



COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) POLICIES

I. INTRODUCTION

The Community Development Block Grant program was established with the passage of the Housing and Community Development Act of 1974. CDBG funds are distributed to eligible governmental units in two ways:

- (1) Entitlement grants directly to cities and counties, and;
- (2) Grants to states, which conduct annual competitions for non-entitlement communities.

The City of Eau Claire is an entitlement city that is eligible to receive funding from the U.S. Department of Housing and Urban Development (HUD) for the Community Development Block grant program. The City of Eau Claire's primary program income generator is its housing rehabilitation loan program, which the last few years has averaged approximately \$100,000 in program income annually.

The federal fiscal year is from October 1 to September 30. The city has selected August 1 to July 31 as its CDBG grant year. CDBG oversight responsibility lies with the U.S. Department of Housing and Urban Development. The regional office that monitors the City of Eau Claire's program is located in Milwaukee. The local administration of the City's CDBG program is through the Housing Authority of the City of Eau Claire.

The City of Eau Claire's CDBG policies and procedures are a combination of federally mandated requirements and local practices and preferences. The following pages contain summaries of both categories. The first section identifies those elements of the CDBG program that Eau Claire must adhere to if it is to be in compliance with the funding agreement executed by the Housing Division. The basic mandates concern the maximum, which must be allocated to the categories of Planning/Administration and Public Services and the minimum, which must be spent on activities that claim to benefit low and moderate-income persons.

In efforts to provide more consistency to the selection of future activities, the second portion of this document presents local guidelines pertinent to all CDBG applications.

The third part presents target allocations and evaluation criteria for the five priority need categories of activities. All the items reflect the goal of allocating CDBG funds in the most objective and effective manner.

II. FEDERAL REGULATIONS

A. Federal Eligibility

The following are all the activities that are currently eligible provided such an activity meets a national objective of the CDBG program: *(See Appendix A for a more complete description of each activity)*

- Housing Rehabilitation
- Public Facilities and Public Improvements directly benefiting low-income people
- Property Acquisition benefiting low-income people
- Demolition and Clearance of blighted properties
- Historic Preservation: Residential
- Housing Code Enforcement
- Facilities or the Removal of Architectural Barriers for the elderly or handicapped adults
- Public Service programs which support the community development effort (15% cap) directly benefiting low-income people.
- Administrative and Planning costs for program management (20% cap)
- Other projects in compliance with 24 CFR Part 570 for the Community Development Grant

B. Ineligible Activities

The following activities may not be assisted with CDBG funds:

- Buildings or portions thereof, used for the general conduct of government
- General government expenses

- Political activities
- Acquisition of property or the construction or rehabilitation (including historic preservation and removal of architectural barriers) or structures to be used for religious purposes or which will otherwise promote religious interests.

C. National Objectives

In order to be eligible for funding, every CDBG-funded activity must qualify as meeting one of the three national objectives of the program: This requires that each activity, except Program Administration and Planning, meet specific tests for either:

1. BENEFITING LOW AND MODERATE (L/M) INCOME PERSONS

Activities considered to benefit low and moderate (L/M) income persons are divided into four categories.

- (a) Area benefit activities meet the identified needs of L/M income persons residing in an area where at least 51% of the residents are L/M income persons.
- (b) Limited clientele activities that benefit a specific group of people (rather than all the residents in a particular area), at least 51% of whom are L/M persons.
- (c) Housing activities, which adds or improves permanent, residential structures, which will be occupied by L/M income households upon completion.
- (d) Job creation or retention activities that create or retain permanent jobs, at least 51% of which are either taken by L/M income persons or considered to be available to L/M income persons.

2. AIDING IN THE PREVENTION OR ELIMINATION OF SLUMS OR BLIGHT to qualify an activity must meet all of the following:

- (a) Designated by the grantee and meet a definition of a slum, blighted, deteriorated or deteriorating area under State or local law.
- (b) There must be a substantial number of deteriorated or deteriorating buildings or public improvements throughout the area.
- (c) Documentation maintained on the boundaries of the area and the condition that qualified the area at the time of its designation.

3. 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. (This is rarely used)

D. Categorical Limits

The City of Eau Claire must certify that in the aggregate at least 70% of CDBG funds to be expended during the program year will be for activities which benefit L/M income persons. This is distinct from the requirement for individual activities meeting a national objective by benefiting persons at least 51% of who are L/M incomes. In determining the percentage of CDBG funds spent for L/M benefit activities, the costs of planning and overall program administration are excluded. The amount of CDBG funds obligated within a program year to support public service activities must not exceed 15% of the total grant awarded to the grantee for the year and public services cap is being determined. No more than 20% of the sum of any grant plus program income that is received during the program year can be expended for planning and administrative costs.

E. Performance Measures

Performance Measures was developed to measure performance at a state or local level. Since grantees are given the flexibility to make choices about how to use programs funds, it is only logical that grantees be accountable, at a local level, for those choices. There are two critical components of performance measurement: (1) productivity and (2) program impact. Productivity reflects the level of efficiency (quantity, quality and pace) with which a grantee undertakes its activities. Program impact, on the other hand, reflects the extent to which those activities yield the desired outcomes in the community or in the lives of persons assisted.

I. GOALS The proposed activity meets which of the following goals: (Select only one)

- Goal # 1 – Creates a suitable living environment**
This objective relates to activities that are designed to benefit communities, families, or individuals by addressing issues in their living environment (such as poor-quality infrastructure) to social issues such as crime prevention, literacy or elderly health services.
- Goal # 2 – Provides decent housing**
This objective focuses on housing programs where the purpose of the program is to meet individual, family, or community needs and not programs where housing is an element of a larger effort, since such programs would be more appropriately reported under suitable living environment.
- Goal # 3 – Creates economic opportunities**
This objective applies to the types of activities related to economic development, commercial revitalization, or job creation.

II. OBJECTIVES select the most appropriate objective for the proposed activity

- Improve availability/accessibility**
This category applies to activities that make services, infrastructure, public facilities, housing, or shelters available or accessible to low/moderate income people, including persons with disabilities. In this category, accessibility does not refer only to physical barriers, but also to making the affordable basics of daily living available and accessible to low/moderate income people where they live.
- Improve affordability**
This category applies to activities that provide affordability in a variety of ways in the lives of low/moderate income people. It can include the creation or maintenance of affordable housing, basic infrastructure hook-ups, or services such as transportation or day care.
- Improve Sustainability**
This category applies to projects where the activity or activities are aimed at improving communities or neighborhoods, helping to make them livable or viable by providing benefit to persons of low/moderate income or by removing or eliminating slums or blighted areas through multiple activities or services that sustain communities or neighborhoods.

III. OUTCOMES (GOALS AND OBJECTIVES OF PROPOSED ACTIVITY)

AVAILABILITY/ACCESSIBILITY	AFFORDABILITY	SUSTAINABILITY
<input type="checkbox"/> Enhance suitable living environment through new/improved accessibility	<input type="checkbox"/> Enhance suitable living environment through new/improved affordability	<input type="checkbox"/> Enhance suitable living environment through new/improved sustainability
<input type="checkbox"/> Create decent housing with new/improved availability	<input type="checkbox"/> Create decent housing with new/improved affordability	<input type="checkbox"/> Create decent housing with new/improved sustainability
<input type="checkbox"/> Provide economic opportunity through new/improved accessibility	<input type="checkbox"/> Provide economic opportunity through new/improved affordability	<input type="checkbox"/> Provide economic opportunity through new/improved sustainability

III. PERFORMANCE MEASUREMENT OUTCOME STATEMENT

Combine the elements from the categories above to summarize why the proposed activity is needed and what outcomes will be achieved from the proposed project or program. Outcomes are the changes you expect to occur in clients' lives and/or the community as a result of the proposed activity. A complete statement includes output (quantified) + outcome (from categories above) + activity (description) + objective.

III. LOCAL PROGRAM GUIDELINES

The following program guidelines will be reviewed of all local applications that satisfy the federal eligibility requirements:

A. Displacement/Relocation

The only projects the City of Eau Claire has undertaken through the CDBG Program which have included displacement/relocation costs are several Redevelopment Authority projects. Due to the potential liability for long-term assistance, the City will make every effort to minimize permanent residential displacement. In consideration of this policy, it will be the City's general practice not to approve any proposed CDBG activities, which involve permanent relocation of tenants, businesses or owners unless circumstances warrant it.

B. Fair Housing

"Public Law 90-284" refers to title VIII of the Civil Rights Act of 1968... popularly known as the Fair Housing Act. Within constitutional limitations, for fair housing throughout the United States and prohibits any person from discriminating in the sale or rental of housing, the financing of housing, or the provision of brokerage, services, including otherwise making unavailable or denying a dwelling to any person, because of race, color, religion, sex or national origin. Title VIII further requires the Secretary (of HUD) to administer the programs and activities relating to housing and urban development in a manner affirmatively further the policies of Title VIII; furthermore, section 104 (b) (2) of the Act requires that each grantee receiving funds under section 106 of the Act (entitlement or small cities grantees) certify to the satisfaction of the Secretary that it will further fair housing.

D. Labor Standards

All applicants must agree to include Davis Bacon or any other federally required documents in bidding documents and to follow the City of Eau Claire required bidding process.

E. Certification

All applicants, except in economic development cases, must verify incorporation under state law and have/or have applied for 501 (c) (3) tax status.

F. Matching Funds

All applications must include documentation of efforts to solicit alternative sources of funds. This is to include copies of the applicant's letters and the funding sources' responses. All applications must include documentation of any outside funding actually secured for P/Y 2022/2023. Preference for funding will be given to applications demonstrating secure commitments from other funding sources.

G. Audits

The City of Eau Claire has a program obligation to ensure that its subgrantees keep accurate records of the CDBG funds received. The manner with which this is executed varies on the amount of CDBG funds received. Recipients of awards over \$300,000 are expected to conduct external audits. To facilitate the administration of the City's program, there will be a uniform requirement that all agencies must complete an outside fiscal audit prior to receiving its P/Y 2022/23 CDBG funds unless an alternate arrangement has been made with the City of Eau Claire Housing Division.

H. Agreements

Each recipient of CDBG funds must agree to sign a written agreement with the City covering, at a minimum, the following provisions: statement of work, records and reports, program income, uniform administrative requirements, suspension and termination, and reversion of assets, if any. Agreements will be for a one-year (12month) period. Public Services, Neighborhood Associations and other Not-for-Profits must complete their activities within the 12-month grant (August through July). Any funds unspent will be reallocated after July 31st.

I. Submission Deadline

All applications must be received by the announced deadline. If a belated application is received, it will be reviewed only if requested to do so by the CDBG Review Committee. CDBG applications are due no later than **4:30 p.m. on Friday, March 4, 2022.**

IV. LOCAL CATEGORY CRITERIA

The proposed local target allocations and special considerations will be used in the review of only those applications that pertain to the specified category.

A. Public Services Category

Special consideration/priority will be given to a Public Service application that:

- Serves more than a mandatory 70% low and moderate beneficiaries
- Has secured other public and private funds or services for the operation of the program (i.e. volunteers, in-kind donations)

B. Planning Category

Special consideration/priority will be given to a Planning application that:

- Is compatible with the City's Comprehensive Plan or any other related study
- Combined with Administrative category activities that does not exceed 20% of the annual entitlement amount

C. Program Administration Category

Consideration will be given to an Administration application that:

- Promotes the goals of the City's Comprehensive Plan, specifically the longevity of the neighborhood associations.

D. Housing Category

Special consideration/priority will be given to a Housing application that:

- Promotes the rehabilitation of structures when economically feasible rather than new construction
- Provides support to non-profit community based or for-profit corporations engaged in the rehabilitation and/or construction of housing primarily for low and moderate-income persons.
- Acquires, assembles and/or prepares sites for housing development, consistent with the housing policies of the City
- Undertakes specific housing efforts to address the problems of the city's special needs populations including support for the renovation and upgrading of existing shelters, which includes: shelters for homeless, battered, spouse shelters, halfway houses for run-away children, etc. and other facilities designed to assist the homeless and handicapped to become self-sustaining.

E. Public Facilities and Improvement Category

Special consideration/priority will be given to a Public Facilities and Improvements application that:

- Serves a high percentage of low- and moderate-income persons, especially an identified special population
- Is located in or serves a low-income Census Tract or Tracts
- Eliminates or prevents threats to health and safety
- Provides an improvement which is part of a comprehensive improvement strategy for community development
- Receives the support of the majority of residents affected
- Has demonstrated that other funding sources are not available to correct or improve the facility
- Is located in a blighted or deteriorating area and is directed towards improving the adjacent commercial or residential environment
- Is designed to restore and improve the physical condition and appearance of a significant structure.

APPENDIX A

DESCRIPTION OF FEDERALLY ELIGIBLE ACTIVITIES

1. Acquisition of Real Property

CDBG funds may be used to acquire real property (land, air rights, easements, water rights, right-of-ways, buildings and other real property improvements, and other interests in property) in whole or in part by purchase, long-term lease, donation, or otherwise.

2. Disposition of Real Property

CDBG funds may be used to pay costs incidental to disposing of real property acquired with CDBG funds. Disposition costs include fee paid for appraisals, surveys, marketing, legal services, financial services, transfer taxes and other costs involved in the transfer of ownership of property.

3. Public Facilities and Improvements

CDBG funds may be used by the grantee or other public or private nonprofit entity for acquisition, construction, reconstruction, rehabilitation or installation of public improvements or facilities. Public facilities and improvements include, but are not limited to, shelters for the homeless; water and sewer facilities; flood and drainage improvements; fire protection facilities/equipment; community, senior and health centers, streets, curbs, gutters and sidewalks, parks and playgrounds.

4. Clearance

CDBG funds may be used for clearance, demolition, removal of buildings and improvements, and movement of structures to other sites.

5. Public Services

CDBG funds may be used to provide public services (including labor, supplies and materials) provided that the following is met: The public services must be either: a new service or a quantifiable increase in the level of a service above that which has been provided by or on behalf of the unit of general local government (through funds raised by such unit, or received by such unit from the State in which it is located) during the 12 months prior to submission of the grantee's final statement.

6. Relocation

CDBG funds may be used for relocation payments and assistance to displaced persons, including individuals, families, businesses, non-profit organizations and farms

7. Removal of Architectural Barriers

CDBG funds may be used to remove material and architectural barriers that restrict the mobility and accessibility of elderly and handicapped persons to publicly or privately- owned buildings, facilities and improvements.

8. Housing Rehabilitation

CDBG funds may be used to finance the rehabilitation of any publicly or privately-owned residential property for housing.

9. Code Enforcement

Code enforcement involves the payment of salaries and overhead costs directly related to the enforcement of local codes. CDBG funds may be used for code enforcement only in deteriorating or deteriorated areas where such enforcement, together with public improvements, rehabilitation and services to be provided, may arrest decline of the area.

10. Historic Preservation

CDBG funds may be used to rehabilitate, preserve and restore historic properties, either publicly or privately-owned.

11. Special Activities by Subrecipients

Activities that are not specifically listed as eligible in the CDBG regulations may not be undertaken by the grantee or by subrecipients, except for Neighborhood-based nonprofit organizations.

12. Planning and Capacity Building

CDBG funds may be used for studies, analyses, data gathering, preparation of plans, and identification of actions that will implement plans.

13. Program Administration Costs

CDBG funds may be used to pay reasonable program administration cost and carrying charges related to the planning and execution of community development activities assisted in whole or in part with funds provided under the CDBG program.