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ICC GUIDE ON HUD CDBG FUNDS FOR LOCAL CODE PROGRAMS

*Produced by the International Code Council in cooperation with the U.S.
Department of Housing and Urban Development*

April 2013





This Guide was produced by the International Code Council in cooperation with the U.S. Department of Housing and Urban Development. ICC wishes to thank Sustainable Strategies DC (www.StrategiesDC.com) for their support in producing this Guide.

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PRESIDENT BARACK OBAMA, MAY 1, 2012

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To the Members of the International Code Council:

On behalf of the International Code Council (ICC), I am pleased to offer you this “ICC Guide on HUD CDBG Funds for Local Code Programs”. The Guide is the culmination of years of proactive effort by ICC and its members, and the product of cooperation between ICC and the U.S. Department of Housing and Urban Development (HUD). It is meant to help local code officials understand and use a key source of funding to keep local code programs strong as we seek to improve the communities where we live and work. I am confident that this can be a valuable resource for localities across America.

Since 1975, the HUD Community Development Block Grant (CDBG) program is one of the longest-standing and most important programs for community revitalization, supporting affordable housing, economic revitalization, infrastructure development, and the prevention and elimination of community blight and deterioration. As local code officials, we know that code administration programs are on the front line of keeping communities safe, strong and healthy. Code programs can identify early signs of neighborhood blight and deterioration, catalyze efforts to halt these problems, provide assistance to homeowners and business owners to improve their properties, and connect to broader local rehabilitation, restoration, and revitalization initiatives.

The CDBG program makes clear that states and localities may choose to devote these HUD funds to local code programs and, indeed, around \$150 million in CDBG funding is used each year on code programs and activities. ICC has been working to ensure that these CDBG funds can continue to back our essential local code programs. ICC led the effort to secure new legislation, in the form of the “Community Building Code Administration Grant Act” sponsored by Representative Judy Biggert, which was included in the Biggert-Waters Flood Insurance Reform Act of 2012. This Act builds on the existing CDBG program for local code programs and emphasizes the importance of such programs in community restoration.

ICC is also pleased that the legislation from the 112th Congress has sparked new collaboration between ICC and HUD. HUD has graciously provided input on this ICC effort to provide outreach and education to our members. And, ICC is pleased that HUD has renewed its own efforts on the use of CDBG funding for local code programs, which is expected to include official, new HUD guidance on this program to be issued in 2013. I want to personally thank HUD’s leadership in the Office of Block Grant Assistance including Stanley Gimont, Steve Rhoadside, Steve Johnson, Gloria Coates, Regina Montgomery and others for their wonderful support and collaboration.

While CDBG funds are available for local code programs, code officials need to understand the requirements that are associated with CDBG regulations. This ICC Guide is meant to help local code officials understand the CDBG program and how it can support your code programs, and provide you with step-by-step recommendations on how you can move forward to seek and obtain such resources. This Guide is not meant to be exhaustive, but instead a basic, user-friendly overview of how you could potentially put CDBG funds to use for code programs in your community. With references to other sources of information and key contacts, this Guide can help you get started, and find additional information you need to succeed in putting HUD CDBG funds into action for strong local code programs.

ICC hopes that this can be a valuable tool for you as you continue your efforts to keep our communities safe, strong, healthy and vibrant.

Sincerely,

A handwritten signature in black ink that reads "Dominic Sims". The signature is written in a cursive, flowing style.

Dominic Sims
CEO
International Code Council

SECTION 1 – INTRODUCTION AND OVERVIEW

This ICC Guide is meant to help local code officials across America learn about the opportunity to use Community Development Block Grant (CDBG) funds to support local government code programs. Already now, as much as \$150 million of these CDBG funds are devoted to local code program activities each year. However, CDBG requirements can be complicated and confusing if you are not familiar with them. That is why ICC has worked in cooperation with HUD to provide outreach and information about how you can put CDBG to work for your community code programs.

Local Codes Help Create Safe, Strong, Healthy & Vibrant Communities

Local codes are a foundation for creating and maintaining healthy and sustainable communities that can overcome the challenges of blight, slums and deterioration – goals that are at the core of the HUD CDBG program.

In early America, George Washington and Thomas Jefferson encouraged the development of building regulations to provide for minimum standards that would ensure health and safety. Today, most of the United States is covered by a network of modern building regulations ranging in coverage from fire and structural safety to health, security, and energy conservation. During the early 1900s, building codes were authored by the code enforcement officials of various communities with key assistance from all segments of the building industry. Now, model codes are the central regulatory basis for the administration of programs in cities, counties, and states throughout the United States. They simply represent a collective undertaking, which shares the cost of code development and maintenance while ensuring uniformity of regulations so that the advantages of technology can be optimized. The International Code Council is the entity that creates, maintains and supports this central American code system.

As recognized by the Center for Community Progress in its *Building American Communities Toolkit*:¹

Code enforcement, defined broadly to include all of the elements involved in obtaining compliance from private owners of problem properties, is a critical element in fighting neighborhood decline, preserving sound neighborhoods and restoring distressed areas. Few public officials fully appreciate or understand the role that code enforcement plays as the first responders to vacant and foreclosed homes and the policy value that code enforcement can offer in protecting neighborhoods and stabilizing property conditions. When used proactively, code enforcement can help local governments identify, halt and reverse the negative impact of vacant, abandoned and problem properties.

These purposes and benefits of code enforcement match the purpose of the CDBG program. As Congress stated in the passage of the Housing and Community Development Act of 1974, 42 U.S.C. § 5301(b)(1), which established the CDBG program:

The Congress further finds and declares that the future welfare of the Nation and the well-being of its citizens depend on the establishment and maintenance of viable urban communities as social, economic, and political entities, and require . . . systematic and sustained action by Federal, State, and local governments to eliminate blight, to conserve and renew older urban areas, to improve the living environment of low- and moderate-income families, and to develop new centers of population growth and economic activity.

Congress provides billions of dollars each year to the CDBG program, ranging from a high mark of more than \$4.1 billion in federal fiscal year 2002 to \$3.008 billion in FY2012. These funds are allocated by formula to nearly 1,200 local and state governments directly each year and serves another nearly 3,800 localities through state and county CDBG programs. These CDBG funds are used for purposes including public infrastructure improvements (approximately 33% of the CDBG program in 2012), housing (24%), public services (11%), economic development (8%), property acquisition and cleanup (nearly 4%), and other purposes. You can see exactly how much CDBG funding has been provided to your city, county and state in the past year (FY2012) at http://portal.hud.gov/hudportal/HUD?src=/program_offices/comm_planning/about/budget/budget12.²

¹<http://www.communityprogress.net/toolkit-home-page-pages-292.php>

²In addition, the Disaster Relief Act of 2013 provided \$16 billion in additional CDBG resources to address unmet economic and infrastructure needs in states and localities impacted by Hurricane Sandy, Hurricane Irene and other disasters. For information about this specialized form of CDBG for Disaster Recovery Assistance, see http://portal.hud.gov/hudportal/HUD?src=/program_offices/comm_planning/communitydevelopment/programs/drsa.

CDBG Supports Local Code Programs

A key message of this ICC Guide is that CDBG funds are already going into local code programs, and could be put into use in your community code programs. Since 2001, more than \$1.5 billion in CDBG funds have been used on local code activities, ranging in amounts from \$100 million to \$156 million per year, with \$145 million spent in the last year on record, FY2012. Over the past decade, even as the level of CDBG funding from Congress has decreased, the percentage of the program devoted by localities to code administration programs has held steady and even increased, from 2.11% in 2001 to 3.73% of CDBG program expenditures in 2012.

Quick Overview of the CDBG Program

CDBG funds are allocated to local governments based on their size and other factors, with larger cities and counties generally receiving a direct CDBG allocation as “Entitlement Communities” and smaller localities generally receiving CDBG funds through their state or potentially their county. These funds must be used to support one of the three national objectives of the CDBG program, which include benefitting low- and moderate- income persons, aiding in the prevention or elimination of slums and blight, or addressing an urgent need posing a serious and immediate threat to the health or welfare of the community. Moreover, the CDBG funds must be used for an eligible activity under the program’s requirements, which includes a wide range of activities – including local code programs. Local and state CDBG grantees must establish their priorities for the activities to be implemented using CDBG funds through a Consolidated Plan each three to five years, and each year through an Action Plan, and these plans must be based on an identification of needs and priorities and significant public input and participation.

Why an ICC Guide?

There are many details and requirements associated with the CDBG program. That is why ICC has been working to emphasize the importance of local code programs and confirm the ability of local governments to use CDBG funding for code activities. These ICC efforts took a leap forward with the passage of the “Community Building Code Administration Grant Act” in 2012, sponsored by Representative Judy Biggert of Illinois and included in the Biggert-Waters Flood Insurance Reform Act of 2012, P.L. 112-141. This legislation confirms and emphasizes the importance of local code activities in meeting the objectives of the CDBG program.

The passage of this new legislation has also catalyzed new cooperation between the ICC and HUD. HUD is now undertaking an effort to issue new guidance to provide information and explanation on how communities can choose to use CDBG funding to support local code enforcement programs. ICC is also pleased that HUD has provided significant input and cooperation on the development of this ICC Guide. In addition, in April 2013, ICC and HUD participated in a joint, national webcast with hundreds of local code officials and HUD officials on putting CDBG into action to support local code activities.

This ICC Guide provides details on all these important CDBG program aspects – who can obtain and administer CDBG funds, how the plans for CDBG funding are formed, what are the objectives for using these resources, and what activities can be funded.

This is not meant to be an exhaustive or detailed volume on the HUD CDBG program. There are many such comprehensive resources available that can provide you with detailed information on the CDBG program. Instead, this ICC Guide is meant to be a straightforward, user-friendly overview to help your code department understand the basics of the CDBG program, determine whether CDBG resources could be useful in your community, and point to other resources for getting more in-depth support to pursue these funds.

This ICC Guide is targeted for local code administration officers and managers, and their local government colleagues in community development and municipal management. It is meant to help local code officials communicate the value of code programs in keeping neighborhoods safe, strong and vibrant to local government leaders, state officials and the public at large. With this Guide, you should be able to build local and state government support for dedicating HUD CDBG resources to code programs. ICC wishes you success in this important endeavor.

Key Takeaway – The HUD CDBG program can support local code programs, and HUD is committed to helping communities understand how to put CDBG to use for these purposes.

SECTION 2 – WHO GETS CDBG FUNDS? – ENTITLEMENT & NON-ENTITLEMENT COMMUNITIES

Every year, CDBG funding is available by formula to larger “Entitlement Communities”, and to smaller “Non-Entitlement” units of government through processes such as competitions established by the states that receive and administer HUD CDBG funding. The manner of seeking CDBG funding for code enforcement activities depends on if you are an entitlement or non-entitlement community. Thus, a local code program’s approach to obtaining CDBG funds should be determined on whether those funds are controlled and allocated by your city or county, or by your state. It is critical that you figure out which government officials handle the CDBG funds for your locality, and work in close cooperation with them.

Entitlement Communities

Entitlement communities include (1) the principal cities of Metropolitan Statistical Areas; (2) other metropolitan cities with populations of at least 50,000; and (3) qualified urban counties with populations of at least 200,000 (excluding the population of entitled cities). These entitlement communities receive direct annual grants from HUD. HUD determines the amount of each entitlement grant by a formula which measures community needs, including the extent of poverty, population, housing overcrowding, age of housing, and population growth lag in relationship to other metropolitan areas. The level of community CDBG funding also varies each year depending on congressional appropriations, which has declined in recent years.

Entitlement communities are responsible for creating a Consolidated Plan and an annual Action Plan for prioritizing the use of CDBG funds. Typically, CDBG funding is allocated and administered through a local community development or housing department, often with involvement by the office of the mayor or county administrator. The department administering the CDBG program has primary responsibility for ensuring that CDBG compliance requirements are met.

Non-Entitlement Communities

Local governments that are not designated as principal cities of Metropolitan Statistical Areas under federal standards or that do not have the size to qualify as an entitlement community are known as non-entitlement communities. Non-entitlement communities receive CDBG dollars directly from their states. Non-entitlement communities may seek CDBG funding for activities that are contained in their state’s Consolidated Plan and annual Action Plan and Method of Distribution, typically through a competitive grant process. A number of states have established “mini-entitlement” programs, under which the state allocates CDBG dollars to non-entitlement cities and counties, rather than through a competitive grant. Incorporated non-entitlement localities that participate in an urban county receive their CDBG funding through the urban county. Some urban counties provide annual funding to each of its incorporated participating jurisdictions. A list of state offices that run the CDBG programs can be found at http://portal.hud.gov/hudportal/HUD?src=/program_offices/comm_planning/communitydevelopment/programs/contacts.

Non-entitlement communities must ensure that code enforcement activities are included in county or state Consolidated Plans and annual Action Plans. Code officials from non-entitlement communities should work with the state officials who administer CDBG funding to help them understand the importance of code programs in community development. Non-entitlement communities must engage in the CDBG planning process, and build appropriate support for their requests of CDBG dollars.

Other Situations

There are a few other special situations that determine how HUD CDBG funds might be distributed to your locality. For example:

- In some urban counties, entitlement cities within those counties may agree to have their CDBG program administered by the urban county. The urban county and entitlement grantee enter into a joint agreement to have the urban county administer the entitlement city's CDBG program in addition to its own.
- In Hawaii, non-entitlement communities obtain their CDBG funds directly from HUD, not the state.
- Likewise, the four insular areas of American Samoa, Guam, Northern Mariana Islands, and the Virgin Islands receive annual CDBG grants from HUD.

To recap, a local code program's approach to obtaining CDBG funds depends on whether those funds are controlled and allocated by your city or county, or by your state. Your task is to work with your locality or state officials who are in charge of the CDBG program, help them understand the importance of code programs in community improvement, become part of their CDBG planning process, and seek their support for an allocation of a portion of CDBG funds to your code program. For non-entitlement communities, this might require the submission of a grant application to the state.

Key Takeaway – Determine whether you are an entitlement community or non-entitlement community, and then work directly with your city, county or state officials who administer CDBG funds to plan for using block grants for strong local code efforts.

SECTION 3 – WHAT ARE CDBG FUNDS FOR? – MEETING A CDBG NATIONAL OBJECTIVE

The next key step in using CDBG funds is to make sure that they meet one of the required HUD CDBG national objectives. That means that your use of CDBG for local code programs must either benefit low- and moderate-income persons in a targeted area; prevent or eliminate slums and blight in a targeted area; or serve an urgent need. Benefitting low- and moderate-income persons is considered a prime CDBG objective, and HUD rules require that at least 70% of overall funds expended by each grantee jurisdiction, over a one, two, or three year period as specified by the grantee, be used to benefit low- and moderate-income persons.

Benefit to Low- or Moderate-Income Persons

Code enforcement activities may meet the national objective of benefit to low- and moderate-income persons on an area basis if they take place in a deteriorated or deteriorating area that is delineated by your locality as an area that is primarily residential where at least 51 percent of residents are low- or moderate-income under HUD income criteria. If this national objective is met, the benefits of the CDBG-funded code program may benefit all residents of the targeted area. A low- or moderate-income person is defined as a member of a family having an income equal to or less than the Section 8 Housing Assistance Payments Program's low-income limits established by HUD, applicable to the size of the person's family. See those most recently-established HUD income limits at http://www.huduser.org/portal/datasets/il/il13/IncomeLimits_Section8.pdf. Generally, census data is used to support a determination that an activity is meeting the low- and moderate-income national objective. If an entitlement community has few, if any, areas that meet the 51% low- or moderate-income requirement, HUD allows an exception to the national objective of benefit to low- and moderate-income persons on an area basis known as the "upper quartile" exception, which provides an alternative percentage of low- and moderate-income persons that must be served by a CDBG-assisted activity. ICC recommends that you work with the local or state officials who run your CDBG program to determine whether your locality uses the standard 51% test, or an upper quartile percentage to determine the neighborhoods you should target for CDBG-funded code enforcement activities.

A key factor in meeting this low-/moderate-income objective is how your locality defines the service area that will be served by the code program, such as by targeting particular census tracts or other officially recognized neighborhood boundaries. While HUD generally leaves the determination of the proper service area to the locality, make sure that you carefully delineate a targeted area and can back up the decision on the boundaries with good data and justification.

In addition to targeting the CDBG resources for code enforcement activities to a service area that has at least 51% low- or moderate-income persons, your code program must, along with other activities, be designed and expected to help stop the decline of the area.

In summary, if you target your CDBG-funded code activities to benefit delineated areas with the required number of low- or moderate-income persons, you can meet this important HUD national objective. As code activities often address distressed and struggling neighborhoods, and can have positive impacts in reversing decline in these areas, most code programs should be able to achieve this objective.

Preventing or Eliminating Deterioration, Slums & Blight

A second important national objective under the CDBG program is preventing or eliminating deterioration, slums or blight. Again, such objectives are central to many local code programs, and most communities should be able to target your CDBG-supported code activities to address these issues.

While CDBG funds can be targeted to spots of deterioration, generally code activities using CDBG funds will be based on targeted areas of deterioration. Under this area approach, a locality will define a particular area that is deemed to be deteriorated, deteriorating, or exhibiting signs of blight. Such an area could be coterminous with a census tract or other recognized boundary, district or neighborhood. That area must have a substantial number of deteriorated or deteriorating structures throughout the area, based on a definition of deterioration, slums or blight from your own local or state law, as well as minimum HUD standards. Under these required HUD standards, at least a quarter of the buildings throughout the area must be deemed deteriorated or deteriorating. The HUD standards can also be met if public improvements throughout the designated area must be in a general state of deterioration.

Once the area of determination is designated, you can use CDBG funds to support code enforcement activities in that area, as long as the code program, in combination with other community improvement activities, may be expected to arrest the deterioration of the slum and blighted areas. Note also that, once an area is properly designated as deteriorated/deteriorating or blighted, you may continue to use CDBG resources to support code activities even if the area improves and no longer meets the definition of blight or deterioration. Areas designated as slum or blighted must be re-designated every 10 years to continue to be eligible for CDBG funding.

When using the slums/blight national objective to support CDBG funding, it is critical that code officials keep proper documentation, including the date of designation of the area, its boundaries, a sufficiently detailed description of the conditions which qualified the area as deteriorated, and a description of how your code activities are addressing the conditions that led to decline of the area.

Urgent Needs

A locality can also meet a HUD national objective if it demonstrates that CDBG funding for code activities will address urgent needs. This means that the code activities are designed to alleviate conditions that you certify pose a serious and immediate threat to the health or welfare of the community, are of recent origin or recently became urgent (generally considered within the previous 18 months), you are unable to finance the code activities on your own, and other sources of funding are not available to carry out the code work. Again, record-keeping of these certifications are very important.

This urgent needs national objective is not used often by localities as a justification for CDBG expenditures. CDBG use for urgent needs may be justified when your locality is seeking to address conditions caused by natural disaster or a major catastrophe – situations that code programs are often called to help address.

Make Sure to Target Your CDBG Resources Properly

It is critical that, when you use CDBG resources to support local code activities, you target such activities to areas and conditions that fulfill one of the HUD national objectives of benefiting low- and moderate-income persons, prevention or elimination of slum/blight, or meeting urgent needs. That means that code programs must properly segregate and account for the CDBG funding in those targeted areas. If your locality has properly identified certain areas of the community as meeting a CDBG national objective, and then applied CDBG resources to support the salaries and other expenses of carrying out code inspections, enforcement and other code activities exclusively in those targeted areas, you can achieve compliance with HUD requirements. This could be done, for example, by using CDBG funds to pay the salaries of code officers who are working exclusively in targeted areas that meet CDBG national objectives; by focusing CDBG funds on specified initiatives within your code program that are meant to improve targeted distress areas; or by having code officials maintain time logs that show code work within eligible CDBG areas.

You cannot, however, spread CDBG resources generally across your overall code program, without slating them to specific, targeted areas that meet CDBG program purposes and objectives. CDBG funds cannot be used for the general costs of government, including untargeted code activities. And again, it is essential to keep accurate records showing how you have properly allocated your code efforts and CDBG resources to these targeted areas, and how the code efforts are helping to improve conditions in those areas.

The experience of one large CDBG Entitlement Community provides a cautionary tale for local code officials, because that city was recently found by HUD to have violated regulations by applying CDBG funds to general code activities without adequate documentation on how those activities met a national objective. HUD conducted a special review of the city's code enforcement program, and found that:

- The city was not precise in **delineating a specific area** for targeting its CDBG-funded code programs, other than by referring to scattered census tracts across the entire city.
- The city had not identified the **deteriorated/deteriorating conditions** to be addressed in the targeted census tracts where CDBG was being used to support code programs. Nor did the grantee articulate the specific actions the city would take, along with code activities, to **address those conditions** in the project area, or measure how the code activities were improving conditions.
- The city did not meet the national objective of benefitting low- or moderate-income persons on an area basis because the city did not specify whether and how the code activities were addressing areas that were **primarily residential**, which is a requirement of meeting the national objective of benefit to low- and moderate-income persons on an area basis.
- Code inspectors and enforcement staff were not required to keep careful **time or activity** logs, and the city could not show that the CDBG funds spent on their salaries and expenses were related to work in the targeted CDBG service areas.

Key Takeaway – Target specific areas in your community where code activities can help prevent or correct slums or blight, support low- and moderate-income persons, and/or meet urgent needs. Show how code activities are helping address conditions in those areas. And always keep good records on these efforts.

SECTION 4 – WHAT CAN BE DONE WITH CDBG FUNDS? ELIGIBLE ACTIVITIES FOR HUD BLOCK GRANTS, INCLUDING LOCAL CODE PROGRAMS

Once you have determined the specific area for using CDBG for local code program efforts in order to benefit low- and moderate-income persons, prevent or eliminate slums or blight, or meet an urgent need, you are ready to put CDBG resources to work. This section provides information on what specific, eligible activities you can conduct with CDBG funds.

Local code officials should be pleased to know that **code programs and activities are specifically identified as eligible activities under the CDBG program. Specifically, HUD CDBG funds may be used for costs incurred for code inspections and for code enforcement, including salaries and related expenses, and expenses for legal proceedings on code issues in deteriorated and deteriorating areas.**

Note, however, that CDBG code enforcement funds may not be used for code inspections for the purpose of processing applications for rehabilitation assistance and overseeing such rehabilitation. Nor can CDBG funds be used on the activities undertaken by building owners to correct code violations identified during inspections. However, these activities may qualify as eligible CDBG rehabilitation activities under the separate rehab portions and requirements of the CDBG program.

The “Community Building Code Administration Grant Act” passed in 2012 could allow other local code program activities to be considered eligible under the CDBG program, beyond the central costs of salaries and related expenses. For instance, the new law provides that CDBG funds can be used for training of code staff and increasing of staff competence and professional qualifications, for individual certification or departmental accreditation, or for capital expenditures specifically dedicated to the administration of a building code enforcement department.

However, there are potential challenges to using CDBG funds on these expanded code activities under the new law. The 2012 act, unlike the long-standing CDBG program, requires that these activities be supported with a local, non-CDBG match of funding, unless certain waiver requirements are met. Moreover, the CDBG provisions related to these code activities are slated to expire or “sunset” by the summer of 2014. For these reasons, ICC recommends that you focus your CDBG funding efforts on code activities that do not require a local match and are not going to fade away with a statutory sunset – that is, focus on the central program costs of salaries and related expenses for code inspections and enforcement. If you have a compelling need to go beyond these code activities and try to secure CDBG funding for the broader, extra activities provided in the 2012 Act, ICC recommends that you contact your HUD Field Office.

Key Takeaway – HUD CDBG funds can be used for staff and expenses to implement local code inspection and enforcement programs in deteriorated or deteriorating areas, or in areas with a substantial number of low- and moderate-income persons.

SECTION 5 – MAKE CODE PROGRAMS PART OF THE CDBG PLAN

Every three to five years, CDBG entitlement communities and state governments that administer CDBG non-entitlement funding must prepare a Consolidated Plan to identify their housing and community development needs, priorities and goals. The Consolidated Plan is the result of a community engagement process that gathers input from various public and private stakeholders and serves as the framework for making place-based investment decisions.

Following submission of the Consolidated Plan, localities must complete an annual Action Plan that provide a concise summary of the actions, activities and the specific federal and non-federal resources that will be used each year to address the priority needs and specific goals identified by the Consolidated Plan. States must submit an Action Plan with a description of the method of distribution of funds to localities showing how the proposed distribution will address that State’s priority needs and specific goals. These Action Plans must be submitted to and reviewed by HUD.

To succeed in obtaining CDBG funding, code officials must engage with local and state CDBG administrators during the Consolidated Plan and annual Action Plan processes. For CDBG entitlement communities, code officials must work with the local agency responsible for spending and managing CDBG dollars, typically a community development or housing department. Code officials may also participate in one or more public hearings held by grantees to obtain citizens’ views and respond to proposals and questions. Such hearings must address housing and community development needs, development of proposed activities, and review of program performance. CDBG non-entitlement communities need to encourage their states to include code enforcement in their Consolidated Plan and annual Action Plan.

Many local and state CDBG programs have long-established constituencies for CDBG funding. To be competitive both locally and at the state level, code officials will need to demonstrate how code enforcement meets the housing and community development priorities and goals identified in the Consolidated Plan. Code officials should educate elected leaders, CDBG administrators and other local and state officials on the nexus between vigorously enforced codes and healthy, vibrant communities. Note that HUD does not take a position on what local governments should do with their CDBG funds within eligible activities – but leaves that to the discretion of local leaders and citizens.

Thus, code officials should be prepared to build community support for code enforcement activities through the public input and participation processes that localities and states use to develop the Consolidated Plan. This should include efforts by code officials to demonstrate, with data, how code enforcement helps to improve housing conditions and community health. In communities across the country, code enforcement ranks among the top priorities of neighborhood groups. That support needs to be communicated by those constituencies during the Consolidated Plan process.

Remember that your request for CDBG funds for code activities will compete against other CDBG priorities that can include housing rehabilitation, economic development and redevelopment, public facilities and services, non-profit activities, and other community improvement activities. Thus, your code program should be designed to work in concert with these other activities. Code officials should make the case that strong code enforcement will help these other activities achieve greater success. For instance, if the local code program is a key component of a broader community effort to promote neighborhood revitalization, removal of blight, efforts to address vacant properties, and housing rehabilitation, you can make a strong case that the use of CDBG funding on code programs will further these broader community priorities.

Also, if your locality or state has recently approved its three to five year Consolidated Plan, do not despair. It’s never too late to amend a Consolidated Plan, and there are HUD procedures that specify how such a Plan amendment can be accomplished. Again, be prepared to build the internal and community support necessary to compete for limited CDBG dollars.

Key Takeaway – To obtain CDBG resources for your code program, you need to work with the local government or state to include code enforcement as a priority in the CDBG sections of the Consolidated Plan and annual Action Plan.

SECTION 6 – CDBG IN ACTION – EXAMPLES OF BLOCK GRANTS SUPPORTING LOCAL CODE PROGRAMS

CDBG for Codes in Columbus

Mayor Mike Coleman of Columbus, Ohio (population 787,033) understands the value of code enforcement. For more than a decade, Columbus has dedicated limited HUD CDBG Entitlement Community resources to its code inspection activities. As Mayor Coleman and the citizens of Columbus know, ever-growing code violations can spell doom for a block, neighborhood and city. Vigorous code enforcement is necessary to reverse blight and promote community revitalization.

The City of Columbus is focusing its CDBG-supported code enforcement in two older, central city areas that meet HUD's national objective of benefit to low- and moderate-income persons on an area basis. Those efforts are helping to turn the table on areas of the community in the greatest need. As the 2010-2014 Columbus Consolidated Plan states, the City plans to use CDBG funding to conduct 14,000 inspections in central city neighborhoods to identify problems with housing, high grass, weeds, garbage, bulk trash and rodents. In FY 2012, Columbus received approximately \$6.3 million in CDBG funds. More than \$400,000 of that funding was expended to pay the salaries of code enforcement officers in the two identified areas. Those dollars supported the Columbus Department of Development's Division of Code Enforcement issuing more than 2,500 notices of violation for housing, zoning, and health, sanitation and safety codes in 2012.

Columbus' code enforcement activities are an important tool in Mayor Coleman's vacant and abandoned property initiative. There are more than 6,000 vacant and abandoned properties in Columbus. Older Columbus, where CDBG-supported code enforcement is taking place, has six times as many vacant residential properties as newer Columbus. Mayor Coleman seeks to demolish 900 of the "worst of the worst" houses, where landlords have a long history of ignoring orders to maintain properties. Code enforcement is helping the City separate negligent property owners from those with a sense of neighborhood pride.

Mayor Coleman has also heard how important code enforcement is to the community at large. Neighborhood groups routinely identify code inspection as one of the top priorities for CDBG dollars.

West Springfield Works with CDBG to Target Code Enforcement

The Town of West Springfield (population 28,410), located in western Massachusetts along the Connecticut River, has been using HUD CDBG Non-Entitlement Community dollars to enforce its housing sanitary codes for more than a decade. CDBG funding is directed at the Town's Southeast Target Area (STA), where the majority of the community's lower income population and affordable rental stock is located. The STA contains West Springfield's oldest housing, and more than 70% of its residents are low- and moderate income, which enables West Springfield to meet a CDBG national objective. Approximately 75% of the Town's sanitary housing complaints occur in the STA.

In FY 2012, West Springfield received \$900,000 in CDBG non-entitlement funds from the Massachusetts Department of Housing and Community Development. The majority of those funds were dedicated to housing rehabilitation, public facilities and infrastructure projects and other social services. The Town's Community Development Department also budgeted \$62,400 of its CDBG funding for code enforcement activities. This included the salary of the Sanitary Code Inspector assigned to the STA, as well as other equipment and supplies.

The STA-assigned Sanitary Code Inspector averages 600-700 inspections/re-inspections of single and multifamily structures each year, responding to telephone complaints lodged primarily by tenants in rental housing. This Sanitary Code Inspector only patrols CDBG-eligible STA neighborhoods. The continuous presence of a Sanitary Code Inspector in the STA has provided the Town with a set of eyes to help coordinate other services to arrest the decline of the area. For example, the Sanitary Code Inspector routinely flags suspected cases of tuberculosis and other communicable diseases to the West Springfield Health Department.

West Springfield's elected leadership strongly supports the use of CDBG funding for code enforcement. As community leaders engage with citizens to identify their needs, code enforcement always tops the list of neighborhood priorities. The results of West Springfield's CDBG-supported code enforcement activities are also evident. The Town is responding to fewer calls to inspect the units of long-term owners, as those property owners and landlords have begun to understand their responsibilities. HUD support for West Springfield's Housing Sanitary Code Enforcement Program has led to the rehabilitation and preservation of affordable residential units and structures in a heavily developed, mixed-use neighborhood.

CDBG Funds Directed to Distress in Durham

As an Entitlement Community, the City of Durham, North Carolina (pop. 233,252) received a HUD CDGB allocation of approximately \$1.6 million in FY 2012. Funding code enforcement with CDBG dollars has been a long-standing practice in Durham; the City dedicates \$200,000 of its CDBG resources to code inspection activities annually. This funding has been critical in helping to reduce the number of boarded and vacant houses in the city.

The City's Department of Neighborhood Improvement Services (NIS) is responsible for code administration in Durham. CDBG dollars help to support salary and benefits for NIS code officers. NIS receives reimbursement on a per inspection basis for code activities taking place within census tracts where at least 51% of the households are low- to moderate-income. The CDBG funds represent only a portion of the actual cost of code administration and activities within those areas. CDBG-supported activities in these targeted areas focus on enforcing the City's housing codes, as well as its abandoned vehicle, weedy lot and junk and debris ordinances. In FY 2012, Durham conducted 401 housing inspections and 833 weedy lot inspections with CDBG resources.

The City's CDBG-supported code activities have also helped to increase the impact of Durham's Neighborhood Stabilization Program, as well as its Vacant and Boarded Remediation Program, which encourages owners to improve the condition of their property. The overlap between the neighborhoods targeted by the City for revitalization activities and the low- and moderate-income neighborhoods where CDBG-funded code enforcement occurs allows Durham to leverage HUD CDBG, state, local, and other resources

SECTION 7 – A STEP-BY-STEP SUMMARY ON PUTTING HUD CDBG INTO ACTION FOR LOCAL CODE PROGRAMS

This section of the ICC Guide sums it all up with the key steps on what you, as a local code official, can do to seek CDBG funding and put it to use in your local code programs. ICC hopes that this Guide has helped you learn how to take these steps:

- 1.) **Determine Who Runs CDBG:** Determine which agency administers the CDBG programs in your locality. Figure out if you are an Entitlement Community or a Non-Entitlement Community, and who in your city, county or state runs the CDBG program. Contact and start working with those CDBG officials. If you are an Entitlement Community, work with your locality to have CDBG funds allocated to your code program. If you are a Non-Entitlement Community, work with your State to seek funding.
- 2.) **Target Local Areas with Slums, Blight & Deterioration or with the Right Level of Low- and Moderate-Income Persons:** Identify how your code program can support improvements in targeted areas with slums, blight or deterioration, or that have the correct percentage of low- and moderate-income persons, in order to meet a CDBG national objective.
- 3.) **Identify Eligible Code Expenses:** Identify how you would allocate CDBG resources to code program salaries, expenses, legal proceedings, or other code activities that will support and improve your targeted community areas.
- 4.) **Connect Codes to Broader Community Revitalization:** Identify how your code program can integrate with and support broader community and CDBG objectives, such as neighborhood revitalization, housing rehabilitation, and addressing vacant property issues.
- 5.) **Make Sure Codes are in the CDBG Plan:** Work with city/county and state officials to ensure that code programs are included as a priority in your local or state Consolidated Plan and the annual Action Plan. If code enforcement is not included in the current plans, the jurisdiction can consider preparing an amendment to the Consolidated Plan.
- 6.) **Put CDBG Funding to Work in Your Community!**
- 7.) **Keep Good Records:** Know the recordkeeping requirements for using CDBG funds in your community, establish good recordkeeping procedures at the front end, and provide necessary documentation to your CDBG administrators at either the local or state level.
- 8.) **Celebrate Success:** Bring attention to code efforts that improve the community. And share those successes with the public, ICC and HUD!

SECTION 8 – HOW TO GET MORE INFORMATION AND HELP ON CDBG

ICC hopes that this Guide has provided you with the basic information you need to get started. If you now think that CDBG resources could make a positive difference for local code programs in your community, there are great ways for you to learn more. Check out the following additional resources:

- 1.) **Local and State CDBG Officials:** Do not overlook the most important resource available – the officials already running your locality’s CDBG program. CDBG officials at the city, county and state level typically have years of experience with the CDBG program and can be your guide to the process. You can find the lead CDBG contact in each state, which is particularly important if you are in a Non-Entitlement Community, plus the lead contacts for each Entitlement Community, at http://portal.hud.gov/hudportal/HUD?src=/program_offices/comm_planning/communitydevelopment/programs/contacts.
- 2.) **HUD CDBG Web Site:** The HUD web site has a number of important resources on the CDBG program including:
 - The **“Basically CDBG” Training Manual**, at http://portal.hud.gov/hudportal/HUD?src=/program_offices/comm_planning/communitydevelopment/training/basicallycdbg. The HUD Office of Block Grant Assistance provides a newly-revised “Basically CDBG” course training manual, which is a wealth of information on the CDBG program. This manual was developed to guide and assist CDBG grantees in the implementation of local CDBG programs. From national objectives and eligible activities to the details of administration, financial management, and other federal requirements, the manual is a valuable resource for every CDBG program practitioner. The **“Basically CDBG for States”** version of the training manual provides specific information for State non-entitlement CDBG programs, at http://portal.hud.gov/hudportal/HUD?src=/program_offices/comm_planning/communitydevelopment/programs/stateadmin.
 - **HUD CDBG Laws, Regulation and Policy Guidance Documents**, at http://portal.hud.gov/hudportal/HUD?src=/program_offices/comm_planning/communitydevelopment/rulesandregs. This site provides access to a comprehensive range of statutory, regulatory and policy documents with all the key details on the CDBG program. One key source is the HUD CDBG Part 570 regulations.
 - Details on CDBG for **Entitlement Communities** can be found at http://portal.hud.gov/hudportal/HUD?src=/program_offices/comm_planning/communitydevelopment/programs/entitlement.
 - Details on State-administered CDBG for **Non-Entitlement Communities** can be found at http://portal.hud.gov/hudportal/HUD?src=/program_offices/comm_planning/communitydevelopment/programs/stateadmin.
 - The HUD **Community Development Block Grant Program - Guide to National Objectives and Eligible Activities for Entitlement Communities**, at http://portal.hud.gov/hudportal/HUD?src=/program_offices/comm_planning/communitydevelopment/library/deskguid. This HUD manual provides detailed background on two key aspects of using CDBG funding for Entitlement Communities. The version for State non-entitlement programs, the **Community Development Block Grant Program – Guide to Eligibility and National Objectives for States**, can be found at http://portal.hud.gov/hudportal/HUD?src=/program_offices/comm_planning/communitydevelopment/library/stateguide.
- 3.) **HUD Field Offices:** There are 43 HUD Field Offices in 10 HUD regions across the nation who can provide you with support and information on the CDBG program. You can find contacts in these offices at http://portal.hud.gov/hudportal/HUD?src=/program_offices/comm_planning/about/staff/fodirectors.
- 4.) The **International Code Council:** ICC stands ready to help its members learn more about how to seek and use CDBG resources for local code programs. ICC is working with a firm, Sustainable Strategies DC (www.StrategiesDC.com), that has years of experience working with localities and the CDBG program. ICC and Sustainable Strategies are available to provide your code office with more information, more detailed consultations, and even grant writing assistance. Contact ICC at 888-ICC-SAFE (888-422-7233) or members@iccsafe.org – we look forward to hearing from you.

The ICC wishes you success in your efforts to put CDBG resources to work in code programs in your community.