



CDBG/CDBG-CV

***HUD, Office of Block Grant Assistance
Entitlement Communities Division***



HOUSING AND OTHER REAL PROPERTY ACTIVITIES



HOMEOWNER REHABILITATION

- Many rehabilitation program options.
- Assistance can be in form of grants, loans, loan guarantees, interest subsidies.
- Minor, moderate & substantial rehabilitation possible.
- Grantee:
 - May/may not require bringing all items up to code
 - May/may not adopt property or housing standards
 - May include improvements to enhance livability of unit

HOMEOWNER REHABILITATION

ELIGIBLE COSTS

- Costs of labor and materials eligible
- Related eligible costs:
 - Initial homeowner warranty premium
 - Hazard insurance premium
 - Flood insurance premium
 - Lead-based paint testing & abatement
- Purchase of construction equipment not eligible
 - Tool lending programs are OK (sweat equity approach)
- Be sure to follow CDBG rules on eligible rehabilitation costs (and 2 CFR part 200 on cost principles)



HOMEOWNER REHABILITATION (CONT.)

- Reconstruction:
 - CDBG allows as rehabilitation activity [24 CFR 570.202]
 - Same lot but structure does not necessarily have to be *standing* at time of project commitment
 - Manufactured housing is allowed, if part of the community's permanent housing stock.

CDBG-CV HOMEOWNER REHABILITATION

- On April 30, 2021, the following guidance was issued as a part of the CDBG-CV approaches with PPR tieback:
- Rehabilitation/reconstruction of privately-owned single unit family housing by addressing living conditions (such as mold, lead-based paint, and poor ventilation) associated with more severe coronavirus disease or poorer post-COVID health outcomes.

REHABILITATION OF MULTIFAMILY RENTAL HOUSING

- Rehabilitation
 - Can be combined with acquisition
 - CDBG mandates no required standard
 - Can do historic preservation
 - Conversion = changing something into affordable housing
 - Reconstruction = re-building same size structure on same site



ELIGIBLE MULTIFAMILY RENTAL ACTIVITIES

- Project ownership can be public or private
- Mixed-use buildings are allowed
 - Can pay for both commercial and residential
- Mixed-income units are also possible
- Special needs projects are allowed
 - SRO & transitional housing
- Facilities for persons with special needs are not technically “housing”, but are public facilities
 - Not subject to new construction ban
 - Must be owned by public agency or nonprofit

CDBG-CV MULTIFAMILY HOUSING REHABILITATION

- On April 30, 2021, the following guidance was issued as a part of the CDBG-CV approaches with PPR tieback:
- Rehabilitation/reconstruction of privately-owned multifamily rental housing by addressing living conditions (such as mold, lead-based paint, and poor ventilation) associated with more severe coronavirus disease or poorer post-COVID health outcomes.

HOME PURCHASE ELIGIBLE ACTIVITIES

- Two ways to approach home purchase activities:
 - Assistance to homebuyers
 - Development assistance



- Eligible activities for assistance to homebuyers:
 - As direct homeownership assistance
 - as a public service activity (subject to cap)

HOME PURCHASE ELIGIBLE ACTIVITIES (cont)

- Direct homeownership assistance may include:
 - Up to 50% of required downpayment
 - Payment of reasonable closing costs
 - Principal write-down
 - Acquisition financing for LMI buyers occupying the housing
 - Acquisition of mortgages guarantees & PMI
- As public service, downpayment assistance only is eligible
- Individual Development Accounts (IDAs)
 - Dedicated savings accounts
 - Use program funds as match to owner's contribution
 - Can deposit funds in IDA if family eligible

HOME PURCHASE ELIGIBLE ACTIVITIES (CONT.)

- Development assistance for homeownership
 - Acquisition with rehabilitation
 - Activities supporting creation of new homeowner units by developers:
 - Acquisition (if nonprofit/public developer)
 - Infrastructure (if public ownership)
 - Clearance and demolition

CDBG NEW HOUSING CONSTRUCTION

- CDBG cannot generally be used to construct housing
 - Exception for housing of last resort under URA
 - Exception for CBDOs (Section 105(a)(15) for states)
 - Exception for special needs facilities (considered public facilities)
- CDBG can be used to *support* new construction
 - Acquisition and disposition
 - Site clearance and assemblage
 - Site improvements

CDBG-CV NEW HOUSING CONSTRUCTION

- CDBG-CV may only be used for new housing if it responds to residential over-crowding associated with coronavirus spread and with more severe coronavirus disease and poorer post-COVID health as part of a neighborhood revitalization project carried out by a Community Based Development Organization (CBDO).

HOUSING SERVICES

- Housing services, such as housing information and referral services may be eligible as:
 - A public service activity
 - Part of another CDBG activity (program delivery) OR
 - A separate activity when activities linked to HOME Program activities (HOME income limits apply)
- As a public service, housing services may fit under Area Benefit or Limited Clientele of Low/Mod National Objective
- As part of CDBG or HOME housing activity, housing services must qualify under the Low/Mod Housing National Objective

OTHER REAL PROPERTY ACTIVITIES

- Acquisition possible when it meets a national objective based on end use.
- Acquisition of property for housing may be carried out with CDBG-CV funds if it responds to residential overcrowding associated with coronavirus spread and with more severe coronavirus disease and poorer post-COVID health outcomes.
- Disposition involves selling property assisted with CDBG
 - Can pay for transfer costs such as legal docs or preparation of legal documents, as well as maintenance and marketing
- Clearance is site clean-up or demolition.

CODE ENFORCEMENT ACTIVITIES

- Costs for code enforcement eligible if:
 - Enforcement takes place in a deteriorated or deteriorating area
 - Enforcement is accompanied by public or *private* improvements or services
- Eligible costs include:
 - Inspection (e.g., salaries and overhead)
 - Enforcement (e.g., salaries and legal costs)
- Costs of correcting violations not eligible as code enforcement, but may be eligible as rehab



CODE ENFORCEMENT (CONT.)

- Typically use Low/Mod Area Benefit
 - Area must contain 51% low/mod persons and
 - Area must also be considered deteriorated/deteriorating in accordance with state/local law definition OR meet the standards at 24 CFR 570.208(b)(1) to be considered deteriorated/deteriorating.
- May also use Slum/Blight Area Basis
 - Area must meet qualifying requirements
 - Activity must address slum/blight conditions

CDBG ELIGIBLE LEAD-BASED PAINT ACTIVITIES

- Costs for evaluation and reduction of lead hazards in housing
 - Inspection
 - Testing of surfaces
 - Abatement
 - Relocation
- Lead paint evaluation and reduction is eligible as an independent activity even when buildings are not scheduled for rehabilitation.

CDBG-CV ELIGIBLE LEAD-BASED PAINT ACTIVITIES

- For CDBG-CV, grantees are allowed to make emergency grant payments for rent/mortgage for up to six consecutive months.
- When emergency grant assistance for rent/mortgage is provided for more than 100 days, the lead-based paint requirements at 24 CFR 35.115(a)(11) are triggered.
- The 100-day emergency grace period begins at the time of payment going forward. Once the assistance period reaches 100 days, a visual lead-based paint inspection is required.

HISTORIC PRESERVATION ACTIVITIES

- Funds may be used for preservation, rehabilitation, or restoration of historic properties – public or private
- Historic properties include those:
 - Listed or eligible to be listed in the National Register of Historic Places
 - Listed in a State or local inventory of historic places
 - Designated as a State or local landmark or historic district by appropriate law or ordinance

RENOVATION OF CLOSED BUILDINGS – CDBG-CV

- CDBG-CV funds may be used to convert public and commercial buildings into housing and acquire property for housing by addressing residential overcrowding associated with coronavirus spread and with more severe coronavirus disease and poorer post-COVID health outcomes.

INELIGIBLE HOUSING ACTIVITIES

- New construction, unless carried out by a CBDO.
- Direct mortgage guarantees – ex: mortgage insurance
- Purchase of construction equipment
- Mortgage or utility payments, except:
 - In an emergency, grantee can provide up to 3 consecutive months, with payments made to service provider
 - When provided as a loan
 - When provided by CBDO as part of CBDO project