fair housing choice.
- ✓ The amount of CDBG funds that may be used for activities under this general planning category is subject to the statutory limitation on planning and administrative costs.
- ✓ States may award “planning only grants” to units of general local government in which planning is the only activity, or in which planning activities are unrelated to any other activity funded as part of the grant.
- ✓ Planning only grant activities may include:
 - Studies,



- Analysis,
- Data gathering,
- Preparation of plans, and
- Identification of actions that will implement plans.

9.5.2 National Objectives

- ✓ The national objective for planning depends on whether related activities are also being funded with CDBG assistance and on whether the planning is general or related to a potential community development activity.
 - If the CDBG funds are being used for general community plans, such as an analysis of impediments to fair housing or a comprehensive land use plan, these plans are considered to be a part of the 20% planning and administrative cap and as such do not need to meet a national objective.
 - CDBG funds spent for planning and capacity building costs when undertaken in conjunction with other CDBG-assisted activities, are considered to address the national objectives of the CDBG program as a whole; no documentation of such compliance is required. Reference: 24 CFR 570.483(f)
 - If the state awards grants to UGLGs in which planning is the only activity or in which planning activities are unrelated to any CDBG-funded activity (planning only grants), the planning activity must comply with the requirements or the low/mod income or slum and blight national objectives. It is not possible for a planning-only grant or activity to comply with the Urgent Needs national objective. Planning-only grants or activities can meet the low/mod income benefit objective if it can be shown that at least 51 percent of the persons who would benefit from implementation of the plan are L/M income persons. Planning-only grants or activities can meet the slum/blight national objective if the plans are for a slum or blighted area, or if all the elements of the planning are both necessary for and related to an activity which, if implemented, could be shown to meet the slum/blight national objective criteria. For either the low/mod income or slum and blight national objectives, such national objective determinations are not dependent on the planned-for activity or project actually being implemented at some point. Reference: 24 CFR 570.483(b)(5); 24 CFR 570.483(c)(3).

9.6 Special Activities by Nonprofit Development Organization

This section outlines activities that are eligible and ineligible activities undertaken by a nonprofit development organization under 105(a)(15) of the statute. The following is a summary of the topics in this section, applicable statutory and regulatory cites, and other reference materials available from HUD.

| | |
|-----------------------------------|---|
| Key Topics in This Section | <ul style="list-style-type: none"> ✓ Eligible Nonprofit Development Organization Activities ✓ Ineligible Activities |
| Statutory Citations | Section 101(c), Section 104(b), Section 105(a)(15), Section 105(c) |



Other Reference Materials on This Topic

- ✓ Guide to National Objectives and Eligible Activities for States
- Chapter 2, Chapter 3

9.6.1 Eligible and Ineligible Activities

Eligible Activities

- ✓ States may provide CDBG funds to UGLGs who in turn may provide grants or loans to qualified nonprofit development organizations (see Chapter 2 for a discussion of eligible Nonprofit development organization) to carry out the following types of projects:
 - Neighborhood Revitalization: Includes activities of sufficient size and scope to have an impact on the decline of a geographic location within the jurisdiction of a unit of local government (but not the entire jurisdiction) designated in comprehensive plans, ordinances, or other local documents as a neighborhood, village, or similar geographic designation; or the entire jurisdiction of a unit of general local government which is under 25,000 population.
 - Community Economic Development: Includes activities that increase economic opportunity, primarily for persons of LMI, or that stimulate or retain businesses or permanent jobs, including projects that include one or more such activities that are clearly needed to address the lack of affordable housing accessible to existing or planned jobs and those activities specified at 24 CFR 91.1(a)(1)(iii).
 - Energy Conservation: Includes activities that address energy conservation, principally for the benefit of the residents of the state's jurisdiction.

Ineligible Activities

- ✓ Special activities by nonprofit development organizations do not include:
 - Buildings for the general conduct of government, general government expenses, and political activities.
 - Provision of public services that do not meet the requirements of the statute, or that would exceed the 15% cap described under the statute unless the regulations otherwise provide that the services are exempt from the cost limitation.
 - Provision of assistance for special economic development activities that do not comply with the Public Benefit requirements.
 - Planning and administrative activities which would result in the state exceeding the 20% cost limitation on such activities, unless the regulations specifically provide that the activity is exempt from that cost limitation.

9.6.2 National Objectives

- ✓ Nonprofit development organizations carry out activities primarily eligible under other categories. For these activities, refer to the applicable sections of this manual as well as the national objectives, Chapter 3.



9.7 Other Miscellaneous Activities

This section outlines other activities that are eligible under the CDBG program. The following is a summary of the topics in this section, applicable statutory and regulatory citations, and other reference materials available from HUD.

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|--|---|
| Key Topics in This Section | <ul style="list-style-type: none"> ✓ Eligible Activities ✓ Ineligible Activities |
| Statutory Citations | Section 101(c), Section 104(b), Section 105(a)21, Section 105(a)(9), Section 105(a)(10), Section 105(c) |
| Other Reference Materials on This Topic | <ul style="list-style-type: none"> ✓ Guide to National Objectives and Eligible Activities for States <ul style="list-style-type: none"> – Chapter 2, Chapter 3 |

9.7.1 Assistance to Institutions of Higher Education

- ✓ States via UGLG may provide assistance to institutions of higher education (e.g., secondary schools or higher) when the state determines that such an institution has a demonstrated capacity to carry out activities that fall under one or more of the basic eligibility categories.

9.7.2 Payment of Non-Federal Share

- ✓ This provision allows CDBG funds to be applied by a UGLG to the non-Federal share of a Federal grant-in-aid. According to the specific statute and regulations for that program, States and UGLG must first establish whether or not such funds are allowed to be applied.

9.7.3 National Objectives

- ✓ National objectives related to the miscellaneous activities described above depend on the activity being carried out. Refer to the national objectives chapter of this manual.

9.8 Summary of National Objective Options for Other Eligible Activities

- ✓ All CDBG activities must meet a national objective in order to be eligible to use CDBG funds. This requires that all activities qualify as meeting one of the three national objectives of the program and meet specific tests for benefiting LMI persons, preventing or eliminating slums or blight and meeting other community development needs having a particular urgency because existing conditions pose a serious and immediate threat to the health or welfare of the community and other financial resources are not available to meet such needs.
- ✓ The following chart summarizes the national objective options related to other eligible activities discussed in this chapter. The text in each section above provides additional details for each specific type of activity. For a complete copy of the matrix codes and national objectives chart, please see the IDIS chapter of this manual.



| HUD Matrix Code | Activity | LMA | LMC | LMH | LMJ | SBA | SBS | URG |
|------------------------|---|------------|------------|------------|------------|------------|------------|------------|
| 6 | Interim Assistance | | N | N | N | | | |
| 7 | Urban Renewal Completion | | | | | N | N | N |
| 8 | Relocation | | | | | | | |
| 9 | Loss of Rental Income | | | | | | | |
| 19D | CDBG Assistance to Institutes of Higher Education | | | | | | | |
| 20A | Planning only (States) | | | | | | | |