

## INTRODUCTION TO THE INDIAN COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM

### LEARNING OBJECTIVES:

After completing this module, you will have a working knowledge of the:

- History of the Indian Community Development Block Grant (ICDBG) program
- Primary objective of the ICDBG program
- ICDBG eligible applicants
- ICDBG eligible activities
- ICDBG Notice of Funding Availability (NOFA)
- Key definitions contained in the NOFA
- NOFA rating factors

### A. INTRODUCTION

In 1974, Congress enacted the Housing and Community Development Act, replacing categorical community development programs such as the Neighborhood Facilities and Historic Preservation grant programs with the Community Development Block Grant (CDBG) program. At the same time, the Office of Indian Programs (OIP), the predecessor to the Office of Native American Programs (ONAP), was established. With the establishment of this Office, tribes had an advocate within HUD for their community development needs. The number of tribes receiving assistance to meet these needs increased significantly during this period as compared to the number of tribes receiving assistance under the earlier categorical programs.

Experience with the new CDBG program convinced many tribes and HUD OIP staff to develop a legislative strategy that would retain the flexibility and high degree of local autonomy afforded under the CDBG program. In 1977, amendments made to Title I of the Housing and Community Development Act of

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1974 provided for a special CDBG funding mechanism for Indian tribes and Alaska Native villages, currently known as the Indian Community Development Block Grant program or ICDBG. Under this funding program, Indian tribes and Alaska Native villages receive assistance to meet their community development needs without having to compete with cities and counties.

The ICDBG is authorized by Title I of the Housing and Community Development Act of 1974, as amended [42 U.S.C. 5301 *et seq.*]; sec. 7(d) of the Department of Housing and Urban Development Act [42 U.S.C. 3535 (d)]; and Community Development Block Grants for Indian Tribes and Alaska Native Villages, 24 CFR part 1003.

## **B. ICDBG PURPOSE**

The ICDBG program provides Native American tribes and Alaska Native villages with assistance to develop viable communities, including decent housing, suitable living environments, and economic development opportunities. Applicants compete for funding with other tribes or eligible tribal organizations within their ONAP area.

The ICDBG program funds two types of grants:

### **1. Single purpose grants.**

Single purpose grants are competitively-awarded grants that provide funds for activities designed to meet a specific community development need. A single purpose grant must primarily benefit low- or moderate-income (“LMI”) persons as defined in 24 CFR Section 1003.4. The rating criterion for the grants is published annually in the ICDBG NOFA.

### **2. Imminent threat grants**

The imminent threat grant is awarded only if ONAP staff determines that the requirements of 24 CFR Section 1003.400 – *Criteria for Funding* are met and funds are available. Procedures and conditions that must be met in applying for an imminent threat grant are described in the ICDBG regulations. Imminent threat grants provide a solution to problems of an urgent nature that were not evident at the time of the ICDBG single-purpose funding grant cycle or require immediate action.

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In their request for imminent grant assistance, applicants need only demonstrate that federal or local agencies do not have funds available to address the issue. A previous requirement that tribes demonstrate state and local funds are not available to address the threat has been eliminated. However, tribes/villages will have to verify that they have no available funds to address the threat including unobligated Indian Housing Block Grant (IHBG) funds.

A mud slide which damaged a sewer system serving low income housing residents is an example of an “imminent threat”.

In the Fiscal year (FY) 2008 Notice of Funding Availability (NOFA) the imminent threat (IT) grant ceiling for Presidentially-declared disasters was increased to \$900,000. The maximum limit for other IT requests is \$450,000.

### **C. ICDBG’s PRIMARY OBJECTIVE**

The primary objective of the ICDBG program is the development of viable communities by providing decent housing and a suitable living environment and expanding economic opportunities principally for persons of low and moderate income. Consistent with this objective, not less than 70% of the expenditures of each single purpose grant must be for activities which benefit LMI residents. There are four options for identifying and documenting that the objective is being accomplished. The options are:

- **Area benefit**  
The area benefit option may apply when a project benefits all residents of an area in which 51% of the residents are LMI as defined by family size. LMI compliance can be documented by census or survey data. The project area must be residential.
- **Limited clientele**  
When an ICDBG project benefits a limited clientele, at least 51% of the clientele served must be LMI persons. There are a number of ways to document that the limited clientele satisfies the 51% requirement. Detailed below are several examples:

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- The project implements income eligibility requirements;
- The project is of such nature and location that the activity's clientele is presumed to be LMI.

If the activity serves one of the following groups exclusively, it may be presumed to serve LMI persons. The groups include:

- abused children
- battered spouses
- homeless
- illiterate adults
- persons living with AIDS
- migrant workers
- elderly persons
- adults meeting the Bureau of the Census' current Population Reports definition of "severely disabled"

Projects may focus on removing material or architectural barriers to the mobility or accessibility of elderly persons or severely disabled adults.

Projects may also support LMI persons who are developing or who own microenterprises.

- **Housing**

Housing projects meet the primary objective if they provide or improve permanent residential structures for LMI households. Each single family structure must each be LMI-occupied. Duplexes must have at least one unit occupied by a LMI household. Structures with three or more units must have at least 51% occupancy by LMI households.

- **Job creation and retention**

Job creation and retention projects are designed to create or retain permanent jobs where at least 51% of the jobs, computed on a full-time equivalent basis, involve the employment of LMI persons. Jobs may either be held by or made available to LMI persons. If jobs are deemed to be available to LMI persons, these jobs won't be considered if they require special skills that can only be acquired with substantial training, work

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experience, or education beyond high school, unless the employer offers to provide the training needed for such positions. In addition, LMI persons must receive first consideration for filling such available jobs.

## D. ELIGIBLE APPLICANTS

Eligible applicants for ICDBG assistance include:

- **Federally Recognized Indian Tribes and Alaska Natives**  
All Federally recognized Indian tribes, bands, or nations, including Alaska Indians, Aleuts and Eskimos, and any Alaska Native village considered under Title I of the Indian Self-Determination and Education Assistance Act [25 U.S.C. 450]. The Bureau of Indian Affairs (BIA) or the Indian Health Service (IHS) must make a determination of such eligibility. On April 4, 2008, the BIA published in the Federal Register an updated list of *“Indian Entities Recognized and Eligible to Receive Services from the United States Bureau of Indian Affairs.”*
- **Tribal Organizations**  
Tribal organizations are permitted to submit applications on behalf of eligible tribes when one or more eligible tribes authorize the organization to do so under concurring resolutions. The tribal organization must be eligible under Title I of the Indian Self-Determination and Education Assistance Act. The Bureau of Indian Affairs or Indian Health Service will make such a determination. This determination must be provided to the Area ONAP by the application due date. If a tribe or tribal organization claims that it is a successor to an eligible entity, documentation will be reviewed to determine whether it is in fact the successor entity.
- **Alaska Native Claims Settlement Act (ANCSA)**  
ANCSA Village Corporations and Regional Corporations are eligible to apply for ICDBG grants pursuant to Title I of the Indian Self-Determination and Education Assistance Act. Only one ICDBG application may be submitted for each area within a jurisdiction. A tribal organization that submits an application for activities within the jurisdiction of one or more eligible tribes or villages must include a concurring resolution for each tribe and/or village. Each resolution must state that the tribe or village itself does not intend to apply. The hierarchy for funding priority is: IRA

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Council, the Traditional Village Council, the ANCSA Village Corporation, and the ANCSA Regional Corporation.

## **E. IDENTIFYING ELIGIBLE ICDBG ACTIVITIES**

Activities that are eligible for ICDBG funding are identified at 24 CFR part 1003, subpart C. The annual NOFA will provide information about restrictions on eligible activities for ICDBG funding.

Eligible activities include, but are not limited to:

**1. Acquisition of Property**

Depending upon the purpose of the land acquisition, funds for purchasing land can be requested to support new housing or as part of new housing construction, public facilities and improvements, or to support economic development.

**2. Assistance to Institutions of Higher Learning**

If the institution of high learning has the capacity, it can help an ICDBG grantee to implement eligible projects.

**3. Community Based Development Organization (CBDO) Assistance**

Grantees may provide assistance to CBDOs to undertake activities related to neighborhood revitalization, community economic development, or energy conservation.

**4. Clearance and/or Demolition**

Clearance and/or demolition can be proposed as part of housing rehabilitation, new housing construction, public facilities and improvements, economic development, or preparation of land to support new housing activity.

24 CFR Section 1003.201(d) states "Demolition of HUD-assisted housing units may be undertaken only with the prior approval of HUD".

**5. Code Enforcement**

Code enforcement can be proposed as housing rehabilitation. The activity must comply with 24 CFR Section 1003.202.

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- 6. Comprehensive Planning**  
Comprehensive planning can be proposed as part of any otherwise eligible project. Comprehensive planning is subject to the 20% limitation on the grant for planning and administration.
- 7. Energy Efficiency**  
Depending upon the specific type of energy efficiency activity, it can be proposed under housing rehabilitation or public facilities and improvement projects.
- 8. Lead Based Paint Abatement and Evaluation**  
Lead based paint abatement and evaluation can be proposed under a housing rehabilitation project.
- 9. Non-Federal Share**  
ICDBG funds can be used as a match for any non-ICDBG funding to the extent allowed by such funding and so long as the activity is eligible under 24 CFR part 1003, subpart C.
- 10. Privately and Publicly Owned Commercial or Industrial Building – Real Property Improvement**  
These activities can be proposed under economic development projects. Privately owned commercial rehabilitation is subject to the requirements listed under 24 CFR Section 1003.202.
- 11. Privately Owned Utilities**  
Providing assistance to privately owned utilities can be proposed under public facilities and improvement projects.
- 12. Public Services**  
Public services include but are not limited to assistance with employment, crime prevention, child care, health, drug abuse, education, fair housing counseling, energy conservation, welfare, homebuyer down payment assistance or recreational needs.

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### **13. Removal of Architectural Barriers**

Removal of barriers that restrict mobility and/or access for the elderly and/or persons with disabilities can be proposed as either a housing rehabilitation or public facility and improvements project.

Applicants should be aware of the accessibility needs of the persons they intend to serve in ICDBG funded projects and activities, and address these needs in appropriate accessible design features or program modifications to ensure that otherwise qualified persons with disabilities may benefit from them.

## **F. NOTICE OF FUNDING AVAILABILITY (NOFA)**

The Notice of Funding Availability (NOFA) is published in the Federal Register on an annual basis. The NOFA provides all information necessary to complete an ICDBG application. In each annual publication, the NOFA defines the current year's award criteria. The ICDBG application format and requirements may change from year-to-year; therefore, it is critical to read and become familiar with the current NOFA before beginning the ICDBG application. This manual is based on provisions in the FY 2008 NOFA.

### **1. NOFA CATEGORIES OF INFORMATION**

- Funding Opportunity Description
- Award Information
- Eligibility Information
- Application & Submission Information
- Application Review Information
- Award Administration Information
- Other Information that relates to the ICDBG program

### **2. NOFA KEY DEFINITIONS**

The NOFA definitions describe actions that applicants must take in order to receive points during the rating phase. The definitions also provide guidance for the determination of types of eligible projects. When preparing an application, it is important to understand the actions

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necessary to comply with the NOFA requirements and to determine whether the selected project is eligible for funding. The following are key definitions in the NOFA:

- a. *Adopt*** – Adopt means to approve the action through formal resolution by the governing body. For example, a Tribal Council passes a resolution to adopt its financial policies and procedures. Information on the resolution would be submitted with the grant application.
- b. *Document*** – The applicant is required to include with the application supporting written information or data that satisfies the NOFA requirement. For example, when purchasing land for a housing construction project, a letter from a qualified land appraiser identifying the value of the proposed site would serve as documentation for the amount included in the grant application.
- c. *Entity Other Than Tribe*** – An entity other than the tribe must have the following characteristics:
  - It must be legally separate from the tribe
  - Its assets and liabilities must be separate from those of the tribe
  - Its governing board must be separate and apart from the tribal government
- d. *Firm Commitment*** – A letter of commitment from a partner by which an applicant’s partner agrees to perform an activity specified in the application, demonstrates the financial capacity to deliver the resources necessary to carry out the activity, and commits the resources to the activity, either in cash or through in-kind contributions.
- e. *Homeownership Assistance Programs*** – The tribe may apply to provide direct assistance to LMI households by:
  - Subsidizing interest rates and mortgage principal amounts
  - Financing the acquisition of the housing that is occupied by the homebuyers

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- Acquiring guarantees for mortgage financing from private lenders (Note: ICDBG funds may not be used to guarantee such mortgages nor can the grantee provide such guarantees directly)
- Providing up to 50% of a down payment for purchasing housing
- Paying reasonable closing costs for the purchase of a home

**f. Leveraged Resources** – Leveraged resources are funds to be used in conjunction with ICDBG funds to achieve the objectives of the project. For example, tribal trust funds, loans from individuals or organizations, business investment, private foundation funds, state/federal loans or guarantees, or other grants and non-cash contributions as allowable.

**g. Microenterprise Programs** – Tribes can use ICDBG funds for the development, expansion and stabilization of Microenterprises. A microenterprise is defined as a commercial entity with five (5) or fewer employees including the owner. Examples of projects include:

- Providing credit, loans, loan guarantees and other forms of financial support
- Providing technical assistance, advice and business support services
- Providing general support such as peer support programs, counseling, child care, transportation and other similar services to owners or persons developing microenterprises

**h. New Applicant** – A definition for “New Applicant” has been added: “An applicant that has either never applied for an ICDBG or an applicant whose prior grants have either been closed or closed subject to audit for more than two years prior to the application deadline date.”

**i. Operations and Maintenance for Public Facilities and Improvement** – These are items of cost relating to the operation of the physical plant. Operations and Maintenance responsibilities must be assumed by the tribe or an entity other than the tribe. Neither the tribe nor an entity other than the tribe will have to submit the O&M plan with the application. However, the tribe or entity other than the tribe (whichever is assuming O&M responsibilities) must provide a written statement that it has adopted or developed an O&M plan.

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Examples of O&M costs include:

- daily or other periodic maintenance activities;
- repairs, such as replacing broken windows;
- capital improvements or replacement reserves for repairs, such as replacing the roof;
- fire and liability insurance (when project-appropriate); and security (when project-appropriate).

O&M costs **do not** include the cost for delivering a program or service.

- j. Project Cost** - The project cost is the total cost to implement the project. Total cost includes all ICDBG and non-ICDBG funds.
- k. Standard Housing/Standard Conditions** – This is housing that meets the housing quality standards (HQS) previously adopted by the applicant. The HQS must be at least as stringent as the requirements contained in 24 CFR 982.401 (Section 8, Tenant-Based Assistance: Housing Choice Voucher Program). The Area ONAP office has the authority to approve less stringent standards based upon a determination that local conditions make the use of Section 8 standards infeasible.

Prior to the ICDBG application due date, a tribe may submit a request for the approval of standards less stringent than Section 8 HQS. If the request is submitted with the ICDBG application, the tribe can not assume an automatic approval of the request.

The adopted standards must provide for:

- A safe house in a physically sound condition with all systems performing their intended design functions
- A livable home environment and an energy-efficient building with systems that incorporate energy conservation measures
- Adequate space and privacy for all intended household members

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**l. Statement** – When a “written statement” is requested for any threshold, program requirement, or rating factor, the applicant must address in writing the specific item cited.

**m. Tribe** – Tribe, when used in the NOFA, the word “tribe” means an Indian tribe, band, group or nation, including Alaska Indians, Aleuts, Eskimos, Alaska Native Villages, ANCSA Village Corporations, and ANCSA Regional Corporations.

### 3. NEWER DEFINITIONS

Two definitions were added in 2005 that focus on how the project *accomplishes* HUD’s purpose for the ICDBG program. That purpose is to develop viable Indian and Alaska Native communities, including the creation of decent housing, suitable living environments, and economic opportunities primarily for persons with LMI as defined in the regulations. The new definitions include:

**a. Outputs** – Outputs are the direct products of a program’s activities. Outputs should be clear enough to allow HUD to monitor and assess the proposed project’s progress, if funded. Outputs are usually measured in terms of the volume of work accomplished, such as:

- The number of low-income households served
- The number of units constructed or rehabilitated
- Linear feet of curbs or gutters installed

**b. Outcomes** – Outcomes are the ultimate impacts you hope to achieve with the proposed project. An outcome should be a quantifiable measure or indicator and should be identified in terms of the change in the community, lives, economic status, and so forth. Examples of outcomes could be:

- Increases in the percent of housing units in standard conditions
- Increases in rates of home ownership
- Increases in rates of employment

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It is important to understand these new definitions and adequately address them in your application because they directly impact the number of points awarded to a rating factor.

### **OTHER KEY DEFINITIONS FROM THE HUD LOGIC MODEL**

- a. Measurement Reporting Tools** – Measurement reporting tools are the tools used to track output or outcome information, for example, survey instruments, attendance logs, case reports, pre-post tests, waiting lists, and so forth.
- b. Evaluation Process** – The evaluation process is the methodology that will be used to periodically assess the success in meeting the benchmark output goals and achieving output results identified for the accomplishment of the purposes of the program.

### **5. RATING FACTORS FOR GRANT APPLICATIONS**

The NOFA includes five rating factors for all project types. The five rating factors are:

Factor 1: Capacity of the Applicant

Factor 2: Need/Extent of the Problem

Factor 3: Soundness of Approach

Factor 4: Leveraging Resources

Factor 5: Comprehensiveness and Coordination

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## **G. FUNDING AMOUNTS**

ICDBG funds are allocated to each of the six Area ONAP jurisdictions responsible for the program. Pursuant to 24 CFR Section 1003.101, each Area ONAP receives one million dollars as a base amount and a share of the balance is allocated using the following formula:

1. 40% is based on the Area ONAP's total eligible Indian population;
2. 40% is based on the Area ONAP's share of the total extent of poverty among the eligible Indian population; and
3. 20% is based on each Area ONAP's share of the total extent of overcrowded housing among the eligible Indian population.

Area ONAPs allocations are based on data from the 2000 census.

The amount of funds reserved for imminent threat grants during each funding cycle will be stated in the NOFA. The NOFA will state the ceiling amount for imminent threat grants for the year.

## **H. COMPETITION FOR ICDBG GRANTS**

Title I of the Housing and Community Development Act of 1974, which authorized ICDBG, requires that grants for Indian tribes be awarded on a competitive basis in accordance with the selection criteria contained in the NOFA.

Applicants within an Area ONAP's geographic jurisdiction compete for funds *only against other applicants from within that same area or jurisdiction.*

ICDBG grants are awarded competitively each year in response to a published NOFA. The NOFA identifies the upper limit (ceiling) for grants for each Area ONAP. Applicants may request funding for any number of projects within their application as long as the total amount of ICDBG funds requested is within the maximum upper limit for grants.

### **NOTES:**

As a result of Section 103 of the HUD Reform Act of 1989, Area ONAP staff is prevented from providing the kind of technical assistance or support to a potential applicant that would result in an advantage in the preparation of the applicant's grant application. Therefore, the staff is required to refer tribes to the NOFA for answers to their questions if answering them would create an unfair advantage in the grant rating process.

## **I. SUMMARY**

The ICDBG program has been developed to provide flexibility to meet a tribe's community development needs. The program funds two types of grants: single purpose and imminent threat grants. The grants are designed to address specific community development needs of the tribe.

Single purpose grants must meet the primary objective of benefiting persons of low- and moderate-incomes. This objective can be accomplished in any combination of the identified options, including area benefit, limited clientele, housing, and job creation and retention. Eligible applicants can apply for and implement multiple projects in their ICDBG application.

Each year, as part of the funding process, a Notice of Funding Availability (NOFA) is published in the Federal Register describing the funding parameters, criteria for rating of applications, definitions, and other crucial information for submitting an ICDBG application. Because award criteria changes can and do occur between years, it is critically important to read and understand each year's NOFA to ensure that grant applications meet that year's requirements.

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## PARTICIPANT WORK ACTIVITY ONE

**Directions:** Read the Federal Register announcement and find the answer to each question. Insert the page number reference for each question on the answer sheet.

Questions to be Answered	Page Number
What is the Catalogue of Federal Domestic Assistance number?	
When is the application due date?	
What is the appropriation amount for ICDBG?	
Where do you find information on Section 103 of the HUD Reform Act?	
Where do you find the sub-factors for Rating Factor #1?	
How many points are available if a public facility serves the neediest segment of the population?	
Where do you find HUD's strategic goals?	
What is the number of minimum points from Rating Factor #1 required for funding?	
Where are the definitions found for this NOFA?	
How much money is available for each ONAP region?	
How many days after the end of the fiscal year is the financial status report due?	
How many points can an application earn by providing quantitative documentation on project outcomes?	
When is the application deadline?	
After what date will an ICDBG award announcement be expected?	
What is the definition of an outcome?	
How many points are available when you leverage at least 22.5 % of ICDBG project costs?	
Where is the TTY telephone number to challenge utilization data for factor #2?	
Who is an eligible applicant?	

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