CH4 PUBLIC FACILITIES, IMPROVEMENTS AND SERVICES

Introduction

Under the State's Community Development Program, local recipients may utilize CDBG funds to undertake a variety of public facilities and infrastructure improvement projects. The purpose of this chapter is to explain the requirements and key implementation steps associated with infrastructure, public facilities and public service activities.

CDBG can be a resource to strengthen and improve communities and to make them more livable. In light of shrinking resources, it is necessary to target investments on a few priorities and strategies. These strategies emphasize preparing for the future:

- Re-focus by targeting strategic investments
- Revitalize existing communities through a comprehensive approach
- Re-invest in existing infrastructure/facilities through upgrades, modernization, renovation
- Re-energize through community/volunteer involvement

To ensure the economic vitality of communities, it is necessary to support and improve existing business centers. By building on assets, improving the physical design and appearance, providing basic infrastructure services that protect the health and safety of residents and guide a more compact development, communities can build and retain a quality of life that is sustainable.

Although communities face many challenges, there is no one size fits all solution. Communities should develop a plan and get the entire community involved. They must seek partners, include the business community, and engage a corps of volunteers to help. Communities must also be willing to invest in themselves first in order to solve problems and create a new future. With limited resources, it is necessary to prioritize and target expenditures and leverage resources so that they serve as a catalyst for future investment. Communities should plan carefully so that they carry out their plans in a timely manner and do not create unexpected new tax burdens for its citizens.

The project activities presented in this chapter provide guidance on developing projects that will help achieve these outcomes. The full range of activities is listed in Section 105(a) of Title I of the Housing and Community Development Act, as amended.

CH4: PUBLIC FACILITIES, IMPROVEMENTS AND SERVICES

Section 1 – Infrastructure Activities

Infrastructure Improvement Projects

Infrastructure projects typically include the construction, rehabilitation or extension of publicly owned water, sewer, streets, and/or drainage improvements. These improvements may be undertaken to benefit residents of an area, or may be carried out for the purpose of economic development.

The State CDBG Program encourages communities to evaluate regional alternatives to providing water and sewer service to its residents where such alternatives are cost effective and appropriate.

CDBG grant funds should not be used to supplant local funds or to cause user rates to be maintained at levels that are not viable. Rates should be adequate to provide funding for necessary capital improvements, operations and maintenance. The rates and user fee structure for water and sewer systems should demonstrate an adequate level of local effort. Systems should generate sufficient revenues to cover operations and maintenance and some level of repair and capital improvement. The State reserves the right to reduce grant amounts in a proportional manner for improvements to existing facilities where rates are lower than the amount considered feasible. The State may request such information as necessary to make a determination of financial viability and local level of support as it relates to a proposed CDBG project.

A preliminary engineering cost estimate and report are generally requested to be submitted with an application to document the extent of need and capacity of the existing and proposed infrastructure. Additionally, preliminary planning should be done to determine the number, estimated cost and location of any required easements or property for facilities.

Infrastructure activities that are not based on job creation/retention should be undertaken in primarily residential LMI areas. Because it is required that all low- and moderate-income persons be connected at no cost, the service area for an infrastructure project must meet the 51% LMI area benefit national objective.

During the implementation of a public facility or infrastructure project, recipients should follow the Implementation Steps for Public Facilities Projects, which is provided in the forms for this chapter.

The most feasible projects serve neighborhoods that are densely populated and do not include a high number of vacant units on undeveloped property. For new water or sewer services to be considered a feasible investment, at least 70% of all homeowners should be committed to connect to the system once installed. It is required that signed user agreements/commitments be obtained prior to submission of the application in order to demonstrate need/demand and feasibility. Vacant, habitable units must be counted in the total units as non-LMI units. Vacant units that are not habitable do not have to be counted in the total. CDBG funds

may not be used to improve streets that have a high percentage of vacant or uncommitted units; such streets must be assisted with local or other funds. If water or sewer lines are being installed, typically all residents along the line must be counted as beneficiaries. For a system-wide improvement, such as a water tank or a wastewater treatment plant, all residents in the service area must be counted as beneficiaries. Sometimes a project such as a water tank or treatment facility may serve residents inside and outside of the town limits, which would require a combination of census data and surveying. The service area must be justified and clearly defined in the application. Residents directly served by a project may need to be determined by an engineer, and all appropriate residents included in beneficiary numbers.

If CDBG funds are used to provide water or sewer service to an area outside municipal limits, a municipality may not require an area to be annexed as a condition of receiving the water or sewer. It must also show a compelling reason for going outside its county/municipal boundaries. The capacity of water/sewer systems may only be designed to meet regulatory requirements for the intended beneficiaries. Any excess capacity must be paid with non-CDBG funds but may be counted toward local match requirements. Any contracts must be bid for CDBG eligible activities, with non-CDBG eligible activities (such as for excess capacity) included as alternates or as a separate division in the bid.

While upgrades are allowed where the service area is eligible, projects to primarily repair or maintain a water/sewer facilities or components are not permitted. Replacement of facilities may be considered an upgrade if there is an increase in the size or capacity or when sufficient justification is provided. Evidence may include the type of materials and age of facilities versus intended useful life, documentation that an increase in size is not necessary, etc. A Preliminary Engineer Report (PER) will be required to document existing conditions and the extent of improvements beyond maintenance and repair. Equipment for operation and maintenance is not eligible for CDBG assistance.

Generally, the local government must pay for cleaning and inspection services (Closed Circuit Television Inspection - CCTV) as part of a system evaluation survey (SES) to determine the type, extent and location of improvements needed prior to requesting a CDBG application. Such expenses are eligible as local match. CDBG funds may not be used for exploratory CCTV or maintenance cleaning. It is permissible to include CCTV services in a construction contract to remove and properly dispose of any internal debris or obstructions that would interfere with cured in place pipe (CIPP) techniques or to determine where to cut holes in liners for service re-connection.

CDBG funds may be used for line installation in the right of way for LMI and non-LMI occupied residential units only (at least 51% of the homes assisted must be LMI). CDBG funds may not be used to cover any lines for non-residential or vacant units. Stub outs for future residential or non-residential units or vacant units may not be paid with CDBG funds. New service lines (on private property) may only be installed for LMI households with CDBG funds, as this is considered rehabilitation of private property and must benefit

100% LMI. See section below for further details on private property connections.

CDBG funds may only be used for hard construction and installation costs (including meters in the right-of-way), and not to pay any type of water or sewer fees – i.e. connection, impact or capacity fees. Impact and capacity fees are not eligible to be paid with CDBG funds, partly because they are providing funds for future, undefined public improvements and there is no way of telling whether the use of those CDBG funds would be for an improvement that would meet a national objective of the program. Any associated fees for low and moderate income hook up/connection to public water and sewer must be waived or paid with non-CDBG funds and may be counted as part of the local match requirement.

Water/Sewer Connections on Private Property

The installation of service/lateral lines on private property (connections) is considered housing rehabilitation and is required for all housing units occupied by LMI households at no cost to the household. Households benefiting from connections on private property are required to be LMI and income certification is required. For connections on private property, household income may be self-certified prior to providing the connection, by using the "Self-Certification of Income" form on the State's web site.

Permission must also be obtained from the homeowner to install the service line/connection on their private property. This permission can be added to the "Self-Certification of Income" form, or it can be separate document.

For rental units or mobile home parks occupied by LMI tenants, CDBG funds may pay for the connection/service line if the rental property owner enters into an affordable rental agreement with the local government to maintain affordable rents and rent to LMI households for at least one year. However, if an LMI tenant does not occupy the rental unit, the owner must pay for the connection/service line on private property. CDBG funds may not be used to pay for connections for non-LMI occupied rental units.

It should be noted that if the LMI service lines/connections on private property are included in a larger water/sewer contract, Davis-Bacon labor standards requirements will apply (refer to Chapter 8 for more information). However, if service lines are bid separately from a larger water/sewer contract, Davis-Bacon requirements do not apply since these are not applicable to individually-owned properties.

Section 2 - Public Facilities Activities

Public facilities or community facilities are buildings that provide a variety of services for residents of a community. Such buildings may include police and fire substations in LMI areas, libraries, health/social service facilities, multi-service centers for education/workforce training, or childcare facilities. Fire substations may be co-located

with emergency medical services (EMS) if the LMI service area requirements are met and there are no administrative offices at the substation. Applications for fire substations or trucks should include the most recent Insurance Services Office (ISO) analysis to document need, as well as an estimate of how the improvements will result in a reduction to the ISO rating or expansion of service. Public facilities should generally offer new or expanded programs to everyone in the community or otherwise meet a national objective. Technology and green building techniques or energy efficiencies should be integrated into public facilities, where possible.

Under the CDBG regulations, the purchase of equipment or furnishings (e.g., tables, chairs and filing cabinets) for a public facility is not considered eligible. However, projects that involve the purchase of equipment may be eligible as a public service, under Section 105 (a) (8), as long as it is related to delivering a service to the community such as public safety or job training services. This is discussed in the following section of this chapter. The costs to operate and maintain public facilities are not eligible under CDBG, but the recipient must demonstrate that these funds are available at the time of application. CDBG will not support projects that create a new, undue operating burden on existing taxpayers. Proposed operating budgets and sources of funding for a five-year period are required with the application to the State.

IMPORTANT NOTE: City Halls, county administrative buildings or other facilities used for the legislative, judicial or general administrative affairs of government are NOT eligible for CDBG assistance. This also includes the local government's main police or fire stations where the chief and other administrative offices are located.

Prior to applying for CDBG assistance for a public facility, the applicant must determine the service area of the proposed facility. In order to meet a CDBG national objective, the facility must satisfy one of the following conditions:

- Serve a residential area which consists of 51 percent LMI persons,
- Provide programming that has income eligibility requirements that limit the activities exclusively to LMI persons,
- Collect information on family size/income so that it is evident the programming benefits at least 51% LMI, or
- Must be designed to serve one of the HUD Limited Clientele Presumed Benefit categories (i.e., severely disabled adults) allowed under the CDBG regulations.

In determining the service area, the applicant must evaluate the location of other facilities in the vicinity and the services provided at such facilities in order to avoid duplication of facilities and/or services. For health facilities there must be documentation that the proposed service area is underserved with regard to health care based on the South Carolina Department of Public Health or other similar documentation.

The next step is to determine what services and/or activities will be carried out in the

facility. These services/activities must be identified in the CDBG application. The applicant must determine if the services/activities can result in a primary benefit to LMI persons. (An example of an ineligible benefit might be if a training program offered courses that would serve all residents in the county in a facility that is located in an LMI neighborhood. Simply because of its location, it cannot be assumed that only the neighborhood residents will benefit if the entire county can attend.) Some communities conduct surveys of area residents or hold public meetings to determine what services may be desired at a facility. Once the services/activities are identified, the community should obtain written commitments from any organizations or agencies that will be providing such activities/services in the facility.

Please note that inherently religious services are prohibited. Local governments sometimes work with faith-based organizations on CDBG eligible facilities and services. CDBG assistance is limited to the portion of the facility where CDBG eligible activities are carried out and any religious activities must be conducted separately in time or location from CDBG funded facilities or activities. CDBG funds cannot be used for structures where religious activities are conducted, such as worship, or religious instruction. Sanctuaries, chapels or other rooms used by a religious congregation are ineligible for CDBG assistance. Further, CDBG beneficiaries may not be discriminated against on the basis of religion or religious beliefs.

As per 24 CFR 570.207(a)(3) CDBG funds shall 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.

Once the service area and the activities have been determined, the applicant must estimate the number of persons who will benefit from the project.

Beneficiaries should include the number of persons that can reasonably be expected to be served by the facility. Beneficiaries should not be double counted (e.g., one individual might participate in several activities conducted at the facility but should only be counted once). Beneficiaries may be based on the number of persons currently receiving the services to be provided or may be estimated based on surveys, capacity of the building and other available information. The estimated number should be reasonable and based on an increase in service, if applicable. The number of beneficiaries to be served is generally expected to be met by close out. See Chapter 13 for more information on meeting a national objective.

When documenting income of facility clientele, the family income of the users must be documented. The Forms/National Objectives page of the State's web site contains a form entitled "Sample Local Income Survey " which can be used for this purpose if needed. For more information on income documentation, please refer to Chapter 13.

A public facility that is part of a multiple use building containing both eligible and

ineligible uses may still be eligible for CDBG assistance if the eligible portion of the building:

- Meets CDBG guidelines;
- Will occupy a separate, designated area within the larger facility; and
- Costs attributable to the eligible portion can be determined as separate and distinct from the overall costs. Allowable CDBG costs are limited to those attributable to the eligible portion of the building.

In most circumstances, local governments must own public facilities because they are funded as public facilities under CDBG eligibility guidelines. Having local government ownership ensures the facility can be used for another eligible CDBG purpose should the facility/programming cease to operate Any alternative to local government ownership must be approved by the State. The use of Federal funds brings with it the requirement that the property must be protected. As a public facility, the local government ensures the ongoing operation and maintenance of the building for public use. Long term funding commitments and plans for financing the operation and maintenance of the building will be required to ensure the building will be used for the intended use and that ongoing operations are sustainable. It is generally expected that a facility will be used for its intended purpose for a minimum of five (5) years.

Additional requirements on the facility include:

- No encumbrances may be placed on the building, or on the land
- The building must be used only for the activity being funded and for the primary benefit of LMI persons and cannot be used primarily for general office or administration space.
- The facility must be open to the public during normal business hours (generally forty hours per week). Exceptions may be granted for facilities that are normally open to the public for fewer hours but grant amounts may also be reduced accordingly.

Residents and visitors may be charged fees for using such facilities, but the fees must be reasonable and not preclude or restrict low and moderate-income persons from using the facility. Gross income from the use or rental of the facility less any operating expenses is considered net income for the facility. If the net income totals more than $35,000 annually, this is considered CDBG program income. Generally, applicants will be allowed to keep the program income if their program income plan (PIP) proposes that the income be used for continued operation and improvement of the building as a CDBG eligible public service. (See Chapter 3 for more information on program income.)

For existing structures being rehabilitated or converted, the community must:

- Document if the building is of historic significance and whether there are environmental hazards that must be removed or abated (refer to Chapter 2 for more information).

- Ensure that the structure meets all Section 504/ADA accessibility requirements (see Chapter 11).

- When facilities include kitchen/food preparation areas, have the plans or specifications approved by the South Carolina Department of Public Health. Recipients may wish to follow the "Implementation Steps for Public Facilities Projects" guide, which is located in Forms/Public Facilities on the State web site, when undertaking public facility activities. The "Public Facilities Implementation Flow Chart" (also located in Forms/Public Facilities on the State's web site) is also a tool to assist in understanding and implementing public facilities projects.

Section 3 – Public Service Activities

One of the outcomes of community revitalization is to provide healthy and safe communities. All CDBG revitalization activities must incorporate an anti-crime component or strategy.

The purpose of this strategy is to help rebuild and restructure communities that have suffered because of criminal activity and social decay. Strategies should be designed to prevent, control, and reduce crime, drug abuse, and gang activity in targeted high-crime neighborhoods and bring in services that promote crime prevention and neighborhood revitalization. It may involve a community based, multi-agency approach to address high crime neighborhoods and make them places where people are vested in restoring the community as a safe place to live and raise families.

A multi-agency approach may involve several components:

(1) **Law Enforcement** – Criminal activities are reduced in the neighborhood by local law enforcement agencies. By reducing both crime and citizen fear, the residents living in the neighborhood will have a restored hope that the neighborhood can begin revitalization.

(2) **Community Policing** – Two key concepts: community engagement and problem solving. Law officers establish an on-going dialogue with residents to solve crime and address the underlying causes of crime. They work to give residents a sense of responsibility within the community to solve the crime problem together with law enforcement. It includes programs such as crime watches, graffiti removal, and neighborhood cleanup days.

(3) **Prevention, Intervention and Treatment** – The third component involves neighborhood efforts to promote a safe crime free area by eliminating risk factors that lead to crime and violence. Neighborhoods may have a multi-services center that provides various youth and adult oriented human services in a one-stop setting. Some of the activities may include childcare, after school programs, tutoring, recreation, parenting courses, drug prevention programs, substance abuse treatment, mental health services, family counseling, and medical care. Also

included may be activities to encourage home ownership and credit counseling.

(4) **Neighborhood Restoration** – Coordination of economic development and employment opportunities for residents, improvements to housing stock and physical environment of the neighborhood which go hand in hand with other efforts to make the neighborhood a place where residents want to live. The restoration component involves public facilities, employment and job training, safe clean streets, home ownership opportunities, medical services, recreation, grocery stores and other local needs.

Public safety services carried out in conjunction with other CDBG activities will be limited to 15% of the total CDBG project activity costs. Law enforcement vehicles are not eligible.

CDBG funded public service activities are only eligible for new or expanded services to residents, not just to continue or improve existing services. The unit of local government must commit to continue such services after the grant without creating a new, undue operating burden. Only major pieces of equipment, which have a durable life of five years or more, are eligible and must be listed in the application.

Also, as mentioned previously, some projects may involve the purchase of equipment or materials needed to provide training or technology, or other services to the community. The purchase of equipment, fixtures, motor vehicles, furnishings, or other personal property not an integral structural fixture is generally ineligible except when eligible as firefighting equipment, or when such items constitute all or part of a public service pursuant to § 570.201(e).

As with all CDBG-funded activities, public services must meet a national objective. CDBG-funded public service activities are typically categorized under the LMI Benefit National Objective as either Area Benefit or Limited Clientele activities. The distinguishing factor between the two categories is whether the service will be offered to all residents of a particular LMI area or to a particular group of LMI residents in the entire community. Please refer to Chapter 13: National Objectives for more information.

HUD has placed restrictions on the amount of CDBG funds the State may use for public services. In order to meet this requirement, the State reserves the right to reduce the amount of funding approved for grantees proposing such activities.

Section 4 – Downtown and Neighborhood Revitalization

Downtown Revitalization Projects

A downtown development or commercial revitalization project should increase economic competitiveness by conserving or revitalizing commercial and downtown areas. These projects help to strengthen the local economy by stimulating business activity and development and improving the appearance and functioning of the downtown or commercial area. All revitalization projects must incorporate a component to address

public safety. Eligible activities include public infrastructure improvements such as: streets, parking, sidewalks, lighting, streetscapes, and limited water/sewer (limited to 20% or less of the total project); and may also include acquisition, clearance, and other public facilities (except those for the general conduct of government). Additionally, such projects must include a market analysis for essential business goods and services , which can be paid for with CDBG funds. The requirements discussed in the previous infrastructure subsection of this chapter also apply to infrastructure activities undertaken as part of commercial revitalization projects.

Activities that are undertaken as part of downtown revitalization projects also must address one of the national objectives of the CDBG program. To qualify under the Low- and Moderate-Income Area (LMA) Benefit National Objective, the service area must be residential and at least 51 percent low- and moderate- income based on HUD census data, or serve an area documented as at least 51 percent LMI based on door-to-door income surveys as shown in the attachments to Chapter 10. If the project is not designed to serve an area that is LMI but is instead based on job creation, it must assist a particular business(es) and the business(es) must commit to the creation of new jobs, 51 percent of which will be filled by low- and moderate-income persons. Other requirements may also apply to these types of projects. Contact the State for technical assistance in determining which national objective a project may qualify under, and which additional program requirements may apply.

In addition, CDBG funded commercial or downtown projects should be part of an overall downtown revitalization strategy. The best projects involve the following components:

- There should be an active organization involved in the development and ongoing implementation of the commercial revitalization strategy.
- Projects should have the potential to leverage additional investment downtown.
- Projects should be a clearly identified component of a larger plan, i.e., a master plan, a strategic plan, or downtown/commercial plan.
- Projects should include a demonstrated public-private partnership at the local level.
- Projects should represent a commitment to historic preservation or represent unique community assets as noted in the comprehensive plan.

To accomplish their goals, a community may wish to follow the national model of the Main Street USA program or similar planning and organizational processes. The Four Points of the Main Street Program are:

(1) **Organization** involves getting everyone working toward the same goal and assembling the appropriate human and financial resources to implement a Main Street revitalization program. A governing board and standing committees make up the fundamental organizational structure of the volunteer-driven program. Volunteers are coordinated and supported by a paid program director as well. This structure not only divides the workload and clearly delineates responsibilities,

but also builds consensus and cooperation among the various stakeholders.

(2) **Promotion** sells a positive image of the commercial district and encourages consumers and investors to live, work, shop, play and invest in the Main Street district. By marketing a district's unique characteristics to residents, investors, business owners, and visitors, an effective promotional strategy forges a positive image through advertising, retail promotional activity, special events, and marketing campaigns carried out by local volunteers. These activities improve consumer and investor confidence in the district and encourage commercial activity and investment in the area.

(3) **Design** means getting Main Street into top physical shape. Capitalizing on its best assets — such as historic buildings and pedestrian- oriented streets — is just part of the story. An inviting atmosphere, created through attractive window displays, parking areas, building improvements, street furniture, signs, sidewalks, streetlights, and landscaping, conveys a positive visual message about the commercial district and what it has to offer. Design activities also include instilling good maintenance practices in the commercial district, enhancing the physical appearance of the commercial district by rehabilitating historic buildings, encouraging appropriate new construction, developing sensitive design management systems, and long-term planning.

(4) **Economic Restructuring** strengthens a community's existing economic assets while expanding and diversifying its economic base. The Main Street program helps sharpen the competitiveness of existing business owners and recruits compatible new businesses and new economic uses to build a commercial district that responds to today's consumers' needs. Converting unused or underused commercial space into economically productive property also helps boost the profitability of the district.

Downtown projects require that a community comprehensively work on all its opportunities, issues and problems. It requires a self-help approach as well as collaboration and involvement of business, government and the public.

Another tool for commercial revitalization projects is the South Carolina Community Development Law. The law authorizes the creation of a redevelopment commission and requires a redevelopment plan involving citizen participation. The law provides a framework for undertaking redevelopment activities in areas that have fallen into neglect and decay and for undertaking preventive measures in areas that appear to be in decline. Redevelopment of such areas under this law must be necessary for the public health, safety, morals or welfare of residents. The law also provides a means to use tax increment financing in redevelopment projects. Please refer to the state law for more information.

Neighborhood Revitalization Projects

**NOTE: As of 2024, the State no longer has a Neighborhood Revitalization program category. However since there are some open Neighborhood projects, this section is*

*being left in the manual as guidance for those. **

Neighborhoods that are safe, healthy and vibrant are the building blocks for sustainable communities. Smart growth concepts include a mix of affordable housing options within walking distance of work, stores, schools and services. They pay attention to details like the physical appearance, sidewalks, lighting, and community facilities that encourage neighborhood pride and interaction. Development is planned so people can spend less time in their cars. Revitalization and improvement is focused on existing communities, so that outlying farmland and open space remain protected.

The core communities that are made up of downtown business centers and nearby neighborhoods constitute a valuable resource to build upon. The Main Street Program has been a successful model for revitalizing downtowns. The program's four-point plan of action (as listed in the previous section) can be applied to these adjacent neighborhoods, which often suffer from low property values, deteriorating infrastructure, older housing and vacant properties. By linking neighborhoods with the local economy and undertaking revitalization strategies in both, it increases the sustainability of the community as a whole.

Neighborhoods should be within walking distance to downtown or business centers (typically no more than a ½ mile from the downtown or business center). Neighborhoods where significant CDBG and/or other funds have previously been expended may not be appropriate for a comprehensive program. A local government may address no more than one neighborhood at a time. There should be a comprehensive five-year plan that involves neighborhood residents in identifying needs and solutions. Plan elements should include but are not limited to:

- Comprehensive needs assessment (qualitative and quantitative) and prioritization
  - Land use and housing existing conditions
  - Infrastructure and public facilities existing conditions
  - Public safety and services (police, fire, health, education)
- Comprehensive strategies for revitalization that guide investments to achieve the following outcomes:
  - Improve neighborhood involvement and interaction
  - Provide safety and neighborhood pride
  - Address infrastructure and public facilities needs
  - Identify in fill housing opportunities
  - Improve physical appearance and property values
  - Promote sustainability and conservation
- Specific actions to prepare for implementation of revitalization strategies:
  - Cost estimates for CDBG eligible activities and other planned activities

  - Analysis of acquisition requirements
  - LMI survey determination for individual activities, as needed
  - Code enforcement ordinance or other locally adopted and enforceable procedures as appropriate
  - Anti-displacement and relocation plan, as appropriate
- Maps illustrating existing conditions, problems and proposed solutions
- Roles and responsibilities – neighborhood and local government involvement and commitment in planning and implementation
- Time frame for implementation of all strategies, including phased activities

Comprehensive neighborhood revitalization will involve multiple activities including a public safety component. Activities should be prioritized to address basic infrastructure and safety first and, where feasible, geographically concentrated within the target area in order to make the greatest impact. Housing activities may be limited to no more than 30% of all CDBG improvements in order to focus on community-wide needs. Eligible activities may include:

- Infrastructure – water, sewer, roads, drainage.
- Public Improvements – sidewalks, security lighting and cameras, police and fire substations, technology, multi-service centers to address crime risk factors, walking trails, green space, landscaping.
- Housing – infrastructure or other activities to support affordable or workforce housing, limited exterior-only improvements including facades, minor repairs, energy efficiency improvements and handicap accessibility.
- Demolition and clearance of vacant and dilapidated properties.
- Public Services – crime watch program, drug or gang education, awareness or prevention programs. (Services are limited to 15% of the CDBG project activity costs, must be new or expanded services, and applicant must commit to continue such services after the grant is closed without creating an operating burden on the local government.)

The requirements discussed in the previous infrastructure subsection of this chapter also apply to infrastructure activities undertaken as part of neighborhood revitalization projects.

It is recommended that environmental reviews address the neighborhood and include all possible future activities/phases of work that might occur in the neighborhood.

Projects must address a national objective of the CDBG program. To qualify under the LMI Area Benefit national objective, the service area must be residential and 51% LMI based on HUD census data or survey. Some projects may also qualify under the Area or Spot Blight objective. Housing activities must benefit LMI households.

The most successful projects have community buy in and take a self-help approach. Under the Main Street Program, having a strong organization is a key to success. The organization provides volunteers, organizes community events and helps to keep the community informed. Resident contributions may include a variety of other activities including trash pickup, clean up vacant lots, plant a community garden, set up a community crime watch, install neighborhood signs, build a neighborhood play ground or picnic area, create an elderly support group (calls to check on them, rides to doctor or grocery store, etc.), after school programs, educational programs, and other activities that result in a healthy neighborhood.

Section 5 – Acquisition, Clearance, Demolition, and Brownfields

Acquisition

Typical reasons for the acquisition of real property include:

- Blighted, deteriorated, properties needed to carry out community development,
- Property for rehabilitation or redevelopment,
- Property for the provision of public works, facilities, and improvements, or
- To be used for other public purposes.

Costs that may be paid for with CDBG funds under this category include the cost of surveys to identify the property to be acquired, appraisals, payments to property owners, the preparation of legal documents, recording fees, and other costs that are necessary to effect the acquisition.

Qualifying an acquisition activity under one of the CDBG national objectives depends entirely on the use of the acquired real property following its acquisition. A preliminary determination of compliance may be based on the planned use. The final determination must be based on the actual use of the property, excluding any short-term, temporary use. Where the acquisition is for the purpose of clearance that will eliminate specific conditions of blight or physical decay, the clearance activity may be considered the actual use of property. If $150,000 or more of CDBG funds is spent (for Program Years 2024 or earlier) or $250,000 or more (for Program Year 2025 or later), any subsequent use or disposition of the property must be treated as a "change of use". If property is to be acquired for a general purpose, such as housing or economic development, and the actual specific project is not yet identified, the grant recipient must document the general use it intends for the property, the national objective category it expects will be met, and make a written commitment to comply with CDBG requirements. See Re-Use Plan requirements at the end of the chapter.

If property is acquired or improved with CDBG funds, or any interest therein, is subsequently transferred to another entity within five years of closeout, the property or interest must be sold to the entity at **the current fair market value** unless the property will be used for an activity that meets a CDBG national objective. Sales proceeds would be program income based on a pro rata share if the local government

also contributed to the activity.

The purchase of real property by the grant recipient or other entities under this eligibility category is subject to the requirements of the Uniform Relocation Assistance and Real Property Acquisition Policies Act. Among other things, this could mean that persons displaced as a result of the acquisition must be provided with financial assistance.

An option to purchase property can be obtained (for 6 months at least) prior to grant award, but it must contain language making the option contingent upon environmental review and removal of environmental conditions. Prior to obtaining an option, a voluntary sale letter or notice of interest in acquiring property (for involuntary transactions) must be sent, and wording should be added that public funds are being sought for the project and an offer might not be pursued if funds are not obtained. The voluntary letter must include an estimate of fair market value (obtained from comparable sales in the neighborhood), and a statement that no eminent domain powers will be used. Sample letters are included in the Forms/Acquisition section of the web site.

Re-Use Plans

When CDBG funds are used for acquisition, demolition or improvement of publicly owned property, any subsequent use or disposition of the property must be treated as a "change of use". The grant recipient must document at the application stage the general use or "re-use" it intends for the property, the national objective category it expects will be met, and make a written commitment to comply with CDBG requirements. Change of use applies for 5 years following close out of the grant. If the change is determined to be ineligible, the State must be reimbursed an amount equal to the property's current fair market value, minus any portion of the value attributable to non-CDBG funds used for its acquisition or improvement.

The grantee must notify the State if there are any changes in use within five years of close out.

A plan for the re-use of property must be submitted prior to grant close out. Citizen input should be obtained on the re-use plan. The re-use plan should be submitted with the grant application or may be required as part of the grant conditions. The plan should describe:

- Short term and potential long term plans for use of the property
- How the use fits in with the overall neighborhood or surrounding areas
- Any planned improvements
- Conditions required for a change to be warranted
- Cost and commitment to maintain the property without causing undue burdens
- Planned national objective
- Whether the property will be available for use by the public
- Whether restrictive covenants are to be used to ensure eligible uses

- Commitment to advise the State of any change of use within five years of grant close out
- Plan signed and dated by the Mayor or County Chairperson

Chapter 4 Public Facilities, Improvements and Services Forms / Documents

- Implementation Steps for Public Facilities Projects
- Water/Sewer Project Definitions
- Public Facilities Implementation Flowchart
- Self Certification of Income Eligibility Required for Private Property Water and Sewer Service Lines