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Introduction

The Kentucky CDBG Program

The Kentucky Community Development Block Grant Program (KCDBG) is designed to provide assistance to units of local government in improving economic opportunities and meeting community revitalization needs. Funding for the CDBG Program is provided to the Commonwealth of Kentucky by HUD under Title I of the Housing and Community Development Act of 1974, as amended. All cities and counties in Kentucky are eligible for participation with the exception of the following entitlement jurisdictions, which receive CDBG funds directly from the U.S. Department of Housing and Urban Development (HUD): Ashland, Bowling Green, Covington, Elizabethtown, Henderson, Hopkinsville, Owensboro, Lexington/Fayette County, and the Louisville/Jefferson County metro government.

HUD has established the following three National Objectives for the CDBG Program:

- ✓ **Benefit to low- and moderate-income persons.** This objective requires that 51% of the people benefiting from the KCDBG-funded activity are low and moderate income, based on area median income calculations.
- ✓ **Aid in prevention or elimination of slums or blight.** This objective requires that activities meet a definition of slum area, blighted area, deteriorated or deteriorating under Chapter 99 of Kentucky Revised Statutes (KRS); and that the area contains a substantial number of deteriorating or dilapidated buildings throughout; and that the activity is designed to address one or more of the conditions that contributed to the deterioration of the area; or the activity addresses an individual structure, which would otherwise meet the definition of slum or blight.
- ✓ **Meet community development needs having a particular urgency.** An activity meets this objective if it addresses needs having a particular urgency because existing conditions pose a serious and immediate threat to the health or welfare of the community; is of recent origin (within 18 months) or which recently became urgent; and has no other available source to complete the funding package and the community cannot finance the activity on its own.

The Commonwealth of Kentucky, Governor's Department for Local Government (DLG) is assigned the primary responsibility for the administration of the CDBG Program at the state level. The goals of the KCDBG program are as follows:

- ✓ **Goal 1:** To improve local economies and the economic well-being of the people of Kentucky while protecting the environment.

Objectives:

- Encourage private investment that will result in the creation of new jobs, primarily for the unemployed and underemployed.
 - Discourage the out-migration of businesses that employ and serve the local population.
- ✓ **Goal 2:** To provide public facilities to eliminate conditions which are detrimental to the public health and safety and which thus detract from further community development, or which are necessary to meet other essential community needs.

Objectives:

- Improve existing public facilities.
- Provide new facilities when warranted by recent population growth or when essential needs exist.

- ✓ **Goal 3:** To improve the condition of housing and expand fair housing opportunities especially for persons of low and moderate income (LMI).

Objectives:

- Encourage the rehabilitation of appropriate existing housing units.
- Encourage the creation of new housing units including adaptive reuse of suitable structures.
- Encourage the purchase and preparation of sites for construction of new housing units for persons of low and moderate income.
- Eliminate blighting conditions in residential areas through demolition, code enforcement, and related activities.

- ✓ **Goal 4:** To improve the quality of life through funding community projects requested by individual communities to enhance community pride and involvement, and perpetuate local identity.

Objectives:

- Enable local communities to provide services they have determined are important but generally cannot afford.
- Foster a revitalization of community structure to help communities help themselves.
- Promote energy efficiency in new construction and rehabilitation projects, especially the use of Energy Star qualified products.

- ✓ **Goal 5:** To improve the lives of citizens by helping them overcome chemical addictions and avoid the risk of homelessness.

Objectives:

- Provide operational costs to support new and existing residential substance abuse centers.
- Provide support to educational programs for at-risk or LMI persons with substance abuse issues.

- ✓ **Goal 6:** To assure that not less than 70% of the total amount of CDBG funds received for a three-year period (determined by DLG) shall be used for support of activities that benefit persons of low and moderate income.

Objectives:

- Expand economic opportunities principally for persons of low and moderate income.
- Provide public facilities that are necessary to the public health and safety principally for persons of low and moderate income.
- Improve the quality of existing housing stock and the availability of housing units principally for persons of low and moderate income.
- Improve the quality of life through funding community projects requested by individual communities to enhance community pride and involvement, and perpetuate local identity.

- ✓ **Goal 7:** To support the intent of the federal Promise Zone designation awarded to eight (8) distressed counties in southeastern Kentucky. The counties are Bell, Clay, Harlan, Knox, Leslie, Letcher, Perry and part of Whitley.

Objectives:

- Foster development of eligible competitive CDBG applications through training of certified CDBG administrators and project meetings with local officials.
- Extend special consideration to eligible and worthy project applications from jurisdictions within targeted distressed counties.

Administrators' Handbook

The purposes of this handbook are to:

- ✓ Assist grant administrators in the day-to-day administration of CDBG projects.
- ✓ Provide practical information on how to implement a CDBG project that will meet legal, financial, and program obligations.
- ✓ Provide the grant administrator a simple step-by-step approach for the implementation of CDBG-funded projects including grant approval, set-up, compliance with applicable requirements, audits, and close-out.
- ✓ Provide tools to assist in CDBG project implementation. The tools include tips, lists, forms, and sample documents that are in the chapter or in the attachments to each chapter.

Note, however, that this Handbook is intended as a guide and reference, not as a substitute for thorough knowledge of State and Federal laws and regulations referenced in the handbook. Though not all inclusive, this Handbook covers the major areas of CDBG administration, provides required and suggested forms and instructions, and provides references for applicable State and Federal laws and regulations.

As necessary, revisions or additions to this Handbook will be issued to current administrators of CDBG projects. This Handbook should be retained and kept up-to-date to ensure effective administration of CDBG grants. Latest versions of the Handbook can be found on the DLG website.

Other Resources and Information

It is very important to note that the applicable regulations and requirements are subject to change. Grantees 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:

- ✓ Kentucky websites:
 - https://kydlgweb.ky.gov/FederalGrants/16_CDBG_handbook.cfm
 - https://kydlgweb.ky.gov/FederalGrants/CDBG_cities.cfm
 - <http://www.lrc.ky.gov/statutes/index.aspx>

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- ✓ Guide to National Objectives and Eligible Activities for State CDBG Programs: <https://www.hudexchange.info/resource/2179/guide-national-objectives-eligible-activities-state-cdbg-programs/>
 - ✓ CDP Income Calculator: <https://www.hudexchange.info/incomecalculator/>
 - ✓ HUD Office of Community Planning and Development Training: <https://www.hudexchange.info/training-events/>
 - ✓ HUD Office of Healthy Homes and Lead Hazard Control: http://portal.hud.gov/hudportal/HUD?src=/program_offices/healthy_homes
 - ✓ National Archives: <http://www.gpo.gov/fdsys/>
 - ✓ HUD Office of Labor Standards and Enforcement (OLSE): <https://www.hud.gov/states/shared/working/r4/olr/>
 - ✓ HUD Office of Environment and Energy (OEE): <https://www.hudexchange.info/programs/environmental-review/>
 - ✓ Department of Labor: <http://www.dol.gov/>
 - ✓ Office of Management and Budget: <http://www.whitehouse.gov/omb>

Additional links are provided within each chapter of the Handbook. For more information or assistance, grantees are encouraged to contact DLG.