



Community Development Block Grant Program (CDBG) Overview



INTRODUCTION

The CDBG Program was created by the U.S. Congress in 1974 and is administered by the Department of Housing and Urban Development (HUD). The primary objective of the program is to develop viable urban communities by providing decent housing and a suitable living environment and expanding economic opportunities for low- and moderate-income peoples.

The program has three [National Objectives](#):

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

Every activity or project funded by the CDBG program must meet one of these three National Objectives **except** for costs associated with the Town’s administration of the CDBG program.

Funded projects must also meet a **Priority Need** of the Town’s **Consolidated Plan**, which determines Town goals and priorities for five years of funding. **The current Consolidated Plan’s priority goals are:**

- Housing for People Experiencing Homelessness
- Housing for Low and Moderate-Income Households
- Integrated Housing for People with Service Needs
- Community/Economic Development and Services

ELIGIBLE FUNDING USES

[Eligible Uses](#): CDBG eligible activities include, but are **not limited to**:

- **Acquisition of Real Property**: acquisition of real property in whole or in part by purchase, long-term lease, donation, or otherwise. To be considered acquisition, a permanent interest in the property must be obtained.
 - Long-term leases are considered a permanent interest for this purpose if the lease is for a period of 15 years or more.
 - **Relocation**: relocation payments and assistance to displaced persons when required under [24 CFR 570.606](#), or for optional payments.
 - Payments and assistance can be granted to:

▪ Individuals	▪ Non-profit Organizations
▪ Families	▪ Farms
▪ Businesses	
- **Rehabilitation**: funds may be used for eligible rehabilitation costs for eligible types of property.
 - *Eligible types of property*:
 - Residential
 - Commercial/industrial
 - Other

- *Eligible types of assistance:*
 - Costs of labor, materials, supplies, etc.
 - Financing
 - Refinancing
 - Property acquisition
 - Security devices
 - Insurance
 - Conservation
 - Water and sewer
 - Tools
 - Barrier removal
 - Landscaping, sidewalks, and driveways
 - Renovation of closed buildings
 - Historic preservation
 - Lead-based paint hazard evaluation and reduction
 - Rehabilitation services
 - Business in a residence
- **Demolition:** demolition of buildings and improvements and removal of demolition products (rubble and other debris) is eligible under the “Clearance” activity category.
- **Public Facilities and Improvements:** acquisition, construction, reconstruction, rehabilitation, or installation of all improvements and facilities that are either publicly owned or traditionally provided by the government, or owned by a nonprofit, and operated to be open to the general public.
 - *Public Facility examples:* firehouses, public schools, libraries, neighborhood facilities.
 - *Public Improvement examples:* streets, sidewalks, curbs and gutters, parks, parking lots.
- **Economic Development:** activities that facilitate economic development, such as microenterprise assistance, and commercial/industrial improvements.
 - Economic development projects and programs fall under multiple activity categories. See the [CDBG Guide](#) for more information.
- **Public Services:** provide social services/programs to individuals or households. Examples of public service activities are an adult literacy program or after-school program.
 - If a public service is **new**, it **can be funded**.
 - If it is **existing** and was **not** provided by/on behalf of/funded by the local government, it **can be funded**.
 - If it is **existing** and **was** provided by/on behalf of/funded by the local government, it **requires a quantifiable increase** in the level of service to be funded.

INELIGIBLE FUNDING USES

Ineligible activities include:

- Political Activities
- Certain Income Payments
- Construction of New Housing
- Costs associated with Buildings for the General Conduct of Government

FUNDING CAPS

There is a 15% cap on the CDBG funding that the Town can allocate for public services in a given program year. There is also a 20% cap on CDBG funding that the Town can allocate for CDBG fund administration.

PERFORMANCE AGREEMENT LENGTH

CDBG funding performance agreements last for one program year. If an organization does not fully spend their money within that program year, they must work with the Town to amend their contract to last another year. The one year restriction is due to [HUD regulations](#) on timeliness of CDBG spending. If the funding the Town awards to partner organizations is not spent quickly enough, HUD can demand return of said funding and can restrict future CDBG allocations to the Town.

REHABILITATION FUNDING TERMS

The Town applies different terms to rehabilitation projects depending on the amount of Town funding that the project will receive. Please refer to the Financing Assumptions section of the Affordable Housing Funding Guide found [here](#) for more information.

For more information about the CDBG program, visit the [Federal CDBG website](#) and the [Town CDBG website](#).