

## Community Development Block Grant Program – Federal Regulations

***Following is a listing of key regulations that affect the Olympia's Community Development Block Grant (CDBG) Program:***

1. **Eligible Activities:** CDBG funds must be allocated for clearly identified, specific projects or programs that meet federal regulations for eligible activities (CFR 24 Part 570).
2. **Timely Use of Funds:** HUD regulations stipulate that the City spend CDBG funding in a *"timely manner" and not to be "Banked" indefinitely for the future.* Specifically, the regulations require the City to *"spend down"* to 1.5 times its current grant. The regulatory intent is to ensure that tax-payers money is used promptly to meet community needs. In PY 2017, the ***initial target amount is to spend down to \$525,000 by June 30, 2018.*** Because of the difficulty in estimating CDBG Program Income, the City often amends its current Annual Action Plan at some point during the program fiscal year in order to fund projects that will expend money in a timely fashion.
3. **Social Services Cap:** Funds for direct social services are capped at 15% of total CDBG expenditures. However, the City is not required to fund social services each year.
4. **Administration Cost Cap:** The City can only spend 20% of total funds on general administration of the CDBG Program. However each activity line item can include the direct costs of activity management. Typically, the cost of activity delivery is estimated at up to 10% of the total activity cost.
5. **Benefit to Low & Moderate Income People:** Over a rolling 3-year period, at least 70% of the City's CDBG expenditures must provide benefit to low-to-moderate income people.