CHAPTER 9: OTHER ELIGIBLE ACTIVITIES

CHAPTER PURPOSE & CONTENTS

This chapter provides grantees with general information on other CDBG-eligible activities. The chapter covers:

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9.1 Interim Assistance

This section outlines activities that are eligible and ineligible interim assistance 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 Interim Assistance Activities
- Ineligible Activities

Regulatory/Statutory Citations
- Section 101(c), Section 104(b), Section 105(a)(4), Section 105(c) §570.201(f), §570.207

Other Reference Materials on This Topic
- Guide to National Objectives and Eligible Activities for Entitlement Communities
  - Chapter 2, Chapter 3

9.1.1 Eligible and Ineligible Activities

Eligible Activities
- CDBG funds may be used to provide interim assistance where:
  - Immediate action is necessary to stop physical deterioration until something permanent can be done; or
  - Emergency conditions threaten the public health and safety.
When immediate action is necessary to stop physical deterioration until something permanent can be done, certain activities are allowed on an interim or temporary basis. Under these circumstances:

- The grantee must determine that:
  - Immediate action is necessary to stop the deterioration; and
  - Permanent improvements will be carried out as soon as possible.
- Acceptable activities include:
  - Repairing streets, sidewalks, parks, playgrounds, publicly owned utilities and public buildings; and
  - Special garbage, trash, and debris removal, such as neighborhood cleanup campaigns.

Where emergency conditions threaten the public health and safety, some activities are allowed on an interim or temporary basis in order to alleviate the threatening conditions. Under these circumstances:

- The Chief Executive Officer of the grantee must determine that:
  - The situation is emergency in nature; and
  - The situation requires immediate attention.
- The following activities are allowed:
  - Repairing streets, sidewalks, publicly owned utilities and public buildings (but not parks and playgrounds);
  - Special garbage, trash, and debris removal, such as neighborhood cleanup campaigns;
  - The clearance of streets including snow removal and similar activities; and
  - The improvement of private properties.

Ineligible Activities

- Regular activities of local government, such as curbside collection of garbage or trash, are NOT eligible CDBG activities. However, a specially planned community trash or cleanup campaign may be an eligible CDBG activity under the interim assistance category.
- The repair of parks and playgrounds is not an eligible activity under alleviating emergency conditions threatening the public health and safety.

9.1.2 National Objectives

LMI Benefit National Objective

Interim assistance qualifies under the LMI area benefit national objective if the activities benefit all persons in a primarily residential area where at least 51% of persons (or less if the upper quartile applies) benefiting from the activities are LMI persons.
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Slum/Blight National Objective

✓ Interim assistance activities may qualify under the Slum/Blight Area national objective if the activities are carried out in a designated slum or blighted area or under the Slum/Blight spot national objective if the activity is outside of a designated Slum/Blight area and meets the criteria at 570.208(b)(2).

Urgent Needs National Objective

✓ Interim assistance activities may also qualify under the Urgent Needs national objective if the activities are designed to alleviate existing conditions (of recent origin or recent urgency) that the grantee certifies as posing a serious and immediate threat to the health or welfare of the community where the grantee is unable to finance the activity on its own and other sources of funds are not available.

9.2 Relocation

This section outlines activities that are eligible and ineligible relocation 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 Relocation Activities  
|                            | ✓ Ineligible Activities |
| Regulatory/Statutory Citations | Section 101(c), Section 104(b), Section 105(a)(11), Section 105(c)  
|                             | §570.201(i), |
| Other Reference Materials on This Topic | ✓ Guide to National Objectives and Eligible Activities for Entitlement Communities  
|                                            | • Chapter 2, Chapter 3 |

9.2.1 Eligible Activities

✓ CDBG funds may be used for relocation payments and other assistance to displaced persons, including:
- Individuals,
- Families,
- Businesses,
- Nonprofit organizations, and
- Farm operations.

✓ CDBG funds may be used for permanently and temporarily relocated persons where:
  - Required under the provisions of §570.606 of the regulations; or
  - Determined by the grantee to be appropriate under the provisions of §570.606(d).

✓ Grantees are required to comply with:
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- The Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (URA) (49 CFR part 24); and
- Section 104(d) and the residential antidisplacement and relocation assistance plan (24 CFR part 42, subpart B).

On an optional basis, grantees may use CDBG funds for relocation payments and assistance to persons displaced by an activity not subject to the requirements described above, including:
- Payments and other assistance for temporary relocation; and
- Payments and assistance at levels higher than those required.

Unless optional payments and assistance are made pursuant to State or local law, grantees may make such payments and assistance only after a written determination documents that such payments and assistance are appropriate. In addition, grantees must adopt a written policy, available to the public, stating the relocation payments and assistance it elects to provide. The written policy must also stipulate for equal payments for all displaced persons in similar circumstances.

9.2.2 National Objectives

The requirements of compliance with national objectives, with regard to relocation activities depend on the nature of the relocation assistance. Relocation assistance can be a required or voluntary activity, depending on the type of activity that prompts the need for relocation.

- Where relocation assistance is required by the Uniform Act or the CDBG statute, the relocation activity qualifies as meeting the LMI national objective only if the acquisition or rehabilitation that prompts the required relocation also qualifies under the LMI national objective.
- Where relocation assistance is voluntary, the initial activity causing the displacement and subsequent need for relocation is not required to meet the same national objective as the relocation itself. Relocation payments could meet a national objective based on the purpose of the re-use of the property or on the income of the recipients of the relocation assistance. The classification is the grantee’s discretion.

9.3 Loss of Rental Income

This section outlines activities that are eligible and ineligible rental income 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 Loss of Rental Income Activities  
|                           | ✓ Ineligible Activities
| Regulatory/Statutory Citations | Section 101(c), Section 104(b), Section 105(a)(6), Section 105(c) §570.201(j),
| Other Reference Materials on This Topic | ✓ Guide to National Objectives and Eligible Activities for Entitlement Communities  
|                           | • Chapter 2, Chapter 3
9.3.1 Eligible Activities

✓ CDBG funds may be used to compensate 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.

✓ According to statutory requirements related to displacement, certain replacement housing must be made available to displaced persons. If a displaced household requires a unique type of housing that is not widely available, it may be necessary for the grantee to hold an existing available unit for a short period until the displacement occurs.

9.3.2 National Objectives

✓ Compliance with national objectives of this activity is directly associated with the national objective(s) met by the related underlying relocation activity.

– If the activity resulting in the relocation assistance to the displaced household qualified on the basis of benefit to LMI persons, then paying the housing owners for losses incurred in holding units for those displaced persons also qualifies as benefiting LMI persons, even if the displaced household itself is not LMI.

– If the relocation assistance to displaced persons qualified under the Slum/Blight or Urgent Needs national objectives, then paying housing owners for losses incurred in holding units for those displaced persons also would qualify under Sum/Blight or Urgent Needs, as applicable.

9.4 Technical Assistance

This section outlines activities that are eligible and ineligible technical assistance 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.

<table>
<thead>
<tr>
<th>Key Topics in This Section</th>
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<td>• Chapter 2, Chapter 3</td>
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9.4.1 Eligible Activities

✓ CDBG funds may be used for the provision of technical assistance to public or nonprofit entities to increase the capacity of such entities to carry out eligible neighborhood revitalization or economic development activities.

– Prior to providing the assistance, grantees must determine:
  □ The eligibility of the activity for which the capacity is to be built; and
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- Whether it is likely that a national objective will be met once the public or nonprofit entity has received the technical assistance and undertakes the activity. This is especially important because the technical assistance will only meet a national objective IF the associated neighborhood revitalization or economic development activity will meet a national objective.

- Technical assistance activities that are related to building capacity for neighborhood revitalization and economic development are not subject to the 20% administrative cap.

- Capacity building for public or private entities (including grantees) for other purposes may be eligible under administration (subject to the 20% cap).

9.4.2 National Objectives

- Prior to providing the technical assistance, the grantee must determine that there is a reasonable expectation that a national objective can be met once the entity receiving the assistance undertakes the activity.

- To determine whether compliance with a national objective is a reasonable expectation, prior to funding the assistance, the grantee should review the following factors:
  - The nature of the organization receiving the assistance;
  - The type and eligibility of the activity to be carried out;
  - The location of the activity; and
  - The entities’ expected clientele.

9.5 Special Activities by CBDOs

This section outlines activities that are eligible and ineligible activities undertaken by a community based development organization (CBDO) under the CDBG program. The following is a summary of the topics in this section, applicable statutory and regulatory cites, and other reference materials available from HUD.

<table>
<thead>
<tr>
<th>Key Topics in This Section</th>
<th>Eligible CBDO Activities</th>
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<th>Guide to National Objectives and Eligible Activities for Entitlement Communities</th>
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<td>Chapter 2, Chapter 3</td>
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</table>

9.5.1 Eligible and Ineligible Activities

Eligible Activities

- Grantees may provide CDBG funds as grants or loans to qualified CBDOs (see Chapter 2 for a discussion of eligible CBDO entities) to carry out the following types of projects:
Chapter 9: Other Eligible Activities

- Neighborhood Revitalization: Includes activities of sufficient size and scope to have an impact on the decline of a geographic location within the jurisdiction of a unit of local government (but not the entire jurisdiction) designated in comprehensive plans, ordinances, or other local documents as a neighborhood, village, or similar geographic designation; or the entire jurisdiction of a unit of general local government which is under 25,000 population.

- Community Economic Development: Includes activities that increase economic opportunity, primarily for persons of LMI, or that stimulate or retain businesses or permanent jobs, including projects that include one or more such activities that are clearly needed to address the lack of affordable housing accessible to existing or planned jobs and those activities specified at 24 CFR 91.1(a)(1)(iii).

- Energy Conservation: Includes activities that address energy conservation, principally for the benefit of the residents of the grantee’s jurisdiction.

Ineligible Activities

✓ Special activities by CBDOs do not include:
  - Buildings for the general conduct of government, general government expenses, and political activities (activities described in §570.207(a) as ineligible).
  - Provision of public services that do not meet the requirements of §570.201(e), or that would exceed the dollar limitations described under §570.201(e)(1) and (2) unless the regulations otherwise provide that the services are exempt from the cost limitation. (Reference §570.204(b)(2))
  - Provision of assistance for special economic development activities (see §570.203) that do not comply with the Public Benefit requirements (see §570.209).
  - Planning and administrative activities (eligible under §570.205 or §570.206) which would result in the grantee exceeding the 20% cost limitation on such activities, unless the regulations specifically provide that the activity is exempt from that cost limitation. (Reference §570.204(b)(4))

9.5.2 National Objectives

✓ CBDOs carry out activities primarily eligible under other categories, as well as activities not otherwise eligible under Subpart C of the CDBG regulations. For these activities, refer to the applicable sections of this manual as well as the national objectives, Chapter 3.
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9.6 Other Miscellaneous Activities

This section outlines other activities that are eligible 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 Activities
- Ineligible Activities

### Regulatory/Statutory Citations

<table>
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<td>Section 101(c), Section 104(b), Section 105(a)(21), Section 105(a)(9), Section 105(a)(10), Section 105(c)</td>
<td>§570.201(g), §570.201(h), §570.201(q), §570.207</td>
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### Other Reference Materials on This Topic
- Guide to National Objectives and Eligible Activities for Entitlement Communities
  - Chapter 2, Chapter 3

#### 9.6.1 Assistance to Institutions of Higher Education 570.201(q)

✓ Grantees may provide assistance to institutions of higher education (e.g., secondary schools or higher) when the grantee determines that such an institution has a demonstrated capacity to carry out activities that fall under one or more of the basic eligibility categories.

#### 9.6.2 Payment of Non-Federal Share 570.201(g)

✓ This provision allows CDBG funds to be applied by a grantee to the non-Federal share of a Federal grant-in-aid. According to the specific statute and regulations for that program, grantees must first establish whether or not such funds are allowed to be applied.

#### 9.6.3 Urban Renewal Completion 570.201(h)

✓ The cost of completing an urban renewal project funded under Title I of the Housing Act of 1949 is eligible. However, please note that this eligibility category exclusively relates to projects funded under this terminated HUD program and not other activities. In addition, this statutory and regulatory section does not add additional types of eligible activities. Rather, it specifies that grantees may complete Urban Renewal projects to the extent that this activity falls under one of the other eligible CDBG activities specified elsewhere in the regulations and statute.

#### 9.6.4 National Objectives

✓ National objectives related to the miscellaneous activities described above depend on the activity being carried out. Refer to the national objectives chapter of this manual.
9.7 Summary of National Objective Options for Other Eligible Activities

All CDBG activities must meet a national objective in order to be eligible to use CDBG funds. This requires that all activities qualify as meeting one of the three national objectives of the program and meet specific tests for benefiting LMI persons, preventing or eliminating slums or blight and meeting other community development needs having a particular urgency because existing conditions pose a serious and immediate threat to the health or welfare of the community and other financial resources are not available to meet such needs.

The following chart summarizes the national objective options related to other eligible activities discussed in this chapter. 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.

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<tr>
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