

City of Niagara Falls
Community Development Department
Meeting 2023 Annual Action Plan Agenda @
City Council Chambers
November 29, 2022 @ 5pm-7pm

- 1) Welcome-Mayor Robert Restaino
- 2) Definition of CDBG, HOME, Emergency Solutions Grant (ESG) Programs
- 3) Estimated Funding Amounts for 2023 (ESG, CDBG, HOME)
- 4) Time for 2023 Annual Action Plan Submission
- 5) HUD 15% Public Services Cap Handout for CDBG
- 6) Open Discussion on Community Needs

CDBG Entitlement Program Eligibility Requirements

The Community Development Block Grant (CDBG) Entitlement Program provides annual grants on a formula basis to entitled cities and counties to develop viable urban communities by providing decent housing and a suitable living environment, and by expanding economic opportunities, principally for low- and moderate-income persons. The program is authorized under Title 1 of the Housing and Community Development Act of 1974, Public Law 93-383, as amended; 42 U.S.C. 5301 et seq.

HUD awards grants to entitlement community grantees to carry out a wide range of community development activities directed toward revitalizing neighborhoods, economic development, and providing improved community facilities and services.

Entitlement communities develop their own programs and funding priorities. However, grantees must give maximum feasible priority to activities which benefit low- and moderate-income persons. A grantee may also carry out activities which aid in the prevention or elimination of slums or blight. Additionally, grantees may fund activities when the grantee certifies that the activities 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. CDBG funds may not be used for activities which do not meet one of these national objectives.

Eligible Grantees

Eligible grantees are as follows:

- Principal cities of Metropolitan Statistical Areas (MSAs)
- Other metropolitan cities with populations of at least 50,000
- Qualified urban counties with populations of at least 200,000 (excluding the population of entitled cities)

Eligibility for participation as an entitlement community is based on population data provided by the U.S. Census Bureau and metropolitan area delineations published by the Office of Management and Budget. HUD determines the amount of each entitlement grantee's annual funding allocation by a statutory dual formula which uses several objective measures of community needs, including the extent of poverty, population, housing overcrowding, age of housing and population growth lag in relationship to other metropolitan areas.

Eligible Activities

CDBG funds may be used for activities which include, but are not limited to:

- Acquisition of real property
- Relocation and demolition
- Rehabilitation of residential and non-residential structures
- Construction of public facilities and improvements, such as water and sewer facilities, streets, neighborhood centers, and the conversion of school buildings for eligible purposes
- Public services, within certain limits
- Activities relating to energy conservation and renewable energy resources
- Provision of assistance to profit-motivated businesses to carry out economic development and job creation/retention activities

Each activity must meet one of the following national objectives for the program: benefit low- and moderate-income persons, prevention or elimination of slums or blight, or address community development needs having a particular urgency because existing conditions pose a serious and immediate threat to the health or welfare of the community for which other funding is not available.

Generally, the following types of activities are ineligible:

- Acquisition, construction, or reconstruction of buildings for the general conduct of government
- Political activities
- Certain income payments
- Construction of new housing (with some exceptions)

Eligible Beneficiaries

Over a 1, 2, or 3-year period, as selected by the grantee, not less than 70 percent of CDBG funds must be used for activities that benefit low- and moderate-income persons.

HUD does not provide CDBG assistance directly to individuals, businesses, nonprofit or organizations or other non-governmental entities. If you are interested in participating in this program, you need to contact your local municipal or county officials to find out how the program operates in your area. Participation requirements may differ from one grantee to another.

Find out who administers the CDBG Program in your area.

If your local government officials cannot answer your questions, or if you are a local official, contact the HUD field office that serves your area. Note that the local government administers the program and determines which local projects receive funding.

Citizen Participation

A grantee must develop and follow a detailed plan which provides for, and encourages, citizen participation and which emphasizes participation by persons of low- or moderate-income, particularly residents of predominantly low- and moderate-income neighborhoods, slum or blighted areas, and areas in which the grantee proposes to use CDBG funds. The plan must:

- Provide citizens with reasonable and timely access to local meetings, information, and records related to the grantee's proposed and actual use of funds
- Provide for public hearings to obtain citizen views and to respond to proposals and questions at all stages of the community development program, including at least the development of needs, the review of proposed activities, and review of program performance
- Provide for timely written answers to written complaints and grievances
- Identify how the needs of non-English speaking residents will be met in the case of public hearings where a significant number of non-English speaking residents can be reasonably expected to participate

In May 2012, HUD introduced the eCon Planning Suite, including the Consolidated Plan template in IDIS OnLine and the CPD Maps website. By creating a more cohesive planning and grants management framework and providing better data and a tool for analysis, the eCon Planning Suite supports grantees and the public to assess their needs and make strategic investment decisions. HUD grantees are now required to submit their Consolidated Plan and year one Annual Action Plan using the Consolidated Plan template in IDIS OnLine. If grantees have an approved multi-year Consolidated Plan, they are not required to use IDIS to submit their Annual Action Plan until the next multi-year strategy is due.

ESG Requirements

The ESG program provides funding to:

1. Engage homeless individuals and families living on the street;
2. Improve the number and quality of emergency shelters for homeless individuals and families;
3. Help operate these shelters;
4. Provide essential services to shelter residents;
5. Rapidly re-house homeless individuals and families; and
6. Prevent families and individuals from becoming homeless.

ESG funds may be used for five program components: street outreach, emergency shelter, homelessness prevention, rapid re-housing assistance, and HMIS; as well as administrative activities (up to 7.5% of a recipient's allocation can be used for administrative activities).

[View the ESG Fact Sheet](#)

Eligible Recipients

ESG is a formula grant program. Eligible recipients generally consist of metropolitan cities, urban counties, territories, and states, as defined in 24 CFR 576.2.

Metropolitan cities, urban counties and territories may subgrant ESG funds to private nonprofit organizations.

State recipients must subgrant all of their ESG funds (except for funds for administrative costs and under certain conditions, HMIS costs) to units of general purpose local government and/or private nonprofit organizations.

All recipients must consult with the **Continuum(s) of Care** operating within the jurisdiction in determining how to allocate ESG funds.

Beneficiary Eligibility

The minimum eligibility criteria for ESG beneficiaries are as follows: For essential services related to street outreach, beneficiaries must meet the criteria under paragraph (1)(i) of the "homeless" definition under § 576.2. For emergency shelter, beneficiaries must meet the "homeless" definition in 24 CFR 576.2. For essential services related to emergency shelter, beneficiaries must be "homeless" and staying in an emergency shelter (which could include a day shelter). For homelessness prevention assistance, beneficiaries must meet the requirements described in 24 CFR 576.103par. For rapid re-housing assistance, beneficiaries must meet requirements described in 24 CFR 576.104. Further eligibility criteria may be established at the local level in accordance with 24 CFR 576.400(e).

Eligible Program Components

Street Outreach

Essential Services related to reaching out to unsheltered homeless individuals and families, connecting them with emergency shelter, housing, or critical services, and providing them with urgent, non-facility-based care. Eligible costs include engagement, case management, emergency health and mental health services, transportation, and services for special populations. See 24 CFR 576.101.

Emergency Shelter

Renovation, including major rehabilitation or conversion, of a building to serve as an emergency shelter. The emergency shelter must be owned by a government entity or private nonprofit organization. The shelter must serve homeless persons for at least 3 or 10 years, depending on the type of renovation and the value of the building. Note: Property acquisition and new construction are ineligible ESG activities.

Essential Services, including case management, child care, education services, employment assistance and job training, outpatient health services, legal services, life skills training, mental health services, substance abuse treatment services, transportation, and services for special populations.

Shelter Operations, including maintenance, rent, repair, security, fuel, equipment, insurance, utilities, food, furnishings, and supplies necessary for the operation of the emergency shelter. Where no appropriate emergency shelter is available for a homeless family or individual, eligible costs may also include a hotel or motel voucher for that family or individual.

See 24 CFR 576.102.

Homelessness Prevention

Housing relocation and stabilization services and short-and/or medium-term rental assistance as necessary to prevent the individual or family from moving to an emergency shelter, a place not meant for human habitation, or another place described in paragraph (1) of the homeless definition.

The costs of homelessness prevention are only eligible to the extent that the assistance is necessary to help the program participant regain stability in their current housing or move into other permanent housing and achieve stability in that housing.

Eligible costs include:

- Rental Assistance: rental assistance and rental arrears
- Financial assistance: rental application fees, security and utility deposits, utility payments, last month's rent, moving costs
- Services: housing search and placement, housing stability case management, landlord-tenant mediation, tenant legal services, credit repair

See 24 CFR 576.103.

Rapid Re-Housing

Housing relocation and stabilization services and/or short-and/or medium-term rental assistance as necessary to help individuals or families living in shelters or in places not meant for human habitation move as quickly as possible into permanent housing and achieve stability in that housing.

Eligible costs include:

- Rental Assistance: rental assistance and rental arrears
- Financial Assistance: rental application fees, security and utility deposits, utility payments, last month's rent, moving costs
- Services: housing search and placement, housing stability case management, landlord-tenant mediation, tenant legal services, credit repair

See 24 CFR 576.104

Data Collection (HMIS)

ESG funds may be used to pay for the costs of participating in and contributing to the HMIS designated by the Continuum of Care for the area. More information about using an HMIS is available on the [HMIS page](#).

See 24 CFR 576.107

Administration

Up to 7.5 percent of a recipient's allocation can be used for Administrative activities. These include general management, oversight, and coordination; reporting on the program; the costs of providing training on ESG requirements and attending HUD-sponsored ESG trainings; the costs of preparing and amending the ESG and homelessness-related sections of the Consolidated Plan, Annual Action Plan, and CAPER; and the costs of carrying out environmental review responsibilities.

State recipients must share administrative funds with their subrecipients that are local governments, and may share administrative funds with their subrecipients that are nonprofit organizations.

HOME Overview

Update: HUD published a Final Rule in the Federal Register on July 24, 2013 to amend the HOME Program regulations. These amendments to the HOME regulations represent the most significant changes to the HOME Program in 17 years. HUD is in the process of updating this page to reflect the changes made to the HOME Final Rule. Please consult the [2013 HOME Final Rule page](#) for the latest guidance and resources on new requirements.

The HOME Investment Partnerships Program (HOME) provides formula grants to states and localities that communities use - often in partnership with local nonprofit groups - to fund a wide range of activities including building, buying, and/or rehabilitating affordable housing for rent or homeownership or providing direct rental assistance to low-income people. It is the largest Federal block grant to state and local governments designed exclusively to create affordable housing for low-income households.

The program was designed to reinforce several important values and principles of community development:

- HOME's flexibility empowers people and communities to design and implement strategies tailored to their own needs and priorities.
- HOME's emphasis on consolidated planning expands and strengthens partnerships among all levels of government and the private sector in the development of affordable housing.
- HOME's technical assistance activities and set-aside for qualified community-based nonprofit housing groups builds the capacity of these partners.
- HOME's requirement that Participating Jurisdictions (PJs) match 25 cents of every dollar in program funds mobilizes community resources in support of affordable housing.

HOME Eligibility Requirements

Eligible Grantees

States are automatically eligible for HOME funds and receive either their formula allocation or \$3 million, whichever is greater. Local jurisdictions eligible for at least \$500,000 under the formula (\$335,000 in years when Congress appropriates less than \$1.5 billion for HOME) also can receive an allocation. The formula allocation considers the relative inadequacy of each jurisdiction's housing supply, its incidence of poverty, its fiscal distress, and other factors.

Communities that do not qualify for an individual allocation under the formula can join with one or more neighboring localities in a legally binding consortium whose members' combined allocation would meet the threshold for direct funding. Other localities may participate in HOME by applying for program funds made available by their State. Congress sets aside a pool of funding for distribution to insular areas, equivalent to the greater of \$750,000 or 0.2 percent of appropriated funds.

Shortly after HOME funds become available each year, HUD informs eligible jurisdictions of the amounts earmarked for them. Participating jurisdictions must have a current and approved **Consolidated Plan**, which will include an action plan that describes how the jurisdiction will use its HOME funds. A newly eligible jurisdiction also must formally notify HUD of its intent to participate in the program.

Eligible Activities

Participating jurisdictions may choose among a broad range of eligible activities, using HOME funds to provide home purchase or rehabilitation financing assistance to eligible homeowners and new homebuyers; build or rehabilitate housing for rent or ownership; or for "other reasonable and necessary expenses related to the development of non-luxury housing," including site acquisition or improvement, demolition of dilapidated housing to make way for HOME-assisted development, and payment of relocation expenses. PJs may use HOME funds to provide tenant-based rental assistance contracts of up to 2 years if such activity is consistent with their Consolidated Plan and justified under local market conditions. This assistance may be renewed. Up to 10 percent of the PJ's annual allocation may be used for program planning and administration.

HOME-assisted rental housing must comply with certain rent limitations. HOME rent limits are published each year by HUD. The program also establishes maximum per unit subsidy limits and homeownership value limits.

Some special conditions apply to the use of HOME funds. PJs must match every dollar of HOME funds used (except for administrative costs and CHDO predevelopment loans for projects that do not move forward) with 25 cents from nonfederal sources, which may include donated materials or labor, the value of donated property, proceeds from bond financing, and other resources. The match requirement may be reduced if the PJ is distressed or has suffered a Presidentially declared disaster. In addition, PJs must reserve at least 15 percent of their allocations to fund housing to be owned, developed, or sponsored by experienced, community-driven nonprofit groups designated as Community Housing Development Organizations (CHDOs). PJs must ensure that HOME-funded housing units remain affordable in the long term (20 years for new construction of rental housing; 5-15 years for construction of homeownership housing and housing rehabilitation, depending on the amount of HOME subsidy). PJs have two years to commit funds (including reserving funds for CHDOs) and five years to spend funds.

Eligible Beneficiaries

The eligibility of households for HOME assistance varies with the nature of the funded activity. For rental housing and rental assistance, at least 90 percent of benefiting families must have incomes that are no more than 60 percent of the HUD-adjusted median family income for the area. In rental projects with five or more assisted units, at least 20% of the units must be occupied by families with incomes that do not exceed 50% of the HUD-adjusted median. The incomes of households receiving HUD assistance must not exceed 80 percent of the area median. HOME income limits are published each year by HUD.

HUD does not provide HOME assistance directly to individuals or organizations. If you are interested in participating in this program, you need to contact your local or state government to find out how the program operates in your area. Participation requirements may differ from one grantee to another.

Find out who administers the HOME Program in your area.

If your local government officials cannot answer your questions, or if you are a local official, contact the HUD field office that serves your area. Note that the local government administers the program and determines which local projects receive funding.

City of Niagara Falls

Community Development Department

Projected Funding Amount by Entitlement Program

Anticipated Funding from HUD	
CDBG	\$ 2,300,000.00
HOME	\$ 440,000.00
ESG	\$ 207,000.00

City of Niagara Falls

Community Development Department

2023 Annual Action Plan Timeline

- **November 2022** - Public meeting is called by the Community Development Department
- **January 2023** - Open call for Projects Request for Proposals (RFP) is sent to the Public
- **February 2023** - CD Officer receives Project requests/CD Staff scores proposals
- **February 2023** - Draft 2023 Annual Action Plan is sent to the Public along with the Proposed Recommendations for Awarding of Projects is sent to the Mayor and City Council
- **March 2023** - 30 Day Public Hearing and Public Comment period commences
- **April 2023** - City Council Approves 2023 Annual Action Plan
- **2023 Annual Action Plan is sent to HUD for approval**

Public Services Cap

The CDBG statute and regulations limit the amount of funding that can be used for public service activities. The limit is based on obligations for public services for a given program year and cannot exceed:

- 15 percent of that program year's entitlement grant; plus
- 15 percent of the preceding year's program income.

Public services carried out by subrecipients or units of general local government are subject to the grantee's 15 percent cap. However, some public services may qualify in another CDBG eligible activities category. For example, job training for a specific position within a company where jobs are being created may be counted as economic development, rather than public service.

Public Services Cap Calculation Example	
CDBG Annual Allocation	\$ 2,300,000.00
Distributed Program Income (Estimated)	<u>\$ 40,000.00</u>
Amount Subject to Cap	\$ 2,340,000.00
Multiplied by 15%	<u>x 0.15</u>
Equals maximum funds that can be expended for public services	\$ 351,000.00

Under the State CDBG Program, the public services cap is calculated differently. States may not expend more than 15 percent of a given fiscal year's annual allocation plus 15 percent of the program income distributed by the state. Note that the 15 percent cap applies to the state, not to the individual local governments receiving State CDBG funds. A state could make a grant to a town solely for public service activities.