

**CITY OF MIDDLETOWN, OHIO**  
**Community Revitalization Department**  
**PY 2018 HUD Annual Action Plan**  
**(May 1, 2018 – April 30, 2019)**

**“A Citizens Guide to Understanding the HUD  
Community Development Block Grant (CDBG) Program”**

The Community Development Block Grant (CDBG) Program, as administered by the Community Revitalization Department of the City of Middletown, Ohio, is funded by the U.S. Department of Housing & Urban Development (HUD).

The primary objectives of CDBG are to help develop viable urban communities through the provision of: 1) decent housing; 2) a suitable living environment; and, 3) economic opportunities principally for low- to moderate-income persons.

All activities proposed by the City of Middletown to receive CDBG funding assistance must meet one of three national objectives: 1) benefit low- to moderate-income persons; 2) aid in the prevention or elimination of slums and blight; and, 3) address urgent housing and community development needs.

A minimum of 70% of CDBG funds, not including administrative costs, must support activities that benefit low- to moderate-income persons. Activities meeting this requirement are those which: 1) serve all residents in a particular area, where at least 51% of the residents are low- to moderate-income; 2) provide or improve permanent residential structures which will be occupied by low- to moderate-income persons (if a structure contains more than one unit, at least 51% must be low- to moderate-income occupied); and, 3) create or retain permanent jobs, at least 51% of which will be made available to or held by low- to moderate-income persons.

**Income Limits**

In order for a project or program to qualify for CDBG funds, 51% of the program beneficiaries must be low- to moderate-income as defined by HUD. The following table reflects the current HUD income limits for one- to eight-person households who earn at or below 80% of the Area Median Income (AMI) for the Cincinnati/Middletown area effective June 8, 2017.

<u>Household Members</u>	<u>Income Limits</u>	<u>Household Members</u>	<u>Income Limits</u>
One Person	\$41,850	Two Persons	\$47,800
Three Persons	\$53,800	Four Persons	\$59,750
Five Persons	\$64,550	Six Persons	\$69,350
Seven Persons	\$74,100	Eight Persons	\$78,900

## **Program Requirements**

CDBG Funds are subject to a number of significant rules and regulations that must be followed in order to comply with federal requirements. Some of these are:

- 1) 70% of funds must benefit low- to moderate-income persons;
- 2) If the City chooses to have an entity other than itself provide CDBG-funded services, that entity must either:
  - (a) possess a current non-profit, tax-exempt status under regulations of the U.S. Internal Revenue Service;
  - (b) be a governmental entity (City, School District, Special District); or,
  - (c) in the case of economic development activities, a for-profit business can receive funds and provide services;
- 3) In accordance with the First Amendment concerning the separation of church and state, CDBG funds generally may not be used for religious activities or provided to primarily religious entities for activities. CDBG funds may be used for eligible public services to be provided through a primarily religious entity, provided that the religious entity enters into an agreement stating that it will not provide any sort of religious services or other types of influential activities;
- 4) There are also various other federal requirements which may or may not apply to a given activity including:
  - (a) Drug-Free Workplace posting and compliance;
  - (b) Anti-Lobbying statement;
  - (c) Fair Housing and Equal Opportunity;
  - (d) Handicapped Access (non-discrimination on the basis of handicap in admission, access, treatment, or employment in any Federally assisted program or activity);
  - (e) Employment and Contracting non-discrimination;
  - (f) Conflict of Interest certification;
  - (g) Procurement requirements; and,
  - (h) Environmental Review, Flood Insurance, etc.
- 5) In housing activities:
  - (a) Lead-based paint rules and regulations;
  - (b) labor standards such as Davis-Bacon Act and the Safety Standards Act; and,
  - (c) prohibition of using funds by debarred, suspended and ineligible contractors and sub-recipients, etc.;
- 6) Agencies selected to provide services with CDBG funds must be prepared to begin their proposed programs on or about May 1<sup>st</sup> of each year;
- 7) CDBG sub-recipients will be required to enter into a standard contract with each grantee;
- 8) Specific limits of insurance will be required as evidenced by a certificate of insurance;
- 9) Quarterly programmatic reports and requests for funds with supporting documentation will be required, as well as twice annual monitoring visits to ensure compliance with appropriate rules and regulations;

- 10) Income must be verified and documented for each client or household, and all records must be kept for four years; and,
- 11) Only 20% of CDBG funds can be used for administrative purposes in any proposed program (80% of funds go to provide the services proposed).

### **Eligible Activities**

A wide variety of activities are eligible for CDBG funding. Eligible activities that may be proposed for funding will fall into one of six categories:

- 1) Public services such as:
  - (a) shelter for battered women and children;
  - (b) health care and substance abuse services;
  - (c) programs to help prevent or address homelessness;
  - (d) crime prevention;
  - (e) fair housing counseling;
  - (f) job training; and,
  - (g) services for the elderly, disabled, or disadvantaged youth, etc. Funding in this category is limited by Federal law to a maximum of 15% of a locality's annual CDBG entitlement grant.
- 2) Housing activities such as:
  - (a) rehabilitation and preservation;
  - (b) lead-based paint testing and abatement;
  - (c) construction of low-income housing by Community Based Development Organizations (CBDO's); and,
  - (d) clearance and demolition, etc.;
- 3) Economic development activities which will result in jobs for low- to moderate-income individuals such as:
  - (a) assistance to micro-enterprises and other businesses;
  - (b) acquisition, construction and rehabilitation of commercial and industrial properties;
  - (c) outreach, marketing and other services to assisted businesses; and,
  - (d) relocation assistance for businesses temporarily or permanently relocated, etc.;
- 4) Public facilities and improvements activities such as:
  - (a) acquisition, installation, construction and rehabilitation of infrastructure (e.g. water/sewer lines, streets and sidewalks);
  - (b) acquisition, construction or rehabilitation of neighborhood facilities, and facilities for persons with special needs (e.g. homeless shelters, group homes and halfway houses), etc.;
- 5) Other activities such as:
  - (a) code enforcement;
  - (b) historic preservation;
  - (c) interim assistance to arrest severe deterioration or alleviate emergency conditions;
  - (d) completion of urban renewal projects;

- (e) special activities by CBDO's in connection with neighborhood revitalization, community economic development and energy conservation projects; and,
- (f) assistance to institutions of higher education with the capacity to carry out other eligible activities, etc.

6) Planning and administration which is the general management, oversight, and coordination of the CDBG program and other related activities. Funding in this category is limited by federal law to 20% of the City's total allocation for the year.

#### **Non-Discrimination Policy**

There is no discrimination on basis of race, color, religion, national origin, sex (including sexual orientation), marital status, disability, or age in any of its policies, procedures or practices. This non-discrimination policy covers admission and access to, or treatment or employment in programs and activities funded through the CDBG "Entitlement Program".