

CHAPTER 5: OTHER REAL PROPERTY IMPROVEMENTS



CHAPTER PURPOSE & CONTENTS

This chapter provides a brief overview of additional types of real property improvement activities that are CDBG-eligible. The chapter explains how these activities meet one of the national objectives and describes the forms that assistance may take.

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5.1 Acquisition

- ✓ Acquisition refers to the purchase of real property. An example of an acquisition activity is the purchase of a building to be converted into a shelter for the homeless, or the purchase of land in a LMI residential neighborhood to be used as a park.
- ✓ Acquisition can also occur under other eligibility categories, such as rehabilitation or economic development, depending on the type of real property as well as its use.
- ✓ The following is a summary of the topics in this section, applicable statutory and regulatory cites, and other reference materials available from HUD.

| | |
|--|---|
| Key Topics in This Section | <ul style="list-style-type: none"> ✓ Eligible acquisition activities ✓ Ineligible acquisition activities ✓ Documenting national objective for acquisition activities |
| Regulatory/Statutory Citations | Section 101(c), Section 104(c), Section 105(a)(1), Section 105(c) §570.201(a), §507.207 |
| Other Reference Materials on This Topic | <ul style="list-style-type: none"> ✓ CDBG Guide to National Objectives and Eligible Activities <ul style="list-style-type: none"> ♦ Chapter 1, Chapter 2 |

5.1.1 Eligible Activities

- ✓ CDBG funds may be used to acquire real property either in whole, or in part by purchase, long-term lease, donation, or otherwise for any public purpose. CDBG funds may be used under this category by the grantee; a public agency; a public nonprofit entity, or a private nonprofit entity.
- ✓ Real property to be acquired may include, but is not limited to:
 - Land;
 - Air rights;
 - Easements;
 - Water rights;
 - Rights-of-way; and
 - Buildings and other real property improvements.
- ✓ CDBG funds may be used to pay for the cost of surveys to identify the property to be acquired, appraisals, the preparation of legal documents, recordation fees, and other costs that are necessary to the acquisition process.



5.1.2 Ineligible Activities

- ✓ The following activities are **not** eligible to be funded under this category:
 - The costs of moveable equipment, furnishings, or machinery if this is the principal purpose of the activity because these items are not real property;
 - Acquisition of property which is then expected to be donated or sold at less than the purchase price to the same entity that purchased the property because this is not considered a legitimate change of ownership;
 - Acquisition of newly-constructed housing or an interest in the construction of new housing.

5.1.3 Documenting the National Objective

- ✓ Acquisition may qualify under each of the three national objectives. Documenting an acquisition activity as one of the CDBG national objectives depends entirely on the actual use of the acquired real property. The planned use of the acquired property may be used to make a preliminary determination of compliance with a national objective, though the final determination must be made based on the actual use of the property.
- ✓ For example, when the acquisition is for the purpose of clearance that will eliminate specific conditions of blight or physical decay, the clearance activity may be considered the actual use of the property. Any subsequent use or disposition of the cleared property must be treated as a “change of use” under 570.503(b) or 570.505, as applicable. Though if, for example, the property is to be acquired for general purpose, such as a planned housing activity, but the specific project is not yet identified, the grantee must document the intended use of the property; the national objective expected to be met; and make a written commitment to use the property only for a specific project under that general use that will meet the specific national objective.
- ✓ Acquisition may qualify under each of the national objectives as outlined below. For more detailed information about the national objectives, please refer to that chapter of this manual.

LMI National Objective

- ✓ Acquisition may qualify under the area benefit category if the property will be used for an activity that benefits the residents of a primarily residential area and at least 51% of those residents are LMI households.
- ✓ Acquisition may qualify under the limited clientele category if the real property acquired will be used for an activity that benefits a specific group of people, at least 51% of whom are LMI persons.
- ✓ Acquisition may qualify under the Housing category if the property will be used for housing to be occupied by LMI persons.
- ✓ Lastly, if the property acquired is to be used for an economic development project that will create or retain permanent jobs and at least 51% of those jobs will benefit LMI persons, the acquisition qualifies under the jobs category.

Slum/Blight National Objective

- ✓ Acquisition may qualify under the Slum or Blighted Area category if the acquired real property is in an area designated by the grantee as a slum or blighted area, and the property



will be used in a manner which addresses one or more of the conditions which contributed to the deterioration of the area.

- ✓ Acquisition may qualify under the Spot Blight category if the acquired property is located outside a designated slum or blighted area and the acquisition is required for clearance which will eliminate specific conditions of blight or physical decay on a spot basis.
- ✓ Finally, acquisition may qualify under the Urban Renewal Completion category if the property is located within an urban renewal project area or a Neighborhood Development Program action area designated under Title 1 of the Housing Act of 1949 and the acquisition is necessary to complete the urban renewal plan.

Urgent Need National Objective

- ✓ Acquisition may qualify under the Urgent Need category if the acquisition is part of an activity designated to alleviate existing conditions and the grantee certifies that those conditions are a serious and immediate threat to the health or welfare of the community, they are of recent origin or recently became urgent, the grantee is unable to finance the activity on its own, and other sources of funds are not available.

5.2 Disposition

Disposition refers to the sale, lease, and donation of real property. When grantees choose to dispose of real property acquired with CDBG funds, costs associated with the disposition are CDBG-eligible. The following is a summary of the topics in this section, applicable statutory and regulatory cites, and other reference materials available from HUD.

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|--|---|
| Key Topics in This Section | <ul style="list-style-type: none"> ✓ Eligible disposition activities ✓ Documenting national objective for disposition activities |
| Regulatory/Statutory Citations | Section 101(c), Section 104(b), Section 105(a)(7), Section 105(c) §570.201(b) |
| Other Reference Materials on This Topic | <ul style="list-style-type: none"> ✓ CDBG Guide to National Objectives and Eligible Activities <ul style="list-style-type: none"> ♦ Chapter 2, Chapter 3 |

5.2.1 Eligible Activities

- ✓ CDBG funds may be used to pay the costs associated with the disposition of real property acquired with CDBG funds through sale, lease, donation, or other means, including its disposition at less than fair market value if the property will be used to meet a national objective of the CDBG program.
- ✓ Disposition costs may include:
 - Preparation of legal documents;
 - Surveys;
 - Marketing;
 - Financial services;
 - The transfer of taxes;



- Other costs involved in the transfer of ownership; and
- Reasonable costs of temporarily managing property with CDBG funds or acquired under urban renewal until final disposition is made. Costs of long-term management of properties for which there are no plans for disposition in the near future are not CDBG-eligible.

5.2.2 Documenting the National Objective

- ✓ For disposition costs to be eligible, the use of the CDBG-acquired property after disposition must meet a national objective of the CDBG Program.
- ✓ When property is disposed of for the same purpose for which it was acquired, the costs of the disposition meet the same national objective under which the property was acquired.
- ✓ If the property is being disposed of for a different purpose than that for which it was acquired, the disposition activity falls under the national objective that will be met by the new use of the property.

5.3 Clearance

Clearance activities are usually related to demolishing structures or preparing a site for development. An example of this would be the demolition of a dilapidated structure in a LMI residential neighborhood from the site on which a neighborhood center will be built. As in this example, and in general, clearance activities often go hand-in-hand with other CDBG-eligible activities. The following is a summary of the topics in this section, applicable statutory and regulatory cites, and other reference materials available from HUD.

| | |
|--|---|
| Key Topics in This Section | <ul style="list-style-type: none"> ✓ Eligible clearance activities ✓ Documenting national objective for clearance activities |
| Regulatory/Statutory Citations | Section 101(c), Section 104(b), Section 105(a)(4), Section 105(c) §570.201(d) |
| Other Reference Materials on This Topic | <ul style="list-style-type: none"> ✓ CDBG Guide to National Objectives and Eligible Activities <ul style="list-style-type: none"> ♦ Chapter 2, Chapter 3 |

5.3.1 Eligible Activities

- ✓ The following clearance activities are eligible under the CDBG Program:
 - Demolition of buildings and improvements;
 - Removal of demolition products, rubble, and other debris;
 - Physical removal of environmental contaminants or treatment of such contaminants to render them harmless; and
 - Movement of structures to other sites.



5.3.2 Documenting the National Objective

LMI National Objective

- ✓ Clearance may qualify under the Area Benefit category if the cleared property will be used for a purpose that benefits the residents of a primarily residential area and at least 51% of those residents are LMI persons.
- ✓ Clearance may qualify under the Limited Clientele category if the cleared property will be used for an activity that benefits a specific group of people, at least 51% of whom are LMI persons.
- ✓ Clearance may qualify under the Housing category if the cleared property will be used for housing to be occupied by LMI households.
- ✓ Lastly, if the cleared property is part of an activity that will create or retain permanent jobs and at least 51% of those jobs will benefit LMI, the acquisition may qualify under the Jobs category.

Slum/Blight National Objective

- ✓ Clearance may qualify under the Slum or Blighted Area category if the clearance activities are in an area designated by the grantee as a slum or blighted area and address one or more of the conditions which contributed to the deterioration of the area.
- ✓ Clearance may qualify under the Spot Blight category if the activity eliminates specific conditions of blight or physical decay on a spot basis not located in a designated slum/blight area.
- ✓ Finally, clearance may qualify under the Urban Renewal Completion category if the activities are located within an urban renewal project area or a Neighborhood Development Program action area designated under Title 1 of the Housing Act of 1949 and the clearance is necessary to complete the Urban Renewal Plan.

Urgent Need National Objective

- ✓ Clearance may qualify under this national objective if the clearance is part of an activity designated to alleviate existing conditions and the grantee certifies that those conditions are a serious and immediate threat to the health or welfare of the community, they are of recent origin or recently became urgent, the grantee is unable to finance the activity on its own, and other sources of funds are not available.



5.4 Tax Foreclosed Housing (In Rem)

This section outlines activities that are eligible and ineligible in-rem housing activities under the CDBG program. The following is a summary of the topics in this section, applicable statutory and regulatory citations, and other reference materials available from HUD.

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|--|---|
| Key Topics in This Section | ✓ Eligible In-Rem Housing Activities |
| Regulatory/Statutory Citations | Section 101(c), Section 104(b), Section 105(a)(23), Section 105(c) |
| Other Reference Materials on This Topic | ✓ CDBG Guide to National Objectives and Eligible Activities ♦ Chapter 2, Chapter 3 |

5.4.1 Eligible Activities

- ✓ CDBG funds may be used to assist housing units acquired through tax foreclosure proceedings.
- ✓ To prevent abandonment and deterioration of such housing in primarily LMI neighborhoods CDBG funds may be used in the following ways:
 - To make essential repairs; and
 - To cover operating expenses needed to maintain habitability.

5.4.2 National Objectives

LMI Benefit National Objective

- ✓ Since these expenses are limited to housing located in primarily LMI neighborhoods, the LMI Benefit national objective is to be met through the Area Benefit subcategory. Even though these are housing activities, the requirement that occupancy by LMI households must be demonstrated does not apply.

Slum/Blight National Objective

- ✓ Where the criteria could be demonstrated, the grantee may also qualify activities under the Slum/Blight national objective.



5.5 Code Enforcement

Code enforcement refers to the payment of salaries and overhead costs that are directly related to state and/or local code enforcement. The following is a summary of the topics in this section, applicable statutory and regulatory cites, and other reference materials available from HUD.

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|--|--|
| Key Topics in This Section | <ul style="list-style-type: none"> ✓ Eligible code enforcement activities ✓ Ineligible code enforcement activities ✓ Documenting national objective for code enforcement activities |
| Regulatory/Statutory Citations | Section 101(c), Section 104(b), Section 105(a)(3), Section 105(c) §570.202(c), §570.207 |
| Other Reference Materials on This Topic | <ul style="list-style-type: none"> ✓ CDBG Guide to National Objectives and Eligible Activities <ul style="list-style-type: none"> ♦ Chapter 2, Chapter 3 |

5.5.1 Eligible and Ineligible Activities

Eligible Activities

- ✓ The costs incurred for code enforcement efforts are an eligible expense under CDBG provided that:
 - The enforcement takes place in deteriorated or deteriorating area(s); and
 - The enforcement effort is accompanied by public or private improvements or services (e.g., a homeowner rehab program) and can be expected to arrest the decline of the area(s).
- ✓ Eligible costs under code enforcement include:
 - Costs incurred for inspections for code violations (including salaries and overhead); and
 - The enforcement of code requirements (including salaries, overhead and legal proceedings).
- ✓ Both residential and commercial structures may be included in the code enforcement effort.

Ineligible Activities

- ✓ The costs associated with inspections for the purpose of processing applications for rehabilitation assistance and overseeing such rehabilitation are not eligible under Code Enforcement. Costs associated with these activities may be eligible under other CDBG eligibility categories.
- ✓ The costs associated with correcting the code violations identified during inspections are not eligible under this activity; however, these costs may be eligible under other CDBG eligible activity categories such as rehabilitation activities.



5.5.2 Documenting the National Objective

LMI National Objective

- ✓ Code enforcement activities may meet the LMI national objective under the area benefit category if they take place in a deteriorated or deteriorating area delineated by the grantee that is primarily residential containing at least 51 percent LMI persons and the code enforcement, along with other activities, may be expected to stop the decline of the area.

Slum/Blight National Objective

- ✓ Code enforcement may qualify under the Slum or Blighted Area category if targeted at a designated slum or blighted area and is designed to address one or more of the conditions which contributed to the deterioration of the area.
- ✓ Code enforcement may qualify under the Urban Renewal Completion category if necessary to complete the urban renewal plan.

Urgent Need National Objective

- ✓ Though infrequent, it is possible for code enforcement to qualify under the Urgent Need national objective if the following conditions are met:
 - The activity is targeted at a deteriorated or deteriorating area;
 - The code enforcement activity, together with public or private improvements, rehabilitation, and services to be provided, may be expected to stop the decline of the area; and
 - The grantee can certify that the existing conditions which the code enforcement is designed to alleviate pose a serious and immediate threat to the community, they are recent or recently became urgent, the grantee is unable to finance the activity, and other sources of funds are not available.



5.6 Lead-Based Paint Hazard Evaluation and Reduction

This category encompasses costs associated with the evaluation and abatement of lead-based paint hazards. The following is a summary of the topics in this section, applicable statutory and regulatory cites, and other reference materials available from HUD.

| | |
|--|---|
| Key Topics in This Section | <ul style="list-style-type: none"> ✓ Eligible lead-based paint activities ✓ Documenting national objective for lead-based paint activities |
| Regulatory/Statutory Citations | Section 101(c), Section 104(b), Section 105(a)(25), Section 105(c) §570.202(f) |
| Other Reference Materials on This Topic | <ul style="list-style-type: none"> ✓ CDBG Guide to National Objectives and Eligible Activities <ul style="list-style-type: none"> ♦ Chapter 2, Chapter 3 |

5.6.1 Eligible Activities

- ✓ The costs associated with the evaluation and reduction of lead-based paint hazards are eligible expenses under CDBG whether undertaken alone or in conjunction with other rehabilitation. Lead-based paint evaluation and abatement can either be completed as its own activity, or may be CDBG-eligible as part of a rehabilitation activity.
- ✓ Typically these expenses might include:
 - Inspecting buildings for possible lead-based paint hazards;
 - Testing surfaces to see if they contain-lead based paint;
 - The abatement of lead hazards; and
 - Payment of temporary relocation costs to protect residents from hazards while abatement work is taking place.

5.6.2 Documenting the National Objective

LMI National Objective

- ✓ Lead-based paint hazard evaluation and reduction activities may qualify under the Housing category of the LMI Benefit national objective.
 - In order to provide these activities for homeownership units, the residents of the units must be LMI.
 - For rental units the following conditions must be met:
 - Rents must be set at levels, which are affordable to LMI persons. Grantees must adopt standards for determining “affordable rents”.
 - The general rule is that 51 percent of the units in each assisted structure are to be occupied by LMI households. There are two exceptions: NRSA “aggregation” and CDFI “aggregation.”



- ✓ Single unit properties must be occupied by a LMI household. In structures with two units, at least one must be occupied by a LMI household. For properties with three or more units, at least 51 percent must be occupied by LMI households.

Slum/Blight National Objective

- ✓ If a lead-paint activity does not directly benefit LMI persons, it may qualify under the Slum/Blight national objective. However, the use of this category should be limited due to the fact that grantees must ensure that 70 percent of CDBG expenditures benefit LMI persons.
 - The requirements for meeting the Slum/Blight national objective under the Area Basis category include:
 - The area delineated by the grantee in which the activity occurs meets a definition of a slum, blighted, deteriorated or deteriorating area under state or local law;
 - In addition, at least 25 percent of properties throughout the area experience one or more conditions identified at § 570.208(b)(1)(ii)(A) or the public improvements throughout the area are in a general state of deterioration; and
 - The activity addresses one or more of the conditions, which contribute or contributed to the deterioration of the area. Caution: lead-based paint activity meets this requirement only if the building to be rehabilitated is considered substandard under local definition (at least Section 8 Housing Quality Standards). In addition, if non-critical items will be addressed through the rehabilitation, then all deficiencies making the building substandard must be eliminated. Thus, a program that involved only the evaluation and not the reduction of lead hazards would not qualify under the Area Slum/Blight category.
 - Lead-paint activities must be undertaken as part of an eligible rehabilitation activity in order to qualify under the Spot Slum/Blight national objective (because only acquisition, clearance, rehabilitation, relocation, brownfields and historic preservation are eligible under Spot Slum/Blight).



5.7 Historic Preservation

The preservation and restoration of publicly and privately owned properties of historical significance are generally eligible under CDBG. The following is a summary of the topics in this section, applicable statutory and regulatory cites, and other reference materials available from HUD.

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| Key Topics in This Section | <ul style="list-style-type: none"> ✓ Eligible historic preservation activities ✓ Ineligible historic preservation activities ✓ Documenting national objective for historic preservation activities |
| Regulatory/Statutory Citations | Section 101(c), Section 104(b), Section 105(a)(1), Section 105(a)(4), Section 105(c) §570.201, §570.202(d), §570.207 |
| Other Reference Materials on This Topic | <ul style="list-style-type: none"> ✓ CDBG Guide to National Objectives and Eligible Activities <ul style="list-style-type: none"> ♦ Chapter 2, Chapter 3 |

5.7.1 Eligible and Ineligible Activities

Eligible Activities

- ✓ CDBG funds may be used for the preservation, rehabilitation or restoration of historic properties.
- ✓ Both publicly and privately owned properties are eligible, as are both commercial and residential properties.
- ✓ Historic properties are those sites or structures which are:
 - Listed or eligible to be listed in the National Register of Historic Places;
 - Listed in a State or local inventory of historic places; or
 - Designated as a State or local landmark or historic district by appropriate law or ordinance.
- ✓ Typical eligible costs include:
 - Historic preservation studies and plans;
 - Acquisition assistance to private individuals and entities, if the acquired property is to be used for residential purposes after rehabilitation;
 - The actual costs of rehabilitating, restoring or preserving the property; and
 - The cost of temporarily relocating residents while preservation work is performed.
- ✓ Additional eligible costs may include costs required by a State Historic Preservation Officer to permit the use of a historic structure for the public or private purposes intended.



- ✓ The National Historic Preservation Act of 1996 established a detailed list of procedures for actions involving historic structures. Prior to conducting any type of historic preservation activities, grantees should contact their State Historic Preservations Officer (SHPO) to ensure compliance with the 1996 Act and other relevant statutes.

Ineligible Activities

- ✓ Historic preservation of buildings used for the general conduct of government is not eligible under CDBG.

5.7.2 Documenting the National Objective

- ✓ Documenting that historic preservation meets a national objective can be accomplished in different ways depending on whether the property is a residential or non-residential structure.

LMI National Objective

- ✓ Residential properties can qualify under the Housing category of the LMI Benefit national objective, if the criteria for occupancy by LMI households and affordability (for rental housing) are met.
- ✓ Non-residential properties may qualify under the Area Benefit, Limited Clientele, or Job Creation/ Retention category of the LMI national objective.
 - To qualify under the Area Benefit category, the historic structure (such as a building used as a neighborhood center) must benefit all residents of an area that is primarily residential and at least 51 percent of the residents are LMI.
 - To qualify under the Limited Clientele category, the property must benefit a specific targeted group of persons of which at least 51 percent must be LMI. This can be achieved by meeting one of the following criteria:
 - Having documentation and data concerning beneficiary family size and income to show that at least 51 percent are LMI;
 - Having income-eligibility requirements which limit the service to persons meeting the LMI income requirement, as evidenced by the administering agency's procedures, intake/application forms and other sources of documentation;
 - Serving a group primarily presumed to be LMI such as abused children, battered spouses, elderly persons, severely disabled adults, homeless persons, illiterate adults, persons living with AIDS and migrant farm workers; or
 - Being of such a nature and in a location that it may be concluded that the activity's clientele are LMI.
 - Public facilities such as homeless shelters or group homes for persons with special needs are just two examples of public facilities that may qualify under the Limited Clientele category. The populations served by these facilities serve populations that are presumed to be LMI.



- To qualify under the job creation/retention category, the historic preservation must create or retain permanent jobs, at least 51 percent of which (computed on a full-time equivalent basis) will be made available to or held by LMI persons.
 - Qualifying a historic preservation project under this set of criteria is extremely unlikely. One possible scenario involves the restoration of a historic structure (e.g., theatre), which will lead to the creation of jobs, which will be available to LMI.

Slum/Blight National Objective

- ✓ Historic preservation activities may meet the Slum/Blight National objective under the Area Basis, Spot Basis, or Urban Renewal category.
 - The requirements for meeting the Area Basis category include:
 - The area delineated by the grantee in which the activity occurs meets a definition of a slum, blighted, deteriorated or deteriorating area under state or local law;
 - At least 25 percent of the properties throughout the area evidence one or more of the conditions identified at 570.208(b)(1)(ii)(A) or the public improvements are in a general state of deterioration; and
 - The activity addresses one or more of the conditions, which contribute or contributed to the deterioration of the area.
 - To meet the Slum/Blight national objective under the Spot Basis category the historic preservation must eliminate *specific* conditions of blight or physical decay not in a slum or blighted area (i.e., not in an area meeting the Area Basis category).
 - To meet the Slum/Blight National Objective under the Urban Renewal category:
 - The activities must be located within an urban renewal project area or Neighborhood Development Program (NDP) action area and be necessary to complete the urban renewal plan; and
 - A copy of the Urban Renewal Plan in effect at the time the activity is carried out, including maps and supporting documentation must be maintained for record keeping purposes.



5.8 Renovation of Closed Buildings

This eligibility category generally refers to the renovation of closed buildings for use as an eligible public facility as well as both residential and commercial facilities. The following is a summary of the topics in this section, applicable statutory and regulatory cites, and other reference materials available from HUD.

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|--|--|
| Key Topics in This Section | <ul style="list-style-type: none"> ✓ Eligible activities ✓ Ineligible activities ✓ Documenting national objective for renovation of closed buildings activities |
| Regulatory/Statutory Citations | Section 101(c), Section 104(b), Section 105(a)(4), Section 105(c) §570.202(e), §570.207 |
| Other Reference Materials on This Topic | <ul style="list-style-type: none"> ✓ CDBG Guide to National Objectives and Eligible Activities <ul style="list-style-type: none"> ◆ Chapter 2, Chapter 3 |

5.8.1 Eligible and Ineligible Activities

Eligible Activities

- ✓ CDBG funds may be used to fund the renovation of closed buildings, such as closed school buildings, for use as an eligible public facility. Funds may also be used to rehabilitate and convert closed buildings for residential uses.

Ineligible Activities

- ✓ The following activities are not eligible to be funded by CDBG:
 - The costs of equipment, furnishings, or other personal property that are not integral structural fixtures, such as a window air conditioner or a clothes washer;
 - The installation of luxury items; and
 - The creation of a secondary housing unit attached to a primary unit.

5.8.2 Documenting the National Objective

LMI National Objective

- ✓ The renovation may qualify under the Area Benefit category if, after the renovation is complete, the property will be used for an activity that benefits the residents of a primarily residential area and at least 51% of those residents are LMI persons.
- ✓ Renovation may qualify under the Housing category if, after the renovation and rehabilitation is complete, the property will be used for housing to be occupied by LMI households.
- ✓ Lastly, if a closed building renovated as a public facility will create or retain permanent jobs and at least 51% of those jobs will benefit LMI persons, the renovation qualifies under the Jobs category.



Slum/Blight National Objective

- ✓ Renovation of a closing building as a residential property may qualify under the Slum or Blighted Area category if:
 - The structure is located in a designated slum or blighted area;
 - The structure is considered substandard;
 - All deficiencies making the structure substandard are corrected before less critical work is undertaken; and
 - The activity addresses one or more of the conditions that contributed to the deterioration of the area.
- ✓ Renovation of a closed building as a public facility may qualify under the Slum or Blighted Area category if:
 - The structure is located in a designated slum or blighted area; and
 - The activity addresses one or more of the conditions that contributed to the deterioration of the area.
- ✓ Additionally, renovation of a closed building may qualify under the Urban Renewal Completion category if the property is located within an urban renewal area and the activity is necessary to complete the Urban Renewal plan then in effect.

Urgent Need National Objective

- ✓ Renovation of a closed building may qualify under this national objective if it is part of an activity designated to alleviate existing conditions and the grantee certifies that those conditions are a serious and immediate threat to the health or welfare of the community, they are of recent origin or recently became urgent, the grantee is unable to finance the activity on its own, and other sources of funds are not available.

5.9 Handicapped Accessibility

This section outlines activities that are eligible and ineligible handicapped accessibility activities under the CDBG program. The following is a summary of the topics in this section, applicable statutory and regulatory citations, and other reference materials available from HUD.

| | |
|--|---|
| Key Topics in This Section | ✓ Eligible handicapped access activities |
| Regulatory/Statutory Citations | Section 101(c), Section 104(b), Section 105(a)(5), Section 105(c), §570.201, §570.202, §570.203 |
| Other Reference Materials on This Topic | ✓ CDBG Guide to National Objectives and Eligible Activities ♦ Chapter 2 |

5.9.1 Eligible Activities

- ✓ CDBG funds may be used for the removal of material and architectural barriers that restrict the accessibility or mobility of elderly or handicapped persons.



- When carried out on residential, commercial or industrial properties, this type of work is considered rehabilitation under that eligibility category (570.202).
- When carried out on other type of property, the accessibility improvements are part of the activity being carried out (e.g., accessibility improvements to a public facility would be eligible as a public facility activity).

5.9.2 National Objectives

LMI Benefit National Objective

- ✓ If costs are restricted to the removal of material and architectural barriers, to the extent practical, such activities qualify under the LMI Income Limited Clientele benefit when:
 - The reconstruction of a public facility or improvement, or portion thereof, does not meet the standard to qualify for LMI Income Benefit under Area Benefit;
 - The rehabilitation of a privately owned nonresidential building or improvement does not meet the standard for LMI Income Benefit under Area Benefit or Jobs; or
 - The rehabilitation of the common areas of a residential structure that contains more than one dwelling unit and does not meet the standard for LMI Income Benefit under Housing.
- ✓ If the new construction of a public facility or improvement cannot meet a national objective, then the features that are required in such construction in order to provide for handicapped accessibility also cannot meet a national objective.

5.10 Energy Efficiency

This section outlines energy efficiency activities that are eligible under CDBG.

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| Key Topics in This Section | ✓ Eligible energy efficiency activities |
| Regulatory/Statutory Citations | Section 101(c), Section 104(b), Section 105(a)(2), Section 105(a)(8), Section 105(a)(16), Section 105(c) §570.201(c), §570.201(e), §570.202, §570.205 |
| Other Reference Materials on This Topic | ✓ CDBG Guide to National Objectives and Eligible Activities ♦ Chapter 2 |

5.10.1 Eligible Activities

- ✓ CDBG funds can be used for a wide range of eligible energy activities. The list is long and flexible. For example, you can
 - Weatherize a home or apartment building;
 - Install solar and wind equipment;
 - Finance energy-efficient rehabilitation;
 - Establish energy standards, including recognition of the use of energy star for appliances and buildings;



- Provide free audits and home energy ratings, free materials for insulation and other services;
 - Pay the cost of getting an Energy Star rating;
 - Produce energy from many sources, including hydroelectric, geothermal, biomass for gasohol, burning municipal waste, tapping methane gas from landfills;
 - Distribute energy through district heating and cooling systems and cogeneration (combined heat and power);
 - Prepare comprehensive community energy use strategies. These strategies may describe energy use, project demand and analyze options for conserving scarce fuels. They may outline how neighborhood revitalization and economic development strategies will support energy conservation, how energy conservation will be integrated into local government operations, and other activities the community determines will help meet its energy goals.
- ✓ Please note that weatherization and/ or installation of Energy Star light bulbs or appliances does not make a unit Energy Star certified.

5.10.2 National Objectives

- ✓ The national objective for energy efficiency activities depends upon the type of activity undertaken. Please refer to the applicable eligible activity chapters for more information on the national objective options.

5.11 **Brownfields**

This section outlines brownfields remediation and revitalization activities that are eligible under CDBG.

| | |
|--|---|
| Key Topics in This Section | ✓ Eligible brownfields activities |
| Regulatory/Statutory Citations | Section 101(c), Section 104(b), Section 205 of the FY 1999 HUD Appropriations Act, Section 105(c) §570.201(d) and §570.703(e) |
| Other Reference Materials on This Topic | ✓ CDBG Guide to National Objectives and Eligible Activities ♦ Chapter 2 |

5.11.1 Eligible Activities

- ✓ In the 1999 HUD Appropriations Act, Congress explicitly stated the eligibility of environmental clean-up and economic development activities for brownfields.
- ✓ In a 2006 Final Rule, HUD added project-specific assessment and remediation of known or suspected environmentally contaminated sites to the list of eligible activities under §§ 570.201(d) and 570.703(e), which address brownfields activities.



5.11.2 National Objectives

- ✓ The national objective for brownfields activities depends upon the type of activity undertaken. Please refer to the applicable eligible activity chapters for more information on the national objective options.
- ✓ Note that HUD expanded the “slums or blight” national objective criteria in 2006 to include known and suspected environmental contamination as blighting influences. As evidence of blighting influences, HUD will accept signs of economic disinvestment, such as property abandonment, chronic high turnover rates; or chronic high vacancy rates in occupancy of commercial or industrial buildings; and significant declines in property values.
- ✓ HUD also changed the definitions required to substantiate how the area met the “slums or blight” criteria. Specifically, grantees would be required to define deteriorating or deteriorated buildings or improvements, abandonment of properties, chronic high turnover rates, chronic high vacancy rates, significant declines in property values, abnormally low property values, and environmental contamination. At least 25 percent of the properties in the designated area meet one or more of these conditions and the “slums or blight” designation for the area must be re-determined every 10 years.



5.12 Summary of National Objective Options for Other Real Property Improvements

- ✓ All CDBG activities must meet a national objective in order to be eligible to use CDBG funds.
- ✓ The following chart summarizes the national objective options related to other real property activities. The text in each section above provides additional details for each specific type of activity. For a complete copy of the matrix codes and national objectives chart, please see the IDIS chapter of this manual.

| National Objective Codes (N = Not Allowed) | | | | | | | | | |
|--|--|------------|------------|------------|------------|------------|------------|------------|------------|
| <u>HUD Matrix Code</u> | <u>Activity</u> | <u>LMA</u> | <u>LMC</u> | <u>LMH</u> | <u>LMJ</u> | <u>SBA</u> | <u>SBS</u> | <u>SBR</u> | <u>URG</u> |
| 1 | Acquisition of Real Property | | | | | | | | |
| 2 | Disposition | | | | | | N | | |
| 4 | Clearance and Demolition | | | | | | | | |
| 04A | Cleanup of Contaminated Sites | | | | | | | | |
| 14F | Energy Efficiency Improvements | N | N | | N | | | | |
| 14I | Lead Based Paint/Hazards Test/Abatement | N | N | | N | | | | |
| 15 | Code Enforcement | | N | N | N | | N | | |
| 16A | Residential Historic Preservation | N | N | | N | | | | N |
| 16B | Non-Residential Historic Preservation | | | N | | | | | N |
| 19E | CDBG Operation and Repair of Foreclosed Property | | N | | N | N | N | N | N |