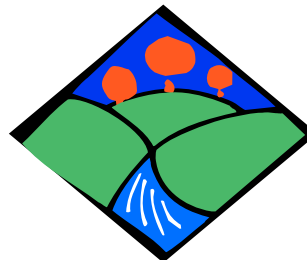


Community Development Block Grant

CATEGORIES OF ELIGIBLE ACTIVITIES (24CFR570.201)

I. ACTIVITY CATEGORIES



A. ACQUISITION OF REAL PROPERTY

The statute and regulations authorize the use of CDBG funds by a grantee or a public or private nonprofit entity to acquire real property in whole or in part by purchase, long-term lease, donation, or otherwise.

Real property to be acquired may be:

- ◆ Land,
- ◆ Air rights,
- ◆ Easements,
- ◆ Water rights,
- ◆ Rights-of-way,
- ◆ Buildings and other real property improvements, or
- ◆ Other interest.

B. DISPOSITION



Disposition, through sale, lease donation or otherwise, of any real property acquired with CDBG funds or its retention for public purposes, including reasonable costs of temporarily managing such property or (property acquired under Urban Renewal funds) until final disposition of the property is made.

Disposition costs include preparation of legal documents, as well as fees paid for:

- ◆ Appraisals,
- ◆ Surveys,
- ◆ Marketing,
- ◆ Financial services, and
- ◆ Transfer taxes and other costs involved in the transfer of ownership of property.

C. PUBLIC FACILITIES AND IMPROVEMENTS

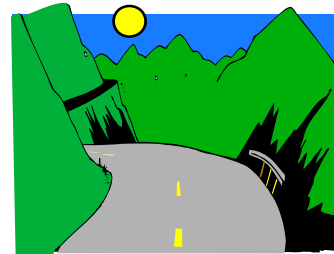


Acquisition (including long term leases for periods of 15 years or more), construction, reconstruction, rehabilitation (including removal of architectural barriers to accessibility), or installation of public facilities and improvements (except for buildings for the general conduct of government). Include all facilities that are either publicly owned or that are traditionally provided by the government, or owned by nonprofit, and operated so as to be open to the general public. This would include:

- ◆ Neighborhood facilities,
- ◆ Firehouses,
- ◆ Public schools, and
- ◆ Libraries.

Public improvements include:

- ◆ Streets,
- ◆ Sidewalks,
- ◆ Curbs and gutters,
- ◆ Parks,
- ◆ Playground,
- ◆ Water and sewer lines,
- ◆ Flood and drainage improvements,
- ◆ Parking lots,
- ◆ Utility lines, and
- ◆ Aesthetic amenities on public property such as trees, sculptures, pools of water and fountains, and other works of art.



Shelters would include:

- ◆ Nursing homes,
- ◆ Convalescent homes,
- ◆ Hospitals,
- ◆ Shelters for victims of domestic violence,
- ◆ Shelters and transitional facilities/housing for the homeless,
- ◆ Halfway houses for run-away children,
- ◆ Drug offenders or paroles,
- ◆ Group homes for the developmentally disabled, and
- ◆ Shelters for disaster victims.



D. CLEARANCE

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. Demolition of HUD-assisted housing may be undertaken only with the prior approval of HUD.

E. PUBLIC SERVICE

Provision of public services (including labor, supplies, materials and other costs), provided that each of the following criteria is met:

- (1) The ***public service*** must be either: a new service; or a quantifiable increase in the level of service above that provided during the 12 months prior to submission of the grantee's applicable Action Plan.
- (2) The amount of funds obligated within a program year to support public service activities under this category may not exceed 15% of total grant awarded to the grantee for that year plus 15% of the total program income it received in the preceding program year or, where applicable.

Public services include, but are not limited to:

- ◆ Child care,
- ◆ Health care,
- ◆ Job training,
- ◆ Recreation programs,
- ◆ Education programs,
- ◆ Public safety services,
- ◆ Fair housing activities,
- ◆ Services for senior citizens,
- ◆ Services for homeless persons,
- ◆ Drug abuse counseling and treatment,
- ◆ Energy conservation counseling and testing,
- ◆ Homebuyer downpayment assistance, and
- ◆ Welfare.



F. INTERIM ASSISTANCE

There are two subcategories of interim assistance activities.

- (1) Activities for interim assistance must reflect objectively determinable signs of physical deterioration. Grantee must determine that immediate action is necessary to arrest the deterioration and that permanent improvements will be carried out as soon as practicable. Documentation of this determination must be maintained. The activities that may be carried out with CDBG funds under this subcategory are *limited* to:

The repair of :

- ◆ Streets,
- ◆ Sidewalks,
- ◆ Public buildings,
- ◆ Parks and playgrounds, and
- ◆ Publicly-owned utilities.



- (A) The execution of *special* (i.e., beyond that normally provided):

- ◆ Garbage,
- ◆ Trash, and
- ◆ Debris removal, including neighborhood cleanup campaigns.

- (2) The second subcategory covers activities to alleviate an emergency condition. To qualify under this category:

- (A) The grantee's chief executive officer must determine that emergency conditions threatening the public health and safety exist in the area and require immediate resolution. Documentation of that determination must be maintained.

- (B) The activities that may be carried out with the CDBG funds under this subcategory are *limited* to:

- ◆ Activities eligible under the first subcategory, except for the repair of parks and playgrounds,
- ◆ Clearance of streets, including snow removal and similar activities, and
- ◆ Improvements to private properties.



G. RELOCATION

Funds may be used for relocation payments and assistance to displaced persons, including:

- ◆ Individuals,
- ◆ Families,
- ◆ Businesses,
- ◆ Non-profit organizations, and
- ◆ Farms



where **required** under provisions noted in the Ohio CDBG Handbook (section 570.606).

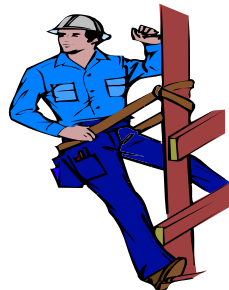
H. LOSS OF RENTAL INCOME

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 CDBG assisted activities.

I. PRIVATELY-OWNED UTILITIES

The grantee, other public agencies, private nonprofit entities, and for-profit entities may use CDBG funds to:

- ◆ Acquire,
- ◆ Construct,
- ◆ Reconstruct,
- ◆ Rehabilitate, or install



the distribution lines and related facilities for privately owned utilities.

J. REHABILITATION

CDBG funds may be used to finance rehabilitation for:

(1) *Eligible types of property*

- ◆ Residential,
- ◆ Commercial/industrial,
- ◆ Nonprofit-owned, nonresidential buildings and improvements.

(2) *Eligible types of assistance*

- ◆ Costs,
- ◆ Financing,
- ◆ Refinancing,
- ◆ Property acquisition,
- ◆ Security devices,
- ◆ Insurance,
- ◆ Conservation,
- ◆ Water and sewer,
- ◆ Tools,
- ◆ Barrier removal,
- ◆ Landscaping, sidewalks and driveways,
- ◆ Renovation of closed buildings,
- ◆ Historic preservation,
- ◆ Lead-based paint hazard evaluation and reduction,
- ◆ Rehabilitation services, and
- ◆ Business in a residence.



K. CONSTRUCTION OF HOUSING

In certain specified circumstances, CDBG funds may be used to finance the construction of new permanent residential structures. The following identifies those limited circumstances:

- ◆ A housing construction project that has received funding through a Housing Development Grant.
- ◆ Housing that the grantee has determined must be constructed in order to provide suitable replacement housing for persons to be displaced by a contemplated CDBG project, subject to the Uniform Act, and where the project is prevented from proceeding because the required replacement housing is not available otherwise.

L. SPECIAL ECONOMIC DEVELOPMENT ACTIVITIES

Funds may be used for the following special economic development activities:

- (1) Commercial or industrial improvements carried out by the **grantee** or a **nonprofit subrecipient**, including:

- ◆ Acquisition,
- ◆ Construction,
- ◆ Rehabilitation,
- ◆ Reconstruction, or
- ◆ Installation of commercial or industrial buildings or structures and other related real property equipment and improvements.



- (2) Assistance to **private for-profit entities** for an activity determined by the grantee to be appropriate to carry out an economic development project. This assistance may include, but is not limited to:

- ◆ Grants,
- ◆ Loans,
- ◆ Loan guarantees,
- ◆ Interest supplements,
- ◆ Technical assistance, or
- ◆ Any other form except for those described as ineligible, such as political activities.



Under this type of assistance, the grantee shall minimize, to the extent practical, displacement of existing businesses and jobs in neighborhoods.

- (3) Economic development services in connection with the above subcategories, including outreach efforts to market available forms of assistance, screening of applicants, reviewing and underwriting applications for assistance, preparation of agreements, management of assisted activities, and the screening, referral, and placement of applicants for employment opportunities generated by CDBG-eligible economic development activities. The costs of providing necessary job training for persons filling those positions may also be provided.

Special economic development activities may include;

- ◆ Construction by the grantee or subrecipient of a business incubator designed to provide inexpensive space and assistance to new firms to help them become viable businesses,
- ◆ Loans to pay for the expansion of a factory or commercial business.
- ◆ Technical assistance to a business facing bankruptcy, and
- ◆ Providing training needed by persons on welfare to enable them to qualify for jobs created by CDBG-assisted special economic development activities.

M. MICROENTERPRISE ASSISTANCE

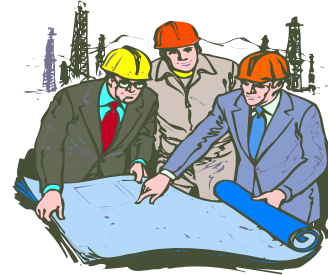


To facilitate economic development through the establishment, stabilization and expansion of microenterprises. **Microenterprise** means a business having five or fewer employees, one or more of who owns the business. Use of CDBG funds to provide financial assistance of virtually any kind to an existing microenterprise or to assist in the establishment of a microenterprise. Also authorizes the provision of, technical assistance to a new or existing microenterprise or the person developing a microenterprise and general support to owners of microenterprise or to person developing a microenterprise.

N. PLANNING AND CAPACITY BUILDING

Funds may be used for:

- ◆ Studies,
- ◆ Analysis,
- ◆ Data gathering,
- ◆ Preparation of plans, and
- ◆ Identification of actions that will implement plans.

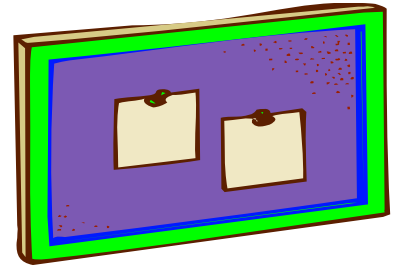


Such funds may also be used under this category for activities designed to improve the grantee's capacity (or that of its subrecipient) to plan and manage programs and activities for the grantee's CDBG program. However, the amount of CDBG funds which may be used for activities under this category (whether by the grantee or the subrecipient) is subject to the statutory limitation on planning and administrative cost.

The types of plans which may be paid for with CDBG funds include, but are not limited to:

- ◆ Comprehensive plans,
- ◆ Individual project plans,
- ◆ Community development plans,
- ◆ Small area and neighborhood plans,
- ◆ Analysis of impediments to fair housing choice,
- ◆ Environmental and historic preservation studies, and
- ◆ Functional plans (such plans for housing, land use, energy conservation or economic development).

II. MISCELLANEOUS OTHER ACTIVITIES



A. TECHNICAL ASSISTANCE

This provision makes eligible the use of CDBG funds to increase the capacity of public or nonprofit entities to carry out eligible neighborhood revitalization or economic development activities (this could include the grantee itself). In order to use the funds under this authority, the grantee must determine, prior to providing the assistance, the eligibility of the activity for which capacity is to be built *and* that there is a reasonable expectation that a national objective can be met once the entity has received the technical assistance and undertakes the activity.

B. HANDICAPPED ACCESSIBILITY

The statute makes specifically eligible the removal of material and architectural barriers that restrict the accessibility or mobility of elderly or handicapped persons.

C. HISTORIC PRESERVATION

For preserving or restoring properties of historic significance, whether publicly or privately-owned, except that buildings for the general conduct of government may not be restored or preserved with CDBG assistance. Historical properties are those sites or structures that are either listed in 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.

D. RENOVATIONS OF CLOSED SCHOOL BUILDINGS

The conversion of a closed building from one use to another (e.g., the renovation of a closed school building to residential use).

II. ACTIVITIES SPECIFIED AS INELIGIBLE



A. INELIGIBLE ACTIVITIES

Categorically Ineligible

The following activities may not be assisted with CDBG funds under any circumstances:

- ◆ ***Buildings or portions thereof, used for the general conduct of government***, may not be assisted with CDBG funds. This does not include, however, the removal of architectural barriers involving any such building, which may be assisted under the category of Public Facilities and Improvements.
- ◆ ***General government expenses***. Expenses required to carry out the regular responsibilities of the unit of general local government are not eligible for assistance under this part, except as otherwise specifically authorized in Reference: 570.207(a)(2) or under OMB Circular A-87.
- ◆ ***Political activities***. CDBG funds may 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. However, a facility originally assisted with CDBG funds may be used on an incidental basis to hold political meetings, candidate forums, or voter registration campaigns, provided that all parties and organizations have access to the facility on an equal basis, and are assessed equal rent or use charges, if any.

Generally Ineligible

The following activities may not be assisted with CDBG funds unless authorized as Special Economic Development Activities or when carried out by a CBDO.

- ◆ ***Purchase of equipment***, construction equipment, fire protection equipment, furnishings and personal property.
- ◆ ***Operating and maintenance expenses***. The general rule is that any expenses associated with repairing, operating, or maintaining public facilities, improvements, and services is ineligible.
- ◆ ***New housing construction***, unless under the earlier sections of entitled Construction of Housing and Special Activities by CBDOs.
- ◆ ***Income payments***. The general rule is the CDBG funds may not be used for income payments.