April 24, 2013

To: Rockville Civic, Neighborhood, and Community Organizations

Re: Community Development Block Grant (CDBG) Fiscal Year 2015 / Program Year 40 (Approximate Grant Start Date in Fall 2014)

The time is coming for decisions to be made for the next allocation of the Community Development Block Grant (CDBG). This year, the City of Rockville will solicit public input earlier than in the past to better incorporate community feedback into decisions about the funding.

CDBG Public Hearing – Monday, May 13, 2013 – 7:00 PM At Rockville City Hall

Citizens and organizations may voice their opinions on community needs and funding priorities at a Public Hearing to be held at the Mayor and Council meeting at 7:00 p.m. on Monday, May 13, 2013. Anyone wishing to speak at this hearing should register with the City Clerk by calling 240-314-8280 between the hours of 8:30 a.m. and 5:00 p.m. Testimony will be limited to three minutes for an individual citizen and five minutes for an association or organization.

Additional information will be available in the Mayor and Council's May 13 agenda item, which will be posted online by May 10, 2013 at: http://www.rockvillemd.gov/government/mc/index.htm.

Testimony from this hearing will be considered by the Mayor and Council in setting priorities for the upcoming round of funding at their meeting on June 10, 2013. The public comment period will remain open until May 24, 2013 to accept written testimony if you cannot attend the hearing.

What is Community Development Block Grant Funding?

The Community Development Block Grant Program is a federal grant for housing and community development projects that benefit low and moderate-income persons. For a number of years the City of Rockville has received Community Development Block Grant (CDBG) funding through an agreement with Montgomery County.

Rockville is projected to receive $200,000 in CDBG funding for Fiscal Year 2015. Federal CDBG funds have been cut by 38 percent over the past few years and additional cuts are possible.

Recently, CDBG funds have been used to rehabilitate different types of housing and provide social services to low and moderate-income community residents. Funds are available to finance new projects as well as to support ongoing programs, such as the City of Rockville's Single-Family Rehabilitation Program. Last year, the City decided to target CDBG funds to housing activities. The Mayor and Council funded three projects:

- The City's Single-Family Housing Rehabilitation Program, which provides no or low-interest loans to low and moderate-income families to keep their homes safe and habitable;
- Rockville Housing Enterprises (RHE) for the rehabilitation of scattered site public housing units; and
- Interfaith Works for the rehabilitation of three permanent supportive housing units for formerly homeless families.

Attached is a fact sheet that explains the types of activities that can be funded under CDBG.

For further information, contact Erin Wilson at the Department of Community Planning and Development Services at 240-314-8203 or ewilson@rockvillemd.gov.

GENERAL BACKGROUND ON THE

COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG)

All CDBG projects must (1) benefit low and moderate-income people and (2) prevent or eliminate slums and blight. The federal government has three national objectives under which a project activity must be classified.

First National Objective – To Benefit Low and Moderate Income People

For an activity to meet the first national objective, or to benefit low and moderate income people, it must meet income eligibility requirements that limit the benefits of the project to low and moderate income persons or the project must be located in an area that is predominately inhabited by residents who are persons of low and moderate income.

HUD INCOME LIMITS*
Effective December 2012

Family Size	Low	Moderate
1	$37,600	$46,750
2	$42,950	$53,400
3	$48,300	$60,100
4	$53,650	$66,750
5	$57,950	$72,100
6	$62,250	$77,450
7	$66,550	$82,800
8	$70,850	$88,150

* All income figures have been rounded off to the nearest $50.

Second National Objective – The Removal of Blight

For an activity to meet the second national objective, the removal of blight, it must be designed to address the conditions causing the slums and blight. Generally, the City determines areas of slums or blight, although activities designed to remove a specific blighting condition can be considered. Historic preservation activities can also be funded under this objective.

Third National Objective – Meet an Urgent Community Need

The third national objective is to meet an urgent community need. In order to meet that objective, it must be demonstrated that the project will address an immediate threat to the health or welfare of the community such as a natural disaster. The third national objective addresses a very narrow range of activities and is rarely used.

Activities that do not meet one of the national objectives cannot be undertaken with CDBG funds.

Block Grant funds <u>can</u> be used for the following:

- To buy property for public uses (recreation, public facilities, historic preservation, neighborhood conservation).
- To build public facilities (roads, curbs, sidewalks, parks, neighborhood facilities, sewerage collection systems, water distribution systems, flood and drainage systems).
- To demolish or to rehabilitate blighted buildings.
- To provide public services.
- To remove architectural barriers for the handicapped and elderly (widen doors, install wheelchair ramps).
- To provide loans and grants to rehabilitate houses and apartments.
- To provide programs to preserve and restore public or private historic properties.
- To implement economic development activities (training programs, energy conservation programs, commercial revitalization).
- To pay for planning and administrative costs (studies, staff salaries).

Block Grant funds <u>cannot</u> be used for the following:

- To build facilities for the general conduct of government business.
- To purchase equipment.
- To purchase construction equipment.
- To purchase equipment, fixtures, motor vehicles, furnishings or other items that are not an integral structural fixture.
- To incur any expense associated with repairing, operating, or maintaining public facilities and services (i.e. maintenance of streets, parks, water and sewer facilities, senior centers, centers for the handicapped, parking, etc.).
- To construct new permanent residential housing except when carried out by certain agencies.
- To make income payments for housing (i.e. payments for housing maintenance, housing allowances). Mortgage subsidies are not allowed except when funded through a nonprofit organization as second trusts.
- To pay for the salaries of trainees in training programs unless the work performed in that training program serves an eligible public purpose.
- To fund active churches or church-affiliated organizations, unless a clear separation of purpose, mission and organizational relationship can be established between an active church and any ancillary buildings it may own or affiliated organizations it may set up.