

The below is an incomplete list of eligible and ineligible projects under the CDBG program. A more complete list of eligible activities can be found at 24 CFR 570.201 (e).

ELIGIBLE ACTIVITIES

ACQUISITION

Acquisition, in whole or in part, by the subrecipient or other public or private nonprofit entity, by purchase, long-term lease, donation, or otherwise, of real property for any eligible public purpose. In order to be considered acquisition, a permanent interest in the property must be obtained. Long-term leases only qualify as acquisition if they are for 15 years or more. Acquisition of real property is subject to Section 570.606, "Displacement, relocation, acquisition, and replacement of housing of the CDBG regulations". Additionally, acquisition of real property is subject to the requirements under the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (URA) (42 U.S.C. 4601-4655).

DISPOSITION

Disposition, through sale, lease, donation or otherwise, of any real property acquired with CDBG funds or its retention for public purposes.

PUBLIC FACILITIES AND IMPROVEMENTS

Acquisition, construction, reconstruction, rehabilitation or installation of public facilities and improvements, carried out by a public or private nonprofit entity: including but, not limited to, streets, curbs, sidewalks, storm drainage, sanitary sewers, parks and recreation facilities, community centers, and libraries. Design features and improvements that promote energy efficiency may be included. Activities may also include architectural design features, and similar treatments intended to enhance the aesthetic quality of facilities and improvements receiving CDBG assistance, such as decorative pavements, railing, sculptures, pools of water and fountains, and other works of art. Facilities containing both eligible and ineligible uses are subject to special policies contained under 'Section 570.200(b) & (c) of the CDBG Regulations.

CLEARANCE

Funds may be made available for clearance, demolition, and removal of buildings and improvements, including movement of structures to other sites. Demolition of HUD-assisted housing units may be undertaken only with the prior approval of HUD.

PUBLIC SERVICES

Provision of public services (including labor, supplies, and materials) including but not limited to those concerned with employment, crime prevention, child care, health, drug abuse, education, fair housing counseling, energy conservation, welfare (but excluding the provision of income payments), homebuyer down payment assistance, or recreational needs. To be eligible for assistance, a public service must be either a new service, or a quantifiable increase in the level of an existing service above that which has been provided by or on behalf of the unit of general local government (through funds raised by the unit, or received by the unit from the State in which it is located) in the 12 calendar months before the submission of the action plan. (An exception to this requirement may be made if HUD determines that

any decrease in the level of a service was the result of events not within the control of the unit of general local government).

INTERIM ASSISTANCE

The following activities may be undertaken on an interim basis in areas exhibiting objectively determinable signs of physical deterioration where it has been determined that immediate action is necessary to arrest the deterioration and that permanent improvements will be carried out as soon as practicable.

- The repairing of streets, sidewalks, parks, playgrounds, publicly-owned utilities, and public buildings; and
- The execution of special garbage, trash debris removal including neighborhood cleanup campaigns, but not regular curbside collection of garbage or trash in an area.

PAYMENT OF NON-FEDERAL SHARE

Payment of non-federal share required in connection with a Federal grant-in-aid program undertaken as part of CDBG activities, provided that such payment shall be limited to eligible activities and in compliance with application requirements.

RELOCATION

Relocation payments and assistance may be made for displaced individuals, families, businesses, organizations and farm operations, where the assistance is (1) required under the provisions of Section 570.606(b) or (c) of the CDBG Regulations; or (2) if determined by the City of Hagerstown to be appropriate.

LOSS OF RENTAL INCOME

Payments to housing owners for losses of rental income incurred in holding, for temporary periods, housing units to be used for the relocation of individuals and families displaced by program activities assisted under the CDBG program.

HOUSING SERVICES

Housing services as provided in Section 105(a)(20) which reflects that CDBG funds may be used to pay costs in support of activities eligible for funding under the HOME program. This include services such as housing counseling, energy auditing, preparation of work specification, loan processing, inspections, tenant selections, management of tenant-based rental assistance, and other services related to assisting owners, tenants, contractors and others participating or seeking to participate in the HOME program.

HOME OWNERSHIP ASSISTANCE

CDBG funds may be used to provide financial assistance to LMI households to assist them in the purchase of a home. Specific purposes for which financial assistance, using CDBG funds, may be provided are to:

- Subsidize interest rates and mortgage principal amounts for LMI homebuyers;

- Finance the cost of acquiring property already occupied by LMI households at terms needed to make the purchase affordable;
- Acquire guarantees for mortgage financing obtained by LMI homebuyers from private lenders (except that amount received under this title may not be used under this category to directly guarantee such mortgage financing and grantees under this title may not directly provide such guarantees);
- Provide up to 50 percent of any down payment required for LMI homebuyers; or
- Pay reasonable closing costs (normally associated with the purchase of a home) incurred by a LMI homebuyer.

PRIVATELY-OWNED UTILITIES

CDBG funds may be used to acquire, construct, reconstruct, rehabilitate or install the distribution lines and facilities of privately-owned utilities, including the placing underground of new or existing distribution facilities and lines.

CONSTRUCTION OF HOUSING

CDBG funds may be used in limited circumstances to finance the construction of new permanent residential structures. These limited circumstances include: construction of housing under a Housing Development Grant (HODAG); or construction of housing of last resort under 24 CFR Part 42, Subpart I; or the project is being carried out by a qualified Community-Based Development organization.

MICRO-ENTERPRISE ASSISTANCE

CDBG funds may be used to facilitate economic development through the establishment, stabilization and expansion of micro-enterprises. "Micro-enterprises" has been defined as a business having five or fewer employees, one or more of whom owns the business; "persons developing a MICRO-ENTERPRISE" means a person who has expressed an interest and who is, after an initial screening, expected to be actively working towards developing a business that is expected to be a MICRO-ENTERPRISE at the time it is formed.

TECHNICAL ASSISTANCE

Assistance may be provided to public or nonprofit entities to increase the capacity of such entities to carry out eligible neighborhood revitalization or economic development activities.

ASSISTANCE TO INSTITUTIONS OF HIGHER EDUCATION

Assistance may be provided to an institution of higher education (i.e., secondary schools or higher) when it has been determined that such an institution has demonstrated a capacity to carry out activities that fall under one or more of the basic eligibility categories under the CDBG program.

REHABILITATION AND PRESERVATION ACTIVITIES

CDBG funds may be used to finance rehabilitation and related costs for buildings and improvements. Rehabilitation services, such as rehabilitation counseling, housing counseling, energy auditing,

preparation of work specification, loan processing, inspection, tenant selection, management of tenant-based rental assistance, and other services related to assisting owners, tenants, contractors and other entities, participating or seeking to participate in housing activities authorized under this section, or under Title II of the Cranston-Gonzalez National Affordable Housing Act, except that activities under this paragraph shall be subject to any limitation on administration expenses imposed by law.

CODE ENFORCEMENT

Costs incurred for inspection of code violations and enforcement of codes in deteriorating or deteriorated areas where such enforcement together with public improvements, rehabilitation or services to be provided may be expected to arrest the decline in the area.

HISTORIC PRESERVATION

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 or 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. Historic Preservation, however, is not authorized buildings for the general conduct of government.

RENOVATION OF CLOSED BUILDINGS

Funding may be provided to assist with the renovation of closed buildings such as school buildings, for use as an eligible public facility or to rehabilitate such buildings for housing.

LEAD-BASED PAINT HAZARD EVALUATION AND REDUCTION

Lead-based paint hazard evaluation and reduction as defined in Section 1004 of the Residential Lead-Based Paint Hazard Reduction Act of 1992.

SPECIAL ACTIVITIES BY COMMUNITY-BASED DEVELOPMENT ORGANIZATIONS (CBDO)

CDBG funds may be provided to certain types of sub-recipients to carry out several types of community development activities. Such organizations must meet certain qualifying characteristics outlined under Section 570.204 (c) of the CDBG Regulations to carry out neighborhood revitalization, community economic development or energy conservation projects.

SPECIAL ECONOMIC DEVELOPMENT

Funding may be provided for the acquisition, construction, reconstruction, rehabilitation or installation of commercial or industrial buildings, structures and other real property, equipment and improvements, including railroad spurs or similar extension. Such activities may be carried out by the City of Hagerstown; public or private non-profit subrecipient; or private for-profit businesses, where it is determined that the assistance is appropriate to carry out an economic development project. An analysis must be conducted to determine that the amount of any financial assistance is not excessive, taking into account the actual needs of the business in making the project financially feasible and the extent of public benefit expected to be derived from the economic development project. 11

ELIGIBLE PLANNING ACTIVITIES

CDBG funds may be used for studies, analysis, data gathering, and preparation of plans and identification of actions that will implement such plans. Types of plans that may be paid for with CDBG funds include, but are not limited to: comprehensive plans; individual project plans; community development plans; capital improvement programs; small area and neighborhood plans; analysis of impediments to fair housing choice; environmental and historical studies; functional plans.

PROGRAM ADMINISTRATION COSTS

Payment of reasonable administrative costs and related carrying charges related to the planning and execution of community development and housing activities, including provision of information and resources to residents of areas in which community development and housing activities are to be concentrated with respect to the planning and execution of such activities.

INELIGIBLE ACTIVITIES

- Buildings or portions thereof used for the general conduct of government.
- General government expenses.
- Political activities. CDBG funds shall not be used to finance the use of facilities or equipment for political purposes or to engage in other partisan political activities, such as candidate forums, voter transportation, or voter registration.
- The purchase of equipment with CDBG funds is generally ineligible.
- Construction equipment is generally ineligible.
- The purchase of equipment, fixtures, motor vehicles, furnishing, or other property not an integral structural fixture is generally ineligible.
- Expenses associated with repairing, operating or maintaining public facilities, improvement and services is ineligible. Examples include: maintenance and repair of publicly owned streets, parks, playgrounds, water and sewer facilities, neighborhood facilities, senior centers, centers for persons with disabilities, parking and other public facilities and improvements; payment of salaries for staff, utility costs and similar expenses necessary for the operation of public works and facilities.
- New construction of low or moderate-income housing is generally ineligible except under certain circumstances as outlined under Section 570.207(b) (3) of the CDBG regulations.
- CDBG funds shall not be used for income payments. Income payments means: a series of subsistence-type grant payments made to an individual or family for items such as food, clothing, housing (rent or mortgage) or utilities, but excludes emergency grant payments made over a period of up to three consecutive months on behalf of an individual or family.