INTRODUCTION

Introduction

The State CDBG Program

The South Carolina Community Development Block Grant (CDBG) Program is designed to provide assistance to units of local government in improving economic opportunities and meeting community revitalization needs, particularly for persons of low- and moderate-income. Funding for the CDBG Program is provided to the State of South Carolina by the U.S. Department of Housing and Urban Development (HUD) under Title I of the Housing and Community Development Act of 1974, as amended. HUD has established the following three National Objectives for the CDBG program:

- Benefit low- and moderate-income persons,
- Aid in prevention or elimination of slums or blight, and
- 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 and are of recent origin or recently became urgent, and where other financial resources are not reasonably available to meet such needs.

Under Title I, all units of general local government are eligible to apply for CDBG financial assistance with the exception of any cities and urban counties that participate in the CDBG Entitlement Program and receive CDBG funds directly from HUD. Please see the CDBG Application Guidelines for the most current list of CDBG entitlement cities and counties. Note that some of the municipalities within these counties may be included in the HUD entitlement designation and some may not. For an eligibility determination, please contact the urban county or the state.

The South Carolina Department of Commerce, Business Incentives & Community Development division, is assigned the primary responsibility for the administration of the South Carolina State CDBG program (the State). The South Carolina Department of Commerce, Division of Administration is responsible for processing requests for payments and financial monitoring of CDBG recipients.

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The Implementation Manual

The purpose of the Implementation Manual is:

- To assist grant recipients in the day-to-day administration of their CDBG projects.
- To provide practical information on how to implement a CDBG project that will meet legal, financial and program obligations.
- To provide the grant administrator a simple step-by-step approach beginning with grant approval, to set-up, implement, audit and close-out a CDBG project.

Note, however, that this Manual is intended as a guide and reference, not as a substitute for a thorough knowledge of state and federal laws and regulations referenced in the manual. Though not all inclusive, this Manual covers the major areas of CDBG administration, provides required and suggested forms and instructions, and provides references for applicable laws and regulations. This Manual also covers several different program years. Depending on the program year, not all activities in this Manual may be currently eligible. For project and activity eligibility, the current program year CDBG Program Description and Application Guidelines should be consulted.

As necessary, revisions or additions to this manual will be updated and made available on the State CDBG website (www.cdbgSC.com).

Other Resources and Information

The CDBG program is subject to many regulations/requirements and it is very important to note that these are subject to change. Funding recipients are responsible for ensuring that they are in compliance with all applicable rules. This can be accomplished by periodically checking the websites listed below to see if updated or revised regulations have been issued:

- National Archives: https://www.archives.gov/
- HUD databases: https://www.hud.gov/hudclips
- Department of Labor: www.dol.gov/
- Department of Labor poster page: https://www.dol.gov/agencies/whd/posters
- South Carolina Human Affairs Commission: www.schac.gov
- Office of Management and Budget: www.whitehouse.gov/omb

The recipient is responsible for recognizing and applying the following rule:

Whether local, state or federal, the most stringent law or regulation must be followed.

The State will conduct workshops to assist local governments and other interested parties in the preparation of grant applications and the administration and management of projects in accordance with program requirements. In addition, the State is available to provide technical assistance to local governments and non-profit organizations regarding the CDBG program. For more information or assistance, recipients are encouraged to contact the Grants Manager for the applicable area (refer to the contact list on the State CDBG web site).

CDBG Glossary of Terms and Acronyms

CDBG - Community Development Block Grant – The Federal entitlement program that provides funds to states and cities/counties for community development programs and projects.

- **Con Plan - Consolidated Plan** - A plan prepared in accordance with the requirements set forth in 24 CFR Part 91 which describes community needs, resources, priorities and proposed activities to be undertaken under certain HUD programs, including CDBG.
- **Contractors** - A contractor is an entity paid with CDBG funds in return for a specific service (e.g., construction). Contractors must be selected through a competitive procurement process.
- **Division of Administration (Finance) -** Division within the SC Department of Commerce that processes requests for payments for CDBG funds and monitors financial aspects of program implementation and reviews audits.
- **DOL – Department of Labor** – Federal department of the U.S. government that is responsible for labor regulations and requirements.
- **EEO – Equal Employment Opportunity** – Refers to a number of laws and regulations that together require that CDBG recipients provide equal opportunity to all persons without regard to race, color, religion, age, familial status, disability, national origin, or sex in the administration of their programs.
- **Extremely Low Income –** As defined in the Consolidated Plan regulations and the Section 8 Program, a family whose incomes does not exceed 30% of the median family income for the area.
- **Fair Housing** – Refers to a number of laws and regulations that apply to the CDBG program and prohibit a wide range of discriminatory practices and require CDBG programs to be administered in a manner which affirmatively furthers fair housing.
- **Grantee** – See Recipient.
- **Business Incentives & Community Development** – Formerly known as Grants Administration, the office within the SC Department of Commerce that administers the state CDBG program.
- **HUD – U.S. Department of Housing and Urban Development** - HUD established the regulations and requirements for the program and has oversight

responsibilities for the use of CDBG funds.

- **LMI – Low- and Moderate-Income** - A household/family having an income equal to or less than the Section 8 Low Income limit (80% of the area median) as established by HUD.
- **Local match** – Funds provided by the locality/recipient as a condition of award/use of CDBG funds. The amount of local match varies by activity and can come from a variety of non-grant, cash sources. Local match funds must be used for CDBG-eligible activities and shall be spent on a pro-rata basis, meaning as CDBG funds are drawn down, a matching share of 10% in local funds must also be expended at the same time.
- **Low income** - A household/family having an income equal to or less than the Section 8 Very Low Income limit (50% of the area median income) as established by HUD. This definition is consistent in the CDBG and Consolidated Plan regulations.
- **Moderate income** – Under the CDBG regulations, defined as a household/family having an income equal to or less than the Section 8 Low Income limit (80% of the area median), but greater than the Section 8 Very Low Income limit (50% of the area median).
- **National objective(s)** – Refers to the three main goals of the CDBG program – benefit LMI persons, prevent or eliminate slums/blight or meet a need having a particular urgency. All funds expended under the program must go to meet one of the three national objectives.
- **Recipient** – Refers to eligible localities and other agencies that receive and use CDBG funds under the State of South Carolina's CDBG Program. Also commonly referred to as grantee.
- **Regulations** – Refers to the implementing requirements that are developed and issued by the agency responsible for a certain program or requirement. In the case of CDBG, the regulations are issued by HUD and can be found at 24 CFR Part 570.
- **RFP – Request for Payment** – The formal process of requesting payment of CDBG funds from the DOA. (Note: The term RFP can also refer to procuring a Request for Proposals.)
- **RLF – Revolving Loan Fund** - a separate fund with a set of accounts that are independent of other program accounts established to carry out specific activities that, in turn, generate payments to the fund for use in carrying out such activities. Commonly used with CDBG program income funds for ongoing housing rehabilitation or economic development activities.
- **Section 3** – Refers to Section 3 of the Housing and Urban Development Act of 1968, which requires that employment and other economic opportunities generated by certain HUD financial assistance shall, to the greatest extent feasible, and consistent with existing Federal, State and local laws and regulations, be directed to low and

very low income persons, particularly those who are recipients of government assistance for housing, and to businesses that provide economic opportunities to low- and very low-income persons. The final rule took effect on November 30, 2020.

- **Statute/Statutory** – Refers to requirements which have their basis in the law passed by Congress. In the case of CDBG, the statute is Title 1 of the Housing and Community Development Act of 1974. Statutory provisions cannot be waived by HUD, except in case of a natural disaster, but must be changed or approved by Congress.
- **Subrecipient** - Subrecipients are governmental or private nonprofit organizations chosen by the grantee to undertake certain eligible CDBG activities. Water and sewer authorities and non-profit organizations are examples of subrecipients. Subrecipients are also referred to as subgrantees.
- **URA – Uniform Relocation Act** – Federal regulation governing the acquisition of real property and the relocation or displacement of persons from federally-assisted projects.

The Department of Commerce Business Incentives & Community Development does not discriminate on the basis of age, race, color, religion, sex, national origin, familial status or disability in the admission or access to, or treatment or employment in, its federally assisted programs or activities.

This manual can be made available in alternative formats. For assistance, contact Barry Butler, Compliance Specialist, State CDBG Program at (803) 734-0555 (TTY 711).