

Exhibit B

Community Development Block Grant (CDBG) Program

The Community Development Block Grant (CDBG) Program is administered by HUD and is authorized under Title 1 of the Housing and Community Development Act of 1974, as amended. The purpose of the CDBG Program is to enhance and maintain viable urban communities through the provision of decent housing, a suitable living environment, and the expansion of economic opportunities, principally for low and moderate income persons.

Programs and activities proposed for CDBG funding must be located within the city limits, an eligible use of funds, and meet at least one of the following national objectives.

National Objective No. 1 – Activities Benefiting Lower Income Persons/Households

The definition of a lower income person or household is one having an income equal to or less than 80 percent of the Fresno Area median income, as established by HUD. Income levels are provided in a later section of this Information Guide. All CDBG awarded subrecipient activities are required to serve 100% low to moderate income persons. Activities benefiting lower income person/households fall into four categories: area wide activities, limited clientele activities, housing activities and job activities.

Area Wide Activities - These are activities that serve geographic areas in which at least 51% of the households are lower income, based on census data. A map of CDBG Eligible Areas is provided in this Information Guide. Check with City staff if your activity serves both eligible and ineligible areas.

Examples of Area Benefit Activities include public improvements, i.e., street, sidewalk, curb, gutter improvements), park improvements, community centers, and public facilities (including related design and engineering work).

Limited Clientele Activities - To qualify as a limited clientele activity, there must be documentation that the service or project directly benefits a low income clientele or a presumably low income clientele. HUD presumes certain groups meet the lower income criteria. HUD has defined these groups as: abused children, battered spouses, elderly persons, adults with severe disabilities, homeless persons, illiterate adults, persons living with AIDS, and migrant workers.

Housing Activities - Housing activities include acquisition or rehabilitation of properties. CDBG funds may not be used for new housing construction. However, funds may be used for property acquisition and construction of off-site improvements in conjunction with new construction.

The City currently has a housing rehabilitation program for lower income owner and occupied units. Persons wanting more information about these programs should contact the Housing Division at (559) 621-8035. Applications received for these types of activities will not be accepted. Applicants will be redirected to the existing programs.

Job Activities - CDBG funds may be used to undertake certain economic development activities. Activities under this category are required to create and/or retain jobs for low and moderate income person. There are stringent guidelines under this activity. It is advised that persons or organizations interested in this activity work directly with staff to ensure the parameters of the regulations are met.

National Objective No. 2 – Activities That Aid in the Prevention or Elimination of Slums or Blight

If a project cannot meet the low income objective, a project may qualify if it benefits a slum or blighted area. State or local laws define slum and blighted areas as those that contain a high number of deteriorating or dilapidated buildings or infrastructure. Redevelopment project areas generally qualify under this category. **Note:** Most blighted areas also qualify under National Objective No. 1 (Activities Benefiting Lower Income Persons/Households) and it is **not** necessary for you to spend time on the application justifying how you meet the special requirements for slums and blight.

To meet this objective, the activity must be located in a City redevelopment area or in an area where there is a substantial number of deteriorated or deteriorating buildings. The activity must be designed to address one or more of the conditions that qualified the area as slum/blighted.

Projects may qualify outside a slum or blighted area on a spot blight basis. Activities include acquisition, demolition, rehabilitation, relocation, and historic preservation. Under this standard, rehabilitation of a building or a house is limited, to the extent necessary, to eliminate the substandard conditions that are detrimental to public health and safety.

National Objective No. 3 – Activities Designed to Meet Community Development Needs Having a Particular Urgency

Activities must be designed to alleviate existing conditions that pose a serious and immediate threat to the health or welfare of the community that became urgent within the past 18 months. The City must demonstrate that other sources of funding are not available. Again, projects that meet either National Objective No. 1 or 2 do not need to meet this objective.

Eligible CDBG Activities

In addition to meeting one of the above national objectives, the activity must also be an eligible use of CDBG funds. Eligible activities include, but not limited to, the following:

- Acquisition, design, construction, and/or rehabilitation of a structure that will conduct a CDBG eligible activity.
- Public facility improvements such as: parks, playgrounds, recreational, senior and youth centers, except 24-hour care facilities.
- Street improvements including curbs, gutters, sidewalks, lights, and street paving.
- Water system improvements including fire hydrants.
- Flood, drainage, or sewer facilities
- Acquisition of property that is of historic value; appropriate for beautification or conservation of open spaces; or appropriate for low or moderate income housing.
- Elimination of conditions that are detrimental to health, safety and public welfare through interim rehabilitation such as: demolition of buildings and clearance of land that may be a health hazard to the community.
- Interim assistance or temporary help to alleviate harmful or dangerous conditions.
- Removal of architectural barriers that restrict mobility of persons with disabilities.
- Code enforcement in designated targeted areas.
- Conservation and improvement of the housing stock through rehabilitation of homes belonging to lower income persons.
- Assistance to lower income first-time home buyers.
- Rehabilitation and preservation of buildings and improvements, both publicly and privately owned.
- Eligible planning and environmental design cost.
- Eligible economic development activities, such as creation of jobs for persons of low and moderate income through the expansion of business opportunities by providing financial incentives to small businesses. **Note:** There are additional federal requirements for qualifying projects under this provision. Interested persons should discuss their proposal with City staff prior to submitting an application.

Public Services - Expansion and improvement in the quantity and quality of public services, principally for lower income persons. A maximum of 15 percent of the City's total annual CDBG allocation may be used for public service activities. Examples of public services include:

- After school programs, crime prevention, child care, health care, job training, recreation, education, fair housing, senior citizens programs, homeless services, drug-abuse related services, energy conservation, home buyer assistance and social services (excluding provision of income payments).

Ineligible CDBG Activities

- Buildings for the general conduct of government such as city halls, courthouses, and police stations (Note: Police substations may be built in CDBG eligible areas.)
- Stadiums, sports arenas, auditoriums, museums, and central libraries (Note: Branch libraries and community centers may be built in CDBG eligible areas.)
- Airports, subways, bus or other stations.
- Expenses of general government for operation and maintenance of public facilities.
- Direct income payments to residents.
- New housing construction (except when done by a community-based development organization recognized by HUD.)

#####