



**CITY OF HARRISONBURG
COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG)
BUDGET: \$648,000**

WHAT IS CDBG?

The CDBG Program is authorized under Title 1 of the Housing and Community Development Act of 1975, as amended. The primary objective is the development of viable urban communities, achieved by providing decent housing, a suitable living environment, and expanded economic opportunities, principally for Low- and Moderate- Income (LMI) persons.

WHAT IS LOW AND MODERATE INCOME (LMI)?

Low and Moderate Income (LMI) means household annual income less than the Section 8 Low Income Limit, generally 80% of the area median income, as established by HUD. Please see the map of the City's designated LMI areas. Also, the table below shows the income limits for median family incomes as adjusted for family size. This table may be used to assist in determining LMI eligibility.

Area: Harrisonburg / Rockingham		FY 2004 Median Family Income: \$ 52,200						
-----ADJUSTED INCOME LIMITS (by household size)-----								
	1 Person	2 Persons	3 Persons	4 Persons	5 Persons	6 Persons	7 Persons	8 + Persons
30% Limits	\$10,950	\$12,550	\$14,100	\$15,650	\$16,900	\$18,150	\$19,400	\$20,650
Very Low Income (50%)	\$18,250	\$20,900	\$23,500	\$26,100	\$28,200	\$30,300	\$32,350	\$34,450
Low & Moderate Income (80%)	\$29,250	33,400	\$37,600	\$41,750	\$45,100	\$48,450	\$51,600	\$55,100

In addition, the following persons are generally presumed to be principally LMI:

- abused children
- battered spouses
- homeless persons
- migrant farm workers
- illiterate adults
- severely disabled adults
- elderly persons
- persons living with AIDS

HOW DOES A PROJECT QUALIFY FOR CDBG FUNDS?

To qualify for CDBG funds, a project must meet one (1) of three (3) national objectives:

1. Benefit to LMI persons (at least 70% of the City’s annual entitlement must meet this objective)

a) Area Benefit – An activity that benefits all residents in a particular area, where at least 51% of residents are LMI. The area must be primarily residential. *Examples: street improvements, water & sewer lines, neighborhood facilities, parks, façade improvements in neighborhood commercial districts.*

b) Limited Clientele – Activities that benefit a limited number of people, as long as at least 51% are LMI. *Examples: construction of a senior center, public services for the homeless, meals on wheels for the elderly, construction of job training facilities for the handicapped.*

c) Housing Activities – Activities undertaken for the purpose of providing or improving permanent residential structures which, upon completion, will be occupied by LMI persons. If 1 unit, it must be occupied by LMI; if 2 units, at least 1 must be occupied by LMI; if 3 or more units, at least 51% must be occupied by LMI (unless specific conditions are met). If rental housing, occupancy by LMI households must be at affordable rents, as determined by the City. *Examples: property acquisition or rehabilitation, down payment assistance, conversion of non-residential structures into permanent housing.*

d) Job Creation or Retention Activities – Activities designed to create or retain permanent jobs, at least 51% of which (full-time equivalent) will be made available to or held by LMI persons. Jobs are considered “available to LMI persons” when special skills that can only be acquired with substantial training or work experience or education beyond high school are NOT a prerequisite, OR the business agrees to hire unqualified persons and provide training; AND the City and the assisted business take actions to ensure that LMI persons receive 1st consideration for filling such jobs. *Examples: construction of a business incubator, the expansion of a factory or other business, assistance to a business to prevent closure & job loss for LMI persons.*

2. Elimination of Slum and Blight

a) Area Basis – Activities that aid in the prevention or elimination of slums and blight in a designated area. *Examples: assistance to commercial or industrial businesses, façade improvements, public facilities or improvements, code enforcement.*

b) Spot Basis – Activities which eliminate specific conditions of blight or physical decay on a spot basis, not located in a slum or blighted area. Certain conditions apply. *Examples: elimination of faulty wiring or falling plaster, historic preservation of a public facility, demolition of a vacant, deteriorated building.*

c) Urban Renewal Area – Activities located in an Urban Renewal Project area or Neighborhood Development Program action area which are necessary to complete an Urban Renewal Plan.

3. Meet an Urgent Need

Use of this category is extremely rare and is only for activities that alleviate emergency conditions. These activities must meet the following criteria:

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

Example: a coastal city was struck by a major hurricane last month and has no other resources to demolish severely damaged structures which pose a danger to neighbors.

WHAT TYPES OF ACTIVITIES ARE ELIGIBLE?

- **Activities Related to Real Property** – acquisition, disposition, reconstruction, neighborhood facilities (parks, playgrounds, recreational facilities), public facilities and improvements (water/sewer lines, streets, sidewalks), clearance & demolition, private utilities, housing services (housing counseling, energy auditing, loan processing, inspections, tenant selection, preparation of work specifications, etc.), homeownership assistance (down payment assistance, closing costs, interest subsidies), rehabilitation, site improvements, labor, materials, loans for rehabilitation, loans for refinancing, energy improvements (insulation, new windows, new doors), water efficiency improvements, connection to water/sewer lines, some homeowner warranty, hazard & flood insurance premiums, lead based paint testing and abatement, cost of acquiring tools to be lent for rehabilitation, removal of material and architectural barriers, handicapped accessibility improvements, code enforcement, historic preservation, renovation of closed buildings, architectural design features & other treatments for improving aesthetic quality (sculptures, fountains).
- **Activities Related to Economic Development** – microenterprise assistance (a microenterprise is a commercial enterprise that has 5 or fewer employees, one of whom owns the enterprise) for the purpose of establishment, stabilization, or expansion of the microenterprise; assisting a private, for-profit business (loans, grants, interest subsidies, etc.); acquiring, constructing, reconstructing, rehabilitating, or installing commercial or industrial buildings, structures, and other real property equipment and improvements, including railroad spurs or similar extensions; providing economic development services in connection with otherwise eligible CDBG economic development activities; technical assistance, advice, business services, and general support to owners of and persons developing microenterprises; job training and placement.
- **Activities Related to Public Service** – job training and employment services, health care and substance abuse services (counseling & treatment), child care, crime prevention, fair housing counseling, energy conservation, welfare services (excluding income payment grants), income payments provided as a *loan*, down payment assistance, recreational services. Labor, supplies, materials, as well as operation & maintenance of facilities relating to above services, including the lease of a facility, equipment, or other property needed. However, the service must be either 1) a new service, OR 2) a quantifiable increase in the level of an existing service that has

been provided in the 12 preceding months. *Activities in this category can not exceed 15% of the City's annual entitlement plus program income.*

- **Assistance to Community Based Development Organizations (CBDOs)** – neighborhood revitalization, community economic development, and energy conservation. * A *CBDO* qualifying under this section must meet specific federal criteria, available on request.
- **Other Types of Activities** – payment of non-federal share of grants in connection with CDBG-assisted and CDBG-eligible activities, relocation assistance, loss of rental income (related to relocation), technical assistance to public or non-profit entities to carry out eligible neighborhood revitalization or economic development activities, assistance to institutions of higher education with the capacity to carry out other eligible activities.
- **Planning and Administration** – comprehensive plans, community development plans, consolidated plans, functional plans (for housing, land use and urban environmental design, economic development, open space and recreation, energy use and conservation, flood plains and wetlands management, transportation, utilities, historic preservation, etc.), other plans and studies (small area and neighborhood plans, capital improvements program plans, individual project plans, general environmental, urban environmental design, historic preservation studies, etc.), policy planning, management, and capacity building activities, general management, oversight, and coordination, public information, fair housing activities, indirect costs, submission of applications for federal programs, etc. *Activities in this category can not exceed 20% of the City's annual entitlement plus program income.* **At this time, applications are not being accepted by the City for administrative activities.**

WHAT TYPES OF ACTIVITIES ARE INELIGIBLE?

- General Rule: activities not authorized under CDBG regulations are ineligible for CDBG funds.
- Mortgage financing guarantees, homeowner mortgage or utility payment (except in case of emergency and for no longer than 3 months)
- Maintenance and repair of public facilities and improvements (filling potholes, repairing cracks in sidewalks, mowing grass at parks, replacing street light bulbs)
- Buildings for the general conduct of government (except to remove architectural barriers)
- General government expenses
- Political activities
- New housing construction except under certain conditions or when carried out by a CBDO
- Purchase of construction equipment or furnishings and personal property, unless authorized as a special economic development activity or when carried out by a CBDO
- Operating and maintenance expenses of public facilities, improvements, and services, unless authorized as a special economic development activity or when carried out by a CBDO
- “Income Payments” provided as a grant – payments used to provide basic levels of food, shelter (including payment for rent, mortgage, and/or utilities), or clothing. The exception to this rule is in the case of an emergency grant in which the payments last no longer than 3 months.
- Although CDBG assistance may not be used for religious activities or provided to primarily religious entities for any activities, including secular activities, CDBG funds may be used for eligible public services to be provided through a primarily religious entity under certain conditions.

Contact Kimberly L. Alexander at CDBG@ci.harrisonburg.va.us or 540-432-8923 with questions.