



ELIGIBLE CDBG ACTIVITIES

PUBLIC FACILITIES AND IMPROVEMENTS	
Eligible Public Facility and Improvement Projects	CDBG Conditions
Sewer and Water Facilities Streets and Sidewalks Curb and Gutters Parks and Playgrounds Senior Citizens' Center Parking Lots or Garages Utility Lines Recreation Center	<p>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:</p> <ul style="list-style-type: none"> ➤ Streets; ➤ Sidewalks; ➤ Park; ➤ Playgrounds, ➤ Publicly owned utilities; and ➤ 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.
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.
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 qualify under the low-moderate income (LMI) benefit national objective only if the percentage of LMI 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 LMI benefit national objective only if the percentage of LMI persons in the entire jurisdiction is sufficiently high to meet the "area benefit" test.
Special Assessments	Special Assessments are used to recover the capital costs of a public improvement through a fee levied or a lien filed against a parcel of real estate either as, 1) a direct result of a benefit derived from the installation of a public improvement or 2) a one-time charge made as a condition of access to an improvement. Sewer tap-in fees are an example of a special assessment.
Privately Owned Utilities- 570.201 (I)	<p>CDBG funds may be used to acquire, construct, reconstruct, rehabilitate, or install the distribution lines and facilities for privately owned utilities.</p> <p>A privately-owned utility refers to service that is publicly regulated and is provided through the use of physical distribution lines to private properties.</p> <p>Examples of eligible utilities are electricity, telephone, water, sewer, natural gas and cable television.</p>
Other	The City is willing to consider other public facility projects not listed above. It is highly recommended that applicants contact the City to discuss new projects ideas prior to submitting a grant application.

REAL PROPERTY AND HOUSING PROJECTS

Eligible Real Property and Housing Projects	CDBG Conditions
Acquisitions of land or buildings -570.201 (a)	<ul style="list-style-type: none"> • CDBG funds may be used for acquisition of real property, either in whole or in part, by purchase, long-term lease, donation, or otherwise for any public purpose. • Examples include land, air rights, easement, water rights, rights-of-way and buildings. • Examples of ineligible activities include costs of moveable equipment and acquisition of newly-constructed housing or an interest in construction of new housing.
Disposition – 570.201 (b)	<ul style="list-style-type: none"> • CDBG funds may be used to dispose of property acquired with CDBG funds through sale, lease, donation or other means. • Property must have a reuse plan that meets a National Objective. • The property may be disposed at less than fair market value. • Costs may include preparation of legal documents, surveys, marketing, financial services, transfer of taxes or ownership.
Clearance Activities-570.201 (d)	<ul style="list-style-type: none"> • Demolish buildings and improvements. • Remove rubble and debris after demolition. • Remove environmental contaminants or treat them to make them harmless. • Move structures to other sites.
Code Enforcement – 570.202 (c)	<ul style="list-style-type: none"> • Code enforcement activities are eligible provided that the enforcement takes place in a deteriorated or deteriorating area and the enforcement effort is accompanied by public or private improvements or service and can be expected to arrest the decline of the area. • Eligible costs include costs incurred for inspections for code violations (including salaries and overhead) and the enforcement of code requirements (including legal proceedings). • Both residential and commercial structures may be included in code enforcement activities.
Historic preservation - 570.202 (d)	<ul style="list-style-type: none"> • CDBG funds may be used for the rehabilitation, preservation or restoration of historic properties, whether publicly or privately owned. • 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 the Pennsylvania or local inventory of historic places or designated as a Pennsylvania or local landmark or historic district by appropriate law or ordinance. • Examples of eligible activities include historic preservation plans, rehabilitation of the property, relocating residents while preservation work is performed. • Historic preservation is not authorized for buildings used for the general conduct of government.
Renovation of closed buildings – 570.202 (e)	<ul style="list-style-type: none"> • CDBG funds may be used to renovate closed buildings, such as closed school buildings, for use as an eligible public facility or to rehabilitate or convert closed buildings for residential and commercial uses. • Examples of ineligible activities include creation of secondary housing units attached to a primary unit and costs of equipment, furnishings or other personal property that are not integral structural fixtures, such as window air conditioners or clothes washers.
Lead – based paint (LBP) hazard, evaluation and reduction, and clearance – 570.202 (f)	<ul style="list-style-type: none"> • Cost associated with the evaluation and reduction of LBP. • Examples of eligible activities include inspecting buildings for LBP hazards, testing surfaces abatement of lead hazards and payment of temporary relocation costs for residents on which their home is receiving abatement services.
Handicap Accessibility - 570.201	<ul style="list-style-type: none"> • Removal of materials and architectural barriers that restrict the accessibility or mobility of elderly or handicapped persons. • Activities must take place on existing structures.

Energy Efficiency – 570.201	<ul style="list-style-type: none"> • Examples of eligible activities include weatherization of home or apartment building, installation of solar or wind equipment, finance energy – efficient rehab, provision of free insulation or home energy audits, and preparation of comprehensive community energy use strategies.
Rehabilitation of buildings and improvements eligible for rehabilitation assistance – 570.202 (a)	<ul style="list-style-type: none"> • CDBG may be used to finance the rehabilitation of privately –owned homes, publicly – owned residential housing, nonresidential buildings owned by nonprofits, and manufactured housing when it is part of the permanent housing supply.

PUBLIC SERVICES, ECONOMIC DEVELOPMENT AND “OTHER” ACTIVITIES	
Activities	CDBG Conditions
Relocation – 570.201 (i)	<ul style="list-style-type: none"> • Relocation of payments and other assistance for permanently and temporarily relocated individuals, families, businesses, non-profit organizations and farm operations.
Loss of Rental Income- 570.201 (j)	<ul style="list-style-type: none"> • Compensation to 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.
Public Services – 570.201 (e)	<ul style="list-style-type: none"> • CDBG funds may be used for a wide range of public service activities including, but not limited to, job training, crime prevention, public safety, child care, health services, substance abuse services, fair housing counseling, education programs, energy conservation, senior citizen services, homeless person services, subsistence payment service and recreational services • In order for a first-time public service application to be considered the applicant must prove that: <ol style="list-style-type: none"> 1) the service is a new initiative for the agency (new service); OR 2) the service existed but was not provided by or on behalf of a government agency with funding from that government agency; OR 3) there was a quantifiable increase in the level of an existing service within the 2013 calendar year.
Micro – Enterprise Assistance – 570.201 (o)	<p>The provisions of assistance to facilitate economic development by:</p> <ul style="list-style-type: none"> • 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; • Providing technical assistance, advice, and business support services to owners of micro-enterprises and persons developing micro-enterprises; and • Providing general support to owners of microenterprises and persons developing microenterprises including child care, transportation, counseling and peer support groups. • A microenterprise is defined as a commercial enterprise that has five or fewer employees, one or more of whom owns the microenterprise business.

The table below provides eligible Planning & Administration expenses.

Eligible Planning & Administration Projects 570.205 & 570.206
<ul style="list-style-type: none"> • Preparation of general plans such as the Consolidated Plan
<ul style="list-style-type: none"> • Functional plans such as housing plans
<ul style="list-style-type: none"> • Neighborhood plans and general historic preservation plans
<ul style="list-style-type: none"> • Policy planning, management, and capacity building activities
<ul style="list-style-type: none"> • Monitoring



INELIGIBLE CDBG FUNDED ACTIVITIES

Ineligible Activities	
(a)	General Rule – Any activity that is not authorized as an “eligible activity.”
(b)	Government Buildings – Funds cannot be used for improvements to a public building used for the general conduct of government.
(c)	General Government Expenses – Funds cannot be used for expenses that are considered the regular responsibilities of the local government.
(d)	Political Activities – Funds cannot be used to finance the use of facilities or equipment for political purposes or to engage in other partisan political activities.
(e)	Purchase of Equipment – The purchase of equipment is generally ineligible, which includes construction equipment, motor vehicles, furnishings, or personal property. The only exception is fire equipment assigned to a low- and moderate-income area.
(f)	Operating and Maintenance Expenses – The general rule is that any expense associated with repairing, operating, or maintaining public facilities, improvements, and services is ineligible.
(g)	New Housing Construction – Funds cannot be used for the construction of new permanent residential structures or for any program to subsidize or consist such new construction except by a CBDO. However, the cost of site assemblage, clearance, and site improvements are eligible activities.
(h)	Income Payments – Funds cannot be used for subsistence – type grant payments for food, clothing, housing, or utilities.



ELIGIBLE HOME ACTIVITIES

Eligible HOME Activities and Costs

- **Hard Costs**
 - New construction of affordable housing
 - Rehabilitation of affordable housing
 - Reconstruction of affordable housing
 - Conversion to affordable housing
 - Site Improvements related to the development of affordable housing
- **Refinancing of existing debt secured by a housing project that is being rehabilitated w/ HOME Funds**
 - Refinancing of debt on a single-family (one to four family) owner occupied housing that is being rehabilitated with HOME funds and the refinancing will reduce the overall monthly housing cost to make it affordable
- **Acquisition Costs**
 - Improved or unimproved
 - Purchase of property by home buyers
- **Soft Costs necessary for the financing, development, rehabilitation or acquisition of housing using HOME Funds**
 - Architectural, engineering, and related professional services
 - Costs to process and settle the financing for a project such as lender origination fees, appraisal fees, etc.
 - Project audit costs and certification of costs by a CPA
 - Costs to provide information services such as affirmative marketing and fair housing information
 - Costs of funding an initial operation deficit reserve during the period of initial project rent-up but not to exceed 18 months
 - Staff and overhead costs directly related to carrying out the project such as work specifications, loan processing inspections, housing consultation, etc.
 - Cost for the payment of impact fees that the local jurisdiction charges for all housing projects
 - Cost of environmental review and release of funds

- **CHDO Costs**
 - Cost of project-specific technical assistance and site control loans
 - Project feasibility costs, consulting fees, legal fees, architectural and engineering fees, property options, site control, and title clearance
 - Project specific seed money loans for preconstruction costs that are customary and reasonable such as costs of obtaining firm financing, construction loan commitments, architectural plans and specifications, zoning approvals, legal fees, etc.
- **Relocation costs for displaced households**
 - Relocation payments and other relocation assistance for persons displaced by the housing project
 - Replacement housing payments, moving expenses and payment for reasonable out-of-pocket costs incurred in the temporary relocation of persons
 - Other relocation assistance such as staff and overhead costs directly related to providing advisory and other relocation services to displaced persons
- **Administrative and planning costs**
 - General management, oversight and coordination
 - Staff and overhead costs
 - Public information costs in the planning and implementation of projects
- **Other Costs**
 - Fair housing activities to affirmatively further fair housing
 - Downpayment and closing cost assistance
 - Indirect costs as part of a cost allocation plan
 - Preparation of the consolidated plan
 - Compliance and reporting in reference to Federal requirements
 - Tenant-based rental assistance (TBRA)
 - Rental assistance and security deposit payments
 - Utility deposit assistance only if rental or security deposit payments are made
 - Cost of inspecting the housing and determining income eligibility of the household
 - Troubled HOME-assisted rental housing projects
 - Applies to only an existing HOME assisted rental project
 - Project is no longer financially viable during the HOME 20 year affordability period for rental projects
 - Operating costs significantly exceed the operating revenue

- HUD must approve this cost to preserve an affordable rental project
- Additional HOME Funds and original HOME Funds may not exceed the maximum amount of per-unit subsidy [Section 221 (d)(3)(ii)]

Ineligible HOME Activities

- **HOME funds may not be used to:**

- Provide project reserve accounts, except for new construction or rehabilitation of an initial operating deficit reserve during the period of project read-up (not to exceed 18 months)
- Provide tenant-based rental assistance for the special purpose of the existing Section 8 Program
- Provide non-Federal matching contribution required under another Federal Programs
- Provide assistance for uses authorized by Public Housing Capital and Operating Funds
- Prepayment of Low Income Housing Mortgages
- Provide assistance to a homebuyer to acquire housing previously assisted with HOME funds during the period of affordability
- Provide funds for the acquisition of property owned by the participating jurisdiction (P.J.) except for property acquired by the P.J. with HOME funds, or property acquired in anticipation of carrying out a HOME project
- Pay for delinquent taxes, fees or charges on properties to be assisted with HOME funds
- Pay for any cost that is not listed as eligible under the HOME Regulations



ELIGIBLE ESG ACTIVITIES

Street Outreach

- Essential Services related to reaching out to unsheltered homeless individuals and families, connecting them with emergency shelter, housing, or critical services, and providing them with urgent, non-facility-based care. Eligible costs include engagement, case management, emergency health and mental health services, transportation, and services for special populations.

Emergency Shelter

- Renovation, including major rehabilitation or conversion, of a building to serve as an emergency shelter. The emergency shelter must be owned by a government entity or private nonprofit organization. The shelter must serve homeless persons for at least 3 or 10 years, depending on the type of renovation and the value of the building. Note: Property acquisition and new construction are ineligible ESG activities.
- Essential Services, including case management, childcare, education services, employment assistance and job training, outpatient health services, legal services, life skills training, mental health services, substance abuse treatment services, transportation, and services for special populations.
- Shelter Operations, including maintenance, rent, repair, security, fuel, equipment, insurance, utilities, food, furnishings, and supplies necessary for the operation of the emergency shelter. Where no appropriate emergency shelter is available for a homeless family or individual, eligible costs may also include a hotel or motel voucher for that family or individual.

Homelessness Prevention

- Housing relocation and stabilization services and short-and/or medium-term rental assistance as necessary to prevent the individual or family from moving to an emergency shelter, a place not meant for human habitation, or another place described in paragraph 1 of the homeless definition.
- The costs of homelessness prevention are only eligible to the extent that the assistance is necessary to help the program participant regain stability in their current housing or move into other permanent housing and achieve stability in that housing.

Eligible costs include:

- Rental Assistance: rental assistance and rental arrears
- Financial assistance: rental application fees, security and utility deposits, utility payments, last month's rent, moving costs
- Services: housing search and placement, housing stability case management, landlord-tenant mediation, tenant legal services, credit repair

Rapid Re-Housing

- Housing relocation and stabilization services and/or short-and/or medium-term rental assistance as necessary to help individuals or families living in shelters or in places not meant for human habitation move as quickly as possible into permanent housing and achieve stability in that housing.

Eligible costs include:

- Rental Assistance: rental assistance and rental arrears
- Financial Assistance: rental application fees, security and utility deposits, utility payments, last month's rent, moving costs
- Services: housing search and placement, housing stability case management, landlord-tenant mediation, tenant legal services, credit repair

Data Collection (HMIS)

- ESG funds may be used to pay for the costs of participating in and contributing to the HMIS designated by the Continuum of Care for the area. More information about using an HMIS is available on the HMIS Page.

Administration

- Up to 7.5 percent of a recipient's allocation can be used for Administrative activities. These include general management, oversight, and coordination; reporting on the program; the costs of providing training on ESG requirements and attending HUD-sponsored ESG trainings; the costs of preparing and amending the ESG and homelessness-related sections of the Consolidated Plan, Annual Action Plan, and CAPER; and the costs of carrying out environmental review responsibilities.
- State recipients must share administrative funds with their subrecipients that are local governments, and may share administrative funds with their subrecipients that are nonprofit organizations.