

CHAPTER 1 – WELCOME TO CDBG

Purpose of Manual

The Nebraska Department of Economic Development (Department) provides this manual as a valuable resource for local government officials and program administrators implementing Community Development Block Grant (CDBG) funded projects and for those contemplating applying for CDBG funds.

The on-line version of the manual contains the latest information provided by the Department to assist CDBG grantees in complying with state and federal requirements. Located on the Department's website (www.neded.org) in close proximity to the on-line manual are current forms and reference materials to assist implementation of projects.

Updates

Users of this manual are encouraged to check for monthly updates at the Department's website (www.neded.org). Updated material is clearly identified for those wanting only to print off new or updated material to incorporate into their hard copy manuals. Information may change for a variety of reasons, including changes in federal regulations, state requirements, and in the interpretation of a federal regulation or clarification of a requirement.

The CDBG Program

The CDBG Program is authorized under Title I of the Housing and Community Development Act of 1974 (HCD Act), as amended, codified at 42 U.S.C. §5301 et seq.

The primary objective of the CDBG Program is to develop viable communities by providing the following, principally to persons of low and moderate income:

- Decent housing;
- A suitable living environment; and
- Expanded economic opportunities.

The United States Department of Housing and Urban Development (HUD) administers the CDBG Program. The regulations created by the Office of the Assistant Secretary of Community Planning and Development that pertain to Community Development Block Grants are contained within 24 CFR Part 570.

Since states are in the best position to know and to respond to the needs of local governments, Congress amended the HCD Act in 1981 to give each state the opportunity to administer CDBG funds for non-entitlement areas. Non-entitlement areas include those units of general local government that do not receive CDBG funds directly from HUD as part of the entitlement program. Non-entitlement areas are cities with populations of less than 50,000, and counties with populations of less than 200,000 although some entitlement cities have a population of less than 50,000 (cities that are designated central cities of Metropolitan Statistical Areas).

The State CDBG Program has replaced the Small Cities Program in states that have elected to participate. Currently, 49 states and Puerto Rico participate in the program. HUD continues to administer the program for non-entitled small cities and counties in the State of Hawaii because it has not elected to participate in the State CDBG Program.

States participating in the CDBG Program award grants only to units of general local government that carry out development activities. Annually each state develops funding priorities and criteria for selecting projects. HUD's role under the State CDBG Program is to ensure state compliance with federal laws, regulations and policies.

Participating states have three major responsibilities:

- ▶ Formulate community development objectives;
- ▶ Decide how to distribute funds among communities in non-entitlement areas; and
- ▶ Ensure that recipient communities comply with applicable state and federal laws and requirements.

Local governments have the responsibility to consider local needs, prepare grant applications for submission to the state, and carry out the funded community development activities. Local governments must comply with federal and state requirements.

HUD distributes funds to each state based on a statutory formula that takes into account population, poverty, incidence of overcrowded housing, and age of housing. Neither HUD nor states distribute funds directly to citizens or private organizations; all funds (other than the 1% technical assistance set-aside) are distributed by states to units of general local government.

The state must certify that:

- ▶ It is following a detailed citizen participation plan and that each funded unit of general local government is following detailed citizen participation plan.
- ▶ It has consulted with affected units of general local government in the non-entitled area to determine the method of distribution of funding; it engages or will engage in planning for community development activities; it will provide assistance to units of general local government; it will not refuse to distribute funds to any unit of general local government based on the particular eligible activity chosen by the unit of general local government, except that a state is not prevented from establishing priorities based on the activities selected.
- ▶ It has a consolidated plan that identifies community development and housing needs and short-term and long-term community development objectives.
- ▶ It will conduct its program in accordance with the Civil Rights Act of 1964 and the Fair Housing Act of 1988 and will affirmatively further fair housing.
- ▶ It will set forth a method of distribution that ensures that each of the funded activities will meet one or more of the three broad national objectives and at least 70% of the amount expended for activities over a period of one, two, or three consecutive program years will benefit low- and moderate-income families.

- ▶ It will require units of general local government to certify that they are adapting and enforcing laws to prohibit the use of excessive force against nonviolent civil rights demonstrations, and they will enforce laws against barring entrance and exit from facilities that are the targets of nonviolent civil rights demonstrations in their jurisdiction.
- ▶ It will comply with Title I of the HCD Act and all other applicable laws.

All activities must meet one of the following national objectives for the program:

- Benefit low- and moderate-income persons.
- Prevent or eliminate slums or blight.
- Fulfill community development needs that have a particular urgency because existing conditions pose a serious and immediate threat to the health or welfare of the community.

CDBG in Nebraska

The State of Nebraska elected to administer the CDBG program in non-entitlement areas beginning in 1983. The Department administers the program for the State. The cities of Omaha and Lincoln are the only entitlement areas in Nebraska, and receive CDBG funds directly from HUD.

The following are the principal means by which the Department describes community development objectives, details the distribution of CDBG funds and provides administrative guidance:

- The Nebraska Consolidated Plan – prepared in accordance with 24 CFR Part 91, which describes needs, resources, priorities and proposed activities to be undertaken with respect to HUD programs, including CDBG.
- The Annual Action Plan
- Application Guidelines
- CDBG Administration Manual
- CDBG Administration Workshop
- Department Staff