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Subject: Using Community Development Block Grant Funds for Public Services and Facilities

Issued: May 1, 2020

Distributed To: Office of Community Development Units of Local Government Award Recipients and their Affiliates

Program Policy

The following Office of Community Development (OCD) policy provides guidance on using Community Development Block Grant (CDBG) funds for Public Services and Facilities. Public Services are authorized under the 1974 Housing and Community Development Act (HCDA) Section 105(a)(8). Public Facilities are authorized under HCDA Section 105(a)(2).

Qualifying Programs

- Community Development Allocation
- Target of Opportunity

Public Services

Eligible Services include, but are not limited to:

- Child Care
- Down Payment Assistance
- Education
- Energy Conservation Counseling and Testing
- Health Care
- Public Safety
- Senior Services
- Job Training, including:
 - training a qualified pool of candidates for unspecified jobs
- Services for Victims of Domestic Violence
- Drug Abuse Counseling and Treatment
- Emergency Assistance Payments for Rent, Mortgage, and Utilities
- Fair Housing
- Homeless Services
- Recreation
- Transportation
- Legal Services, including
 - walk-in legal counseling
 - foreclosure mitigation and prevention
 - landlord/tenant matters,
 - veterans and public benefit appeals
 - child support orders
 - reasonable accommodations for persons with disabilities
 - consumer protection

Eligible Costs

- Labor, defined as salaries and benefits for staff and contract employees;
- Equipment, supplies, and materials, purchased or leased;
- Facility operation and maintenance costs, limited to the portion of a facility in which an eligible public service is housed*

**Note: This does not require CDBG funds to be used for the public service itself.*

Public Service Caps

Public Services are capped at 15% of a community's biennial allocation, excluding administration, fair housing, and planning. Communities may request this cap be waived for program years prior to 2019. This cap has been removed for PYs 2019 and 2020. Communities with open PY 2019 grants may amend their programs to increase funding for public service activities without a waiver. Communities applying for funding in PY 2020 may use any percentage of the grant for public service activities.

Restrictions

New or Quantifiable Increase in Level of Service

New Service: CDBG funds may be used for a new public service. This refers to a public service that does not currently exist and will be established using CDBG funds. For example, a county will establish a new Meals on Wheels program using CDBG funds.

Quantifiable Increase in Level of Service: CDBG funds may be used for a quantifiable service level increase. For example, a county's Meals on Wheels program served 20 households in 2019. With CDBG funds, the county will expand its service to 30 households for a quantifiable increase of 10 households in 2020.

CDBG funds may not replace local or state government support for a public service activity. For example, if a county used \$20,000 in general revenue funds in 2019 for the Meals on Wheels program and served 20 households, it may not substitute \$20,000 in CDBG funds in 2020 to serve those same 20 households.

This restriction does not prevent substituting CDBG for private or other federal funding. Nor does it prevent CDBG from funding the same level (or a reduced level if delivery costs increase) of a public service for multiple consecutive years.

OCD may grant an exception if it determines the local government is no longer able to fund the service for reasons behind its control.

Ineligible Activities

- Political Activities
- Litigation against the U.S. Department of Housing and Urban Development or the State of Ohio
- On-going, non-emergency income payments, defined as a *series of subsistence-type grant* payments made to an individual or family

**Note: Emergency grant payments, defined as no more than three (3) consecutive months, and made directly to the provider on behalf of an individual or family, for housing (rent or mortgage) or utilities are eligible.*

National Objectives

Public Service activities are required to meet a national objective of low- and moderate-income (LMI) benefit.

Area Benefit (LMA): The public service benefits all residents of a geographic service area. The service area must be primarily residential and at least 51% LMI as qualified by the American Community Survey or an income survey performed in accordance with [OCD Program Policy 19-02: Qualifying Community Development and Residential Public Infrastructure Projects using Community Development Block Grant National Objectives](#).

Limited Clientele (LMC): The public service benefits a specific group of people that

- meet one or more of the limited clientele presumed classes,
- can be presumed LMI by the nature and location of the service provided, or
- are income qualified as LMI. Limited Clientele projects do not require a geographic service area.

Limited Clientele Classes:

- Battered Spouses
- Homeless Persons
- Migrant Farm Workers
- Severely Disabled Adults
- Income Qualified as LMI
- Elderly Adults
- Illiterate Adults
- Persons Living With AIDS
- Presumed LMI by Nature/Location of Services

Examples:

Grantee uses CDBG funds for staff salaries and benefits, and operations at the county homeless shelter. The project is qualified under the Limited Clientele national objective; the project benefits Homeless Persons, a presumed class.

Grantee uses CDBG funds to purchase a Meals on Wheels delivery van serving elderly and disabled adults. The project is qualified under the Limited Clientele national objective; the project benefits Elderly Persons and Severely Disabled Adults, presumed classes.

Grantee uses CDBG funds for Emergency Monthly Housing Payments for rent or mortgage, and utility costs on behalf of LMI households. The payments are made directly to the vendors and for no more than three consecutive months. This project is qualified under the Limited Clientele national objective; recipients must be income qualified.

Grantee uses CDBG funds to purchase equipment for the county's Federally Qualified Health Center. This project is qualified under the Area Benefit national objective; the county is more than 51% LMI and the majority of beneficiaries are county residents.

Subrecipient Agreements:

Communities often complete public service activities in partnership with community action agencies, public health facilities, and other nonprofit entities. In these situations, when the service provider is not competitively procured, the community must enter into a subrecipient

agreement with the nonprofit partner to implement the public service activity. Subrecipient agreements must be developed in accordance with 24 CFR 570.503 and 2 CFR 200.331. OCD will identify and approve subrecipient relationships on a case-by-case basis and will clarify recordkeeping and reporting requirements for subrecipients as a special condition to the grant agreement.

Public Facilities

Public facilities are facilities that are either publicly owned or traditionally provided by the government, or owned by a nonprofit, and operated as open to the general public.

Eligible Facilities include, but are not limited to:

- Day Care Centers
- Domestic Violence Shelters
- Homeless Shelters
- Libraries
- Public Schools
- Disaster Shelters
- Fire Stations
- Hospitals
- Nursing Homes
- Senior Centers

Facilities designed to provide shelter for persons with special needs are considered public facilities, as opposed to permanent housing. These shelters also include convalescent homes, transitional housing for the homeless, housing for itinerant farm workers, and group homes for the developmentally disabled. Facilities owned and operated by nonprofits qualify for assistance if they are available to the general public during all normal hours of operation.

Ineligible Activities

- Facilities for General Conduct of Government or Political Operations
- Equipment, furnishings, or other personal property
- Public housing construction

National Objectives

Public Facilities activities are required to meet a national objective of low- and moderate-income (LMI) benefit or Slum/Blight alleviation.

Area Benefit (LMA): The public facility serves all residents of a geographic service area. The service area must be primarily residential and at least 51% LMI as qualified by the American Community Survey or an income survey.

Limited Clientele (LMC): The public facility serves a specific group of people that

- meet one or more of the limited clientele presumed classes,
- can be presumed LMI by the nature and location of the service, or
- are income qualified. Limited Clientele projects do not require a geographic service area.

Slum/Blight (S/B):

Area Slum/Blight (SBA): The public facility is located in a designated blighted area. Project activities are limited to items contributing to the blight designation.

Spot Slum/Blight (SBS): The public facility is located outside a designated blighted area. Project activities are limited to addressing health and safety concerns.

Examples

Grantee uses CDBG funds to install a boiler system and HVAC upgrades at a county senior center. The project is qualified under the Limited Clientele national objective; the project benefits Elderly Persons, a presumed class.

Grantee uses funds to construct interior walls at the county health care center creating additional patient examination rooms. This project is qualified under the Area Benefit national objective; the city is more than 51% LMI and the majority of beneficiaries are city residents.