

# **Guide to National Objectives & Categories of Eligible Activities**

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**ALL HUD PROJECTS & ACTIVITIES HAVE TWO REQUIREMENTS:**

1. They must meet a national objective;
- &
2. They must be considered an eligible activity.

*This guide will direct you in how to qualify your project / activity for HUD funding.*

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## **GUIDE TO NATIONAL OBJECTIVES (24CFR570.208)**

### **Importance of National Objectives**

The authorizing statute of the CDBG program requires that each activity funded must meet one of three national objectives. The three national objectives are:

- I. Benefit to low- and moderate- income (LMI) persons;**
- II. Aid in the prevention or elimination of slums or blight; and**
- III. Meet a need having a particular urgency (referred to as urgent need).**

An activity that does not meet a national objective is not compliant with CDBG requirements and may be subject to remedial actions.

### **I. Benefit to Low and Moderate Income Persons or Households**

The LMI national objective is often referred to as the “primary” national objective because the statute requires that recipients expend 70 percent of their CDBG funds to meet the LMI national objective.

This section covers the four categories that can be used to meet the LMI national objective:

- A. Area benefit activities;
- B. Limited clientele activities;
- C. Housing activities; or
- D. Job creation or retention activities

#### **A. Low Mod Area Benefit (LMA)**

The area benefit category is the most commonly used national objective for activities that benefit a residential neighborhood. An area benefit activity is one that benefits all residents in a particular area, where at least 51 percent of the residents are LMI persons.

Examples of area benefit activities may include the following when they are located in a predominately LMI neighborhood:

- Acquisition of land to be used as a neighborhood park;
- Construction of a health clinic;
- Improvements to public infrastructure like the installation of gutters and sidewalks; and
- Development of a community center.

The activities listed above benefit all LMI residents in a service area and thus are the type of activities that may qualify under the LMI area benefit category for the purposes of meeting a national objective. Grantees are responsible for determining the service area of an activity. HUD will generally accept a grantee’s determination as long as it is reasonable.

The factors that should be considered in making a determination regarding the service area include:

The nature of the activity:

In general the size and the equipment associated with the activity should be taken into consideration. A small park with a limited number of slides and benches would not be expected to serve the entire neighborhood. In the same way, a larger park that can accommodate a considerable number of people would not be expected to service just the immediately adjacent properties. The same applies to improvements or assistance to an alleyway versus a small two-lane street versus an arterial four-lane street within the same neighborhood. The service area for each of these infrastructure projects will be different in size and population.

The location of the activity:

In general, the immediate area surrounding a facility is expected to be included in the service area. Additionally, when a facility is located near the boundary of a particular neighborhood, its service area could likely include portions of the adjacent neighborhood as well as the one in which it is located.

Accessibility issues:

Geographic barriers can separate and preclude persons residing in a nearby area from taking advantage of a facility. Other limits to accessibility can include access fees, language barriers, time or duration that an activity is available, access to transportation and parking, etc.

The availability of comparable activities:

Comparable activities within the service area should be taken into account so that the service area does not overlap with the service area of another comparable activity.

Boundaries for facilities and public services:

The service area for some public facilities and services are determined based on specified and established boundaries or districts. Examples of such services and facilities are police precincts, fire stations, and schools.

If the service area has not already been identified for an activity, the grantee has to determine the service area before CDBG assistance can be provided under the LMI Area Benefit category.

An area is considered to meet the test of being LMI if there is a sufficiently large percentage (51 percent) of LMI persons residing in the service area as determined by:

- The most recently available decennial Census information, together with the Section 8 income limits that would have applied at the time the income information was collected by the Census Bureau; or
- A current survey of the residents of the service area.

Income surveys are often used to determine LMI area in one of two instances:

If HUD data does not indicate the service area contains at least 51 percent LMI persons, and if a grantee has a compelling reason to believe the data is incorrect, then the grantee may conduct household surveys based on a change in either population or income of the area since the census.

Also, when the service area is not generally the same as a census tract or block group, then the grantee should conduct household surveys to determine the LMI percentage for the service area.

Finally, the service area of the activity must be primarily residential and the activity must meet the identified needs of LMI persons.

An activity with a service area that is not primarily residential may not qualify under the LMI area benefit category even if the activity provides benefits to all residents in the service area and 51 percent of the residents are LMI persons.

This requirement does not apply to the location of the activity itself but rather the service area of the activity. As such, it does not mean that activities located in commercial districts cannot be qualified under the LMI area benefit category on the virtue of their geography. The primarily residential test is applied to the service area of the activity.

For example, activities that support the infrastructure of a commercial district composed of institutions and firms that serve a national and international clientele will not qualify under LMI area benefit.

In contrast, if the commercial district is composed of stores and businesses that serve local customers such that the service area boundaries of the commercial district is around a primarily residential area with the requisite percentage of LMI residents, the activity qualifies under the LMI area benefit category.

Activities under Public Facilities and Improvements and some Public Service activities (e.g. police or fire services) tend to provide benefits to all residents in the service area. Additionally, public schools can be qualified under LMI area benefit because of the affect a school may have on the value of the residential property in the area. Public Schools are considered to benefit all the residents of the service area and may qualify under this category.

There are activities and facilities that are located in a service area but are designed to meet special needs. These activities cannot be qualified under this category. For example, a senior center would qualify under the LMI limited clientele category and not the LMI area benefit category.

## **B. Low Mod Limited Clientele (LMC)**

The limited clientele category is a second way to qualify specific activities under the LMI benefit national objective. Under this category, 51 percent of the beneficiaries of an activity have to be LMI persons.

In contrast to the area benefit category, it is not the LMI concentration of the service area of the activity that determines whether the activity will qualify or not, but rather the actual number of LMI persons that benefit from the activity.

Activities in this category provide benefits to a specific group of persons rather than everyone in an area. It may benefit particular persons without regard to their residence, or it may be an activity that provides a benefit to only particular persons within a specific area.

Examples of activities that qualify under the limited clientele category include:

- Acquisition of a building to be converted into a shelter for the homeless;
- Rehabilitation of a center for training severely disabled persons to enable them to live independently;
- Clearance of a structure from the future site of a neighborhood center that will exclusively serve the elderly; and
- Public services activities like the provision of health services.

The listed examples qualify under the limited clientele category because the beneficiaries can be identified as LMI residents.

With respect to determining the beneficiaries of activities as LMI and qualifying under the limited clientele category, activities must meet one of the following tests:

Benefit a clientele that is generally presumed to be principally LMI. This presumption covers abused children, battered spouses, elderly persons, severely disabled adults (see the box below), homeless persons, illiterate adults, persons living with AIDS and migrant farm workers; or

Require documentation on family size and income in order to show that at least 51 percent of the clientele are LMI; or

Have income eligibility requirements limiting the activity to LMI persons only; or

Be of such a nature and in such a location that it can be concluded that clients are primarily LMI. An example is a day care center that is designed to serve residents of a public housing complex.

In addition, the following activities may qualify under the limited clientele national objective:

Removal of architectural barriers to mobility for elderly persons or the severely disabled will be presumed to qualify under this category if it is restricted, to the extent practicable, to the removal of such barriers by assisting

The reconstruction of a public facility or improvement, or portion thereof that does not qualify under the area benefit category;

The rehabilitation of a privately owned nonresidential building or improvement that does not qualify under area benefit or job creation or retention category: or

The rehabilitation of common areas in a residential structure that contains more than one dwelling unit and that does not qualify under housing activities category for meeting national objectives.

Microenterprise activities carried out in accordance with the HUD regulations when the person owning or developing the microenterprise is LMI; or

Activities that provide training and other employment support services when the percentage of persons assisted is less than 51 percent LMI may qualify if: the proportion of total cost borne by CDBG is no greater than the proportion of LMI persons assisted; and when the service assists businesses, CDBG is only used in the project to pay for the job training and/or supportive services.

### **Definition of Severely Disabled**

Persons are considered severely disabled if they:

- Use a wheelchair or another special aid for 6 months or longer;
- Are unable to perform one or more functional activities (seeing, hearing, having one's speech understood, lifting and carrying, walking up a flight of stairs and walking);
- Need assistance with activities of daily living (getting around inside the home, getting in or out of bed or a chair, bathing, dressing, eating and toileting) or instrumental activities or daily living (going outside the home, keeping track of money or bills, preparing meals, doing light housework and using the telephone);
- Are prevented from working at a job or doing housework;
- Have a selected condition including autism, cerebral palsy, Alzheimer's disease, senility or dementia or mental retardation; or
- Are under 65 years of age and are covered by Medicare or receive Supplemental Security Income (SSI).

## **C. Low Mod Housing Activities (LMH)**

The housing category of LMI benefit national objective qualifies activities that are undertaken for the purpose of providing or improving permanent residential structures which, upon completion, will be occupied by LMI households.

Examples of eligible activities include, but are not limited to:

- Acquisition of an apartment house to provide dwelling units to LMI households at affordable rents, where at least 51 percent of the units will be occupied by LMI households;
- Site improvements on publicly-owned land to serve a new apartment structure to be rented to LMI households at affordable rents;
- Housing rehabilitation for single family units;
- Conversion of an abandoned warehouse to be reconfigured into new apartments, where at least 51 percent of the units will be occupied by LMI households at affordable rents.

In order to meet the housing LMI national objective, structures with one unit must be occupied by a LMI household. If the structure contains two units, at least one unit must be LMI occupied. Structures with three or more units must have at least 51 percent occupied by LMI households.

## **D. Job Creation or Retention Activities**

Butler County Community Development utilizes the Revolving Loan Fund and other Economic Incentive packages when using this objective. Please contact 785-5391 for additional information.

## **II. Elimination of Slums and Blight**

Activities under this national objective are carried out to address one or more of the conditions which have contributed to the deterioration of an area designated as a slum or blighted area.

The focus of activities under this national objectives is a change in the physical environment of a deteriorating area. This contrasts with the LMI benefit national objective where the goal is to ensure that funded activities benefit LMI persons.

This difference in focus has an impact on the information that is required to assess the qualifications of an activity. Under the LMI benefit national objective, determining the number of LMI persons that actually or could potentially benefit from an activity is central to qualifying the activity. Under the elimination of slum and blight national objective, determining the extent of and physical conditions that contribute to blight is central to qualifying an activity.

There are three categories that can be used to qualify activities under this national objective:

- A. Prevent or eliminate slums and blight on an area basis;
- B. Prevent or eliminate slum and blight on a spot basis; or
- C. Be in an urban renewal area.



## **A. Slum Blight Area Basis (SBA)**

This category covers activities that aid in the prevention or elimination of slums or blight in a designated area. Examples of activities that qualify when they are located within the slum or blighted area include

- Rehabilitation of substandard housing located in a designated blighted area and where the housing is expected to be brought to standard condition;
- Infrastructure improvements in a deteriorated area; and
- Economic development assistance in the form of a low-interest loan to a business as an inducement to locate a branch store in a redeveloping blighted area.

To qualify under this category, the area in which the activity occurs must be designated as slum or blighted. The following tests apply:

The designated area in which the activity occurs must meet the definition of a slum, blighted, deteriorated or deteriorating area under state or local law;

Additionally, the area must meet either one of the two conditions specified below:

Public improvements throughout the area are in a general state of deterioration; or

At least 25 percent of the properties throughout the area exhibit one or more of the following:

- Physical deterioration of buildings/improvements;
- Abandonment of properties;
- Chronic high occupancy turnover rates or chronic high vacancy rates in commercial or industrial buildings;
- Significant declines in property values or abnormally low property values relative to other areas in the community; or
- Known or suspected environmental contamination.

Documentation must be maintained by the grantee on the boundaries of the area and the conditions that qualified the area at the time of its designation. The designation of an area as slum or blighted must be re-determined every 10 years for continued qualifications.

As stated above, qualified activities must address the identified conditions that contributed to the slum and blight.

## **B. Slum Blight Spot Basis (SBS)**

These are activities that eliminate specific conditions of blight or physical decay on a spot basis and are not located in a slum or blighted area. Examples include:

- Acquisition and demolition of a dilapidated property;
- Rehabilitation of a decayed community center that eliminates code violations that are detrimental to the health and safety of potential occupants like faulty wiring, falling plaster, or other similar conditions;
- Preservation of a deteriorated building of historic significance; and
- Financial assistance to a business to demolish a decayed structure and construct a new building on the site.

Activities under this category are limited to acquisition, clearance, relocation, historic preservation, remediation of environmentally contaminated properties, and building rehabilitation activities.

Furthermore, rehabilitation is limited to the extent necessary to eliminate a specific condition detrimental to public health and safety.

### **C. Slum Blight Urban Renewal Area (SBR)**

This national objective category is rarely used as there are only a handful of communities with open Urban Renewal Plans. Butler County does not have an open Urban Renewal Plan.

### **III. Urgent Need (URG)**

Use of the urgent need national objective category is rare. It is designed only for activities that alleviate emergency conditions. Examples include:

- Acquisition of property located in a flood plain that was severely damaged by a recent flood;
- Public facility improvements like the reconstruction of a publicly-owned hospital that was severely damaged by a tornado;
- Demolition structures that are severely damaged by a major earthquake;
- Public services like additional police protection to prevent looting in an area damaged by a recent hurricane;
- Interim assistance such as emergency treatment of health problems cause by a flood; and
- Special economic development assistance to a grocery store that was damaged by an earthquake.

Urgent need qualified activities must meet the following criteria:

- The existing conditions must pose a serious and immediate threat to the health or welfare of the community;
- The existing conditions are of recent origin or recently became urgent (generally, within the past 18 months);
- The grantee is unable to finance the activity on its own; and
- Other sources of funding are *not* available.

**CATEGORIES OF ELIGIBLE ACTIVITIES  
(24CFR570.201)**

**IV. ACTIVITY CATEGORIES**

**A. ACQUISITION OF REAL PROPERTY**

The statute and regulations authorize the use of CDBG funds by a grantee or a public or private nonprofit entity to acquire real property in whole or in part by purchase, long-term lease, donation, or otherwise.

Real property to be acquired may be:

- ◆ Land,
- ◆ Air rights,
- ◆ Easements,
- ◆ Water rights,
- ◆ Rights-of-way,
- ◆ Buildings and other real property improvements, or
- ◆ Other interest.

**B. DISPOSITION**

Disposition, through sale, lease donation or otherwise, of any real property acquired with CDBG funds or its retention for public purposes, including reasonable costs of temporarily managing such property or (property acquired under Urban Renewal funds) until final disposition of the property is made.

Disposition costs include preparation of legal documents, as well as fees paid for:

- ◆ Appraisals,
- ◆ Surveys,
- ◆ Marketing,
- ◆ Financial services, and
- ◆ Transfer taxes and other costs involved in the transfer of ownership of property.

### **C. PUBLIC FACILITIES AND IMPROVEMENTS**

Acquisition (including long term leases for periods of 15 years or more), construction, reconstruction, rehabilitation (including removal of architectural barriers to accessibility), or installation of public facilities and improvements (except for buildings for the general conduct of government). Include all facilities that are either publicly owned or that are traditionally provided by the government, or owned by nonprofit, and operated so as to be open to the general public. This would include:

- ◆ Neighborhood facilities,
- ◆ Firehouses,
- ◆ Public schools, and
- ◆ Libraries.

Public improvements include:

- ◆ Streets,
- ◆ Sidewalks,
- ◆ Curbs and gutters,
- ◆ Parks,
- ◆ Playground,
- ◆ Water and sewer lines,
- ◆ Flood and drainage improvements,
- ◆ Parking lots,
- ◆ Utility lines, and
- ◆ Aesthetic amenities on public property such as trees, sculptures, pools of water and fountains, and other works of art.

Shelters would include:

- ◆ Nursing homes,
- ◆ Convalescent homes,
- ◆ Hospitals,
- ◆ Shelters for victims of domestic violence,
- ◆ Shelters and transitional facilities/housing for the homeless,
- ◆ Halfway houses for run-away children,
- ◆ Drug offenders or paroles,
- ◆ Group homes for the developmentally disabled, and
- ◆ Shelters for disaster victims.

#### **D. CLEARANCE**

Demolition of buildings and improvements; removal of demolition products (rubble) and other debris; physical removal of environmental contaminants or treatment of such contaminants to render them harmless; and movement of structures to other sites. Demolition of HUD-assisted housing may be undertaken only with the prior approval of HUD.

#### **E. PUBLIC SERVICE**

Provision of public services (including labor, supplies, materials and other costs), provided that each of the following criteria is met:

- (1) The *public service* must be either: a new service; or a quantifiable increase in the level of service above that provided during the 12 months prior to submission of the grantee's applicable Action Plan.
- (2) The amount of funds obligated within a program year to support public service activities under this category may not exceed 15% of total grant awarded to the grantee for that year plus 15% of the total program income it received in the preceding program year or, where applicable.

Public services include, but are not limited to:

- ◆ Child care,
- ◆ Health care,
- ◆ Job training,
- ◆ Recreation programs,
- ◆ Education programs,
- ◆ Public safety services,
- ◆ Fair housing activities,
- ◆ Services for senior citizens,
- ◆ Services for homeless persons,
- ◆ Drug abuse counseling and treatment,
- ◆ Energy conservation counseling and testing,
- ◆ Homebuyer downpayment assistance, and
- ◆ Welfare.

## F. INTERIM ASSISTANCE

There are two subcategories of interim assistance activities.

- (1) Activities for interim assistance must reflect objectively determinable signs of physical deterioration. Grantee must determine that immediate action is necessary to arrest the deterioration and that permanent improvements will be carried out as soon as practicable. Documentation of this determination must be maintained. The activities that may be carried out with CDBG funds under this subcategory are *limited* to:

The repair of :

- ◆ Streets,
- ◆ Sidewalks,
- ◆ Public buildings,
- ◆ Parks and playgrounds, and
- ◆ Publicly-owned utilities.

- (A) The execution of *special* (i.e., beyond that normally provided):

- ◆ Garbage,
- ◆ Trash, and
- ◆ Debris removal, including neighborhood cleanup campaigns.

- (2) The second subcategory covers activities to alleviate an emergency condition. To qualify under this category:

- (A) The grantee's chief executive officer must determine that emergency conditions threatening the public health and safety exist in the area and require immediate resolution. Documentation of that determination must be maintained.

- (B) The activities that may be carried out with the CDBG funds under this subcategory are *limited* to:

- ◆ Activities eligible under the first subcategory, except for the repair of parks and playgrounds,
- ◆ Clearance of streets, including snow removal and similar activities, and
- ◆ Improvements to private properties.

## **G. RELOCATION**

Funds may be used for relocation payments and assistance to displaced persons, including:

- ◆ Individuals,
- ◆ Families,
- ◆ Businesses,
- ◆ Non-profit organizations, and
- ◆ Farms

where **required** under provisions noted in the Ohio CDBG Handbook (section 570.606).

## **H. LOSS OF RENTAL INCOME**

Payments to housing owners for losses of rental income incurred in holding, for temporary periods, housing units to be used for the relocation of individuals and families displaced by CDBG assisted activities.

## **I. PRIVATELY-OWNED UTILITIES**

The grantee, other public agencies, private nonprofit entities, and for-profit entities may use CDBG funds to:

- ◆ Acquire,
- ◆ Construct,
- ◆ Reconstruct,
- ◆ Rehabilitate, or install

the distribution lines and related facilities for privately owned utilities.

## **J. REHABILITATION**

CDBG funds may be used to finance rehabilitation for:

(1) *Eligible types of property*

- ◆ Residential,
- ◆ Commercial/industrial,
- ◆ Nonprofit-owned, nonresidential buildings and improvements.

(2) *Eligible types of assistance*

- ◆ Costs,
- ◆ Financing,
- ◆ Refinancing,
- ◆ Property acquisition,
- ◆ Security devices,
- ◆ Insurance,
- ◆ Conservation,
- ◆ Water and sewer,
- ◆ Tools,
- ◆ Barrier removal,
- ◆ Landscaping, sidewalks and driveways,
- ◆ Renovation of closed buildings,
- ◆ Historic preservation,
- ◆ Lead-based paint hazard evaluation and reduction,
- ◆ Rehabilitation services, and
- ◆ Business in a residence.

## **K. CONSTRUCTION OF HOUSING**

In certain specified circumstances, CDBG funds may be used to finance the construction of new permanent residential structures. The following identifies those limited circumstances:

- ◆ A housing construction project that has received funding through a Housing Development Grant.
- ◆ Housing that the grantee has determined must be constructed in order to provide suitable replacement housing for persons to be displaced by a contemplated CDBG project, subject to the Uniform Act, and where the project is prevented from proceeding because the required replacement housing is not available otherwise.



## **L. SPECIAL ECONOMIC DEVELOPMENT ACTIVITIES**

Funds may be used for the following special economic development activities:

- (1) Commercial or industrial improvements carried out by the **grantee** or a **nonprofit subrecipient**, including:
  - ◆ Acquisition,
  - ◆ Construction,
  - ◆ Rehabilitation,
  - ◆ Reconstruction, or
  - ◆ Installation of commercial or industrial buildings or structures and other related real property equipment and improvements.
  
- (2) Assistance to **private for-profit entities** for an activity determined by the grantee to be appropriate to carry out an economic development project. This assistance may include, but is not limited to:
  - ◆ Grants,
  - ◆ Loans,
  - ◆ Loan guarantees,
  - ◆ Interest supplements,
  - ◆ Technical assistance, or
  - ◆ Any other form except for those described as ineligible, such as political activities.

Under this type of assistance, the grantee shall minimize, to the extent practical, displacement of existing businesses and jobs in neighborhoods.

- (3) Economic development services in connection with the above subcategories, including outreach efforts to market available forms of assistance, screening of applicants, reviewing and underwriting applications for assistance, preparation of agreements, management of assisted activities, and the screening, referral, and placement of applicants for employment opportunities generated by CDBG-eligible economic development activities.  
The costs of providing necessary job training for persons filling those positions may also be provided.

Special economic development activities may include;

- ◆ Construction by the grantee or subrecipient of a business incubator designed to provide inexpensive space and assistance to new firms to help them become viable businesses,
- ◆ Loans to pay for the expansion of a factory or commercial business.
- ◆ Technical assistance to a business facing bankruptcy, and
- ◆ Providing training needed by persons on welfare to enable them to qualify for jobs created by CDBG-assisted special economic development activities.

## **M. MICROENTERPRISE ASSISTANCE**

To facilitate economic development through the establishment, stabilization and expansion of microenterprises. **Microenterprise** means a business having five or fewer employees, one or more of who owns the business. Use of CDBG funds to provide financial assistance of virtually any kind to an existing microenterprise or to assist in the establishment of a microenterprise. Also authorizes the provision of, technical assistance to a new or existing microenterprise or the person developing a microenterprise and general support to owners of microenterprise or to person developing a microenterprise.

## **N. PLANNING AND CAPACITY BUILDING**

Funds may be used for:

- ◆ Studies,
- ◆ Analysis,
- ◆ Data gathering,
- ◆ Preparation of plans, and
- ◆ Identification of actions that will implement plans.

Such funds may also be used under this category for activities designed to improve the grantee's capacity (or that of its subrecipient) to plan and manage programs and activities for the grantee's CDBG program. However, the amount of CDBG funds which may be used for activities under this category (whether by the grantee or the subrecipient) is subject to the statutory limitation on planning and administrative cost.

The types of plans which may be paid for with CDBG funds include, but are not limited to:

- ◆ Comprehensive plans,
- ◆ Individual project plans,
- ◆ Community development plans,
- ◆ Small area and neighborhood plans,
- ◆ Analysis of impediments to fair housing choice,
- ◆ Environmental and historic preservation studies, and
- ◆ Functional plans (such plans for housing, land use, energy conservation or economic development).

## V. MISCELLANEOUS OTHER ACTIVITIES

### A. TECHNICAL ASSISTANCE

This provision makes eligible the use of CDBG funds to increase the capacity of public or nonprofit entities to carry out eligible neighborhood revitalization or economic development activities (this could include the grantee itself). In order to use the funds under this authority, the grantee must determine, prior to providing the assistance, the eligibility of the activity for which capacity is to be built *and* that there is a reasonable expectation that a national objective can be met once the entity has received the technical assistance and undertakes the activity.

### B. HANDICAPPED ACCESSIBILITY

The statute makes specifically eligible the removal of material and architectural barriers that restrict the accessibility or mobility of elderly or handicapped persons.

### C. HISTORIC PRESERVATION

For preserving or restoring properties of historic significance, whether publicly or privately-owned, except that buildings for the general conduct of government may not be restored or preserved with CDBG assistance. Historical properties are those sites or structures that are either listed in or eligible to be listed in the National Register of Historic Places, listed in a State or local inventory of historic places, or designated as a State or local landmark or historic district by appropriate law or ordinance.

### D. RENOVATIONS OF CLOSED SCHOOL BUILDINGS

The conversion of a closed building from one use to another (e.g., the renovation of a closed school building to residential use).

## VI. ACTIVITIES SPECIFIED AS INELIGIBLE

### A. INELIGIBLE ACTIVITIES

#### *Categorically Ineligible*

The following activities may not be assisted with CDBG funds under any circumstances:

- ◆ ***Buildings or portions thereof, used for the general conduct of government***, may not be assisted with CDBG funds. This does not include, however, the removal of architectural barriers involving any such building, which may be assisted under the category of Public Facilities and Improvements.
- ◆ ***General government expenses***. Expenses required to carry out the regular responsibilities of the unit of general local government are not eligible for assistance under this part, except as otherwise specifically authorized in Reference: 570.207(a)(2) or under OMB Circular A-87.
- ◆ ***Political activities***. CDBG funds may 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.

#### *Generally Ineligible*

The following activities may not be assisted with CDBG funds unless authorized as Special Economic Development Activities or when carried out by a CBDO.

- ◆ ***Purchase of equipment***, construction equipment, fire protection equipment, furnishings and personal property.
- ◆ ***Operating and maintenance expenses***. The general rule is that any expenses associated with repairing, operating, or maintaining public facilities, improvements, and services is ineligible.
- ◆ ***New housing construction***, unless under the earlier sections of entitled Construction of Housing and Special Activities by CBDOs.
- ◆ ***Income payments***. The general rule is the CDBG funds may not be used for income payments.