

COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM FACT SHEET

Introduction

The Community Development Block Grant Program is a federal entitlement grant program authorized by the Housing and Community Development Act of 1974, as amended. The program provides annual grants on a formula basis to entitled cities and counties. The amount of Community Development Block Grant (or CDBG) funds annually available to entitled cities and counties is determined by Congress through passage of the annual federal budget.

The U.S. Department of Housing and Urban Development (HUD) is responsible for management and oversight of the CDBG Program. Each city or county receiving CDBG funds is responsible for deciding how CDBG funds will be used in its jurisdiction and for daily administration of CDBG-funded activities.

The purpose of the CDBG Program is to develop viable urban communities and neighborhoods by providing decent housing and a suitable living environment, and by expanding economic opportunities, principally for low- and moderate-income persons.

Nature of Program

HUD awards CDBG funds to entitled cities and counties to carry out a wide range of community development activities directed toward neighborhood revitalization, economic development, and the provision of improved communities facilities and services.

Entitlement communities develop their own programs and funding priorities. However, communities must give maximum feasible priority to activities which either benefit low- and moderate-income persons, or which aid in the prevention or elimination of slums and blight. In rare instances, communities may carry out activities designed to meet 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 where other financial resources are not available to meet such needs. Such activities are usually related to relief in the event of natural disaster such as flood or tornado. Activities which do not meet one of these three broad national objectives may not be undertaken with CDBG funds.

The definition of low- and moderate-income is based on the median family income of the metropolitan area in which the recipient community is located. Generally, CDBG funds must benefit households at or below 80 percent of area median family income based on size. In Urbana, the maximum income to qualify for CDBG funds is 54,400 for a family of four in 2012 (80% MFI.) An entitlement community may choose to establish lower income limits for its CDBG-funded programs. In Urbana, for example, most CDBG-funded activities are restricted to households earning at or below 50 percent of median family income (or no more than \$34,000 for a family of four).

Activities that can be carried out with CDBG funds include, but are not limited to: acquisition of property; clearance of deteriorated structures; renovation of housing; construction of streets, sewers, sidewalks, and neighborhood centers; provision of public services and social services targeted to low-income persons (CSSF); assistance to businesses that provide jobs for low-income persons; and assistance to low-income households in purchasing homes.

The types of activities that are generally ineligible include: buildings for the general conduct of government such as construction of a city building, political activities, direct income payments such as housing stipends or public aid, and construction of new housing.

The CDBG program is intended primarily for physical improvements that benefit low- or moderate-income persons or that are located in neighborhoods in which a majority of persons are low- or moderate-income. For this reason many communities restrict use of their CDBG funds to neighborhoods defined by the U.S. Census Bureau as low- or moderate-income. The City of Urbana generally targets its CDBG funds to persons residing in Census Tracts (CT) 53, 54, 55 and Block Group 1 of CT 56 in northwest, northeast, and east central Urbana respectively. No more than 15% of any year's CDBG allocation may be used to fund social service programs.

Grantee Eligibility

Central cities of Metropolitan Statistical Areas, other metropolitan cities with populations of at least 50,000, and qualified urban counties with populations of at least 200,000 (excluding the population of entitled cities) are entitled to receive annual grants. The amount of each entitlement grant is determined by statutory formula which uses several objective measures of community need, including the extent of poverty, population, housing overcrowding, age of housing, and growth lag in relationship to other metropolitan areas.

Requirements

To receive its annual entitlement grant, a city or county must submit an application, which includes its program objectives, projected use of funds, and program certifications to the HUD field office. The application is part of the city or county Consolidated Plan, which includes both housing and non-housing community development strategies as well as CDBG and HOME Program applications. By signing CDBG certifications, the city assures HUD that not less than 70% of its CDBG funds will be used for activities that benefit low- and moderate-income persons.

If the city makes a complete submission of all requirements within the established deadlines, HUD will make a full grant award unless HUD has made a determination that the city has failed to carry out its activities and its Consolidated Plan in a timely manner or has failed to carry out those activities and its certifications in accordance with the requirements and objectives of the CDBG program. HUD may also withhold funds from the city if HUD determines that the city lacks capacity to carry out its CDBG activities in a timely manner.

Citizen Participation

A city or county participating in the CDBG program is required to develop and follow a detailed citizen participation plan, which provides for and encourages citizen participation with particular emphasis on low- and moderate-income persons. The plan must provide citizens with reasonable and timely access to local meetings, information, and records relating to the city's proposed and actual use of funds. The plan must provide for technical assistance to groups representative of persons of low- and moderate-income that request such assistance in developing proposals. The plan must provide for at least two public hearings during the program year to provide citizens the opportunity to comment on proposed and actual use of funds. The plan must also provide for accommodations for non-English speaking residents and for persons with disabilities.

Legal Authority

Title I of the Housing and Community Development Act of 1974, Public Law 93-383, as amended; 42 U.S.C.-5301 et seq.

Administering Offices

A. Federal offices who administer the CDBG Program:

- Assistant Secretary for Community Planning and Development
U.S. Department of Housing and Urban Development
Washington, D.C. 20410
- Department of Housing and Urban Development
Community Planning & Development
Chicago Field Office
77 West Jackson Boulevard, 24th Floor
Chicago, IL 60604

B. The Urbana CDBG Program is administered by:

- Department of Community Development Services
Grants Management Division
400 South Vine Street
Urbana, IL 61801
Phone: 217-384-2447