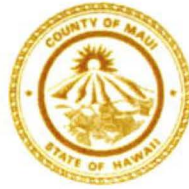


**RICHARD T. BISSEN, JR.**  
**MAYOR**

Patience M.K. Kahula  
CDBG Program Director



**OFFICE OF THE MAYOR**  
**COUNTY OF MAUI**  
**COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM**  
200 South High Street  
Wailuku, Maui, Hawaii USA 96793-2155

December 7, 2023

Honorable Richard T. Bissen, Jr.  
Mayor, County of Maui  
200 South High Street  
Wailuku, Hawaii 96793

**APPROVED FOR TRANSMITTAL**

*Richard T. Bissen, Jr.* 12-7-23  
\_\_\_\_\_  
Mayor Date

For Transmittal to:

Honorable Yuki Lei Sugimura, Chair  
Budget, Finance and Economic Development Committee  
Maui County Council  
200 South High Street  
Wailuku, Hawaii 96793

**SUBJECT: COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG)**  
**ACQUISITION OF PROPERTIES LOCATED IN LAHAINA, MAUI,**  
**HAWAI'I (BFED-49, -58, -59)**

Dear BFED Committee Chair Sugimura:

This letter confirms receipt of Budget, Finance and Economic Development (BFED) Committee letter dated December 6, 2023 regarding CDBG ACQUISITION OF PROPERTIES LOCATED IN LAHAINA, MAUI, HAWAI'I (BFED-49, -58, -59).

In response to the additional information requested by BFED Committee Chair Sugimura pursuant to the aforementioned BFED letter, the formal response of the CDBG Program Office follows:

- 1.a. **The deadline to use Coronavirus Aid, Relief, and Economic Security ("CARES") Act funds was extended beyond September 30, 2023.**

**RESPONSE:**

Please refer to letter dated June 2, 2023 from the U.S. Department of Housing and Urban Development for Subject: Removal of 3-Year 80% Expenditure Requirement for CDBG-CV Grant, attached for your information.

The Department of Health and Human Services released a statement on May 11, 2023 announcing the end of the COVID-19 Public Health Emergency. I confirmed with HUD's Office of Community Planning and Development that Congress has yet to approve the Federal Budget, CARES ACT funds are being reviewed for recapture.

- 1.b. **Community Development Block Grant ("CDBG") funds may be used to maintain or supplement association and property management fees and other related costs.**

**RESPONSE:**

Please refer to Code of Federal Regulations (CFR) 24 CFR 570.201(e) provided for your purview. 24 CFR 570.201(e) validates public service as an eligible CDBG activity.

Guide to National Objectives and Eligible Activities for CDBG Entitlement Communities (Guide), also attached for your information, substantiates our proposed use. As all eligible public service activities are not listed with the aforementioned CFR, the Guide provides additional information (see page 2-23) relating specifically to "Paying the cost of operating and maintaining that portion of a facility in which the service is located is also considered to fall under the basic eligibility category of Public Services, even if such costs are the only contributions made by CDBG for those services."

- 1.c. **CARES Act and CDBG funds may be used for the purchase of housing units for those displaced by the August 2023 Maui wildfires and not related to the coronavirus.**

**RESPONSE:**

24 CFR 570.201 is attached for your review.

Pursuant to 24 CFR 570.201(a): "CDBG funds may be used for: Acquisition. Acquisition in whole or in part by the recipient, or other public or private nonprofit entity, by purchase, long-term lease, donation, or otherwise, of real property (including air rights, water rights, rights-of-way, easements, and other interests therein) for any public purpose".

2. **Please explain whether the units proposed to be purchased meet Americans with Disabilities Act accessibility standards and if elevators are available.**

**RESPONSE:**

Although we recognize the critical importance of accessibility, unfortunately, Leinani unit 304 and Maui Lani Terraces B202 are not located in buildings

equipped with elevators. Both units were occupied by- and/or purchased from Kupuna aged sellers who shared that the stairs provided them with daily exercise which they appreciated.

For the purpose of providing immediate, affordable, rental housing options for displaced Kupuna, both units shall be offered “as-is” to income-eligible Kupuna, displaced by the wildfires and able to live independently.

With the continued support of the Maui County Council, CDBG fully intends to acquire additional owner-occupied ground level units and/or units with elevator access to comply with ADA accessibility standards.

**3. What is the monthly rent for each unit?**

**RESPONSE:**

Monthly rent shall be determined in accordance with program rent limits as established annually by the U.S. Department of Housing and Urban Development for the State of Hawaii, County of Maui, as also utilized by the Department of Housing & Human Concerns (DHHC).

**Will the rent be subsidized with other Federal or State funds?**

**RESPONSE:**

Individuals or families with pre-approved Federal or State rental assistance subsidies may be accepted and shall be reviewed on a case-by-case basis to prevent duplication of benefits.

**4. Who will manage these properties?**

**RESPONSE:**

A Request for Proposals (RFP) has been prepared to seek non-profit agencies interested in property management.

We appreciate your inquiries. Please be assured that the County of Maui, CDBG Program Office is in full compliance with all U.S. Department of Housing and Urban Development (HUD), Office of Community and Development Planning (CPD), Code of Federal Regulations (CFR) and CDBG program regulations and requirements.

The CDBG Program Office is firmly supported by on-going, critical technical assistance provided by the CPD Director and CPD Senior Representative to ensure program compliance that includes, but is not limited to, the selection and funding of CDBG eligible activities.

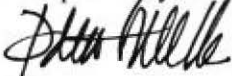
Honorable Y. Sugimura, BFED Chair

December 7, 2023

Page 4 of 4

Mahalo for this opportunity to provide clarity and/or additional information for your review. If you should have any questions, please feel free to contact me at (808) 270-8299.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Patience M.K. Kahula', written over the printed name.

Patience M.K. Kahula  
CDBG Program Director

Attachments



9CD-23237

U.S. Department of Housing and Urban Development

Honolulu Field Office – Region IX  
1003 Bishop Street, Suite 2100  
Honolulu, Hawaii 96813  
[www.hud.gov](http://www.hud.gov)  
[espanol.hud.gov](http://espanol.hud.gov)

June 2, 2023

The Honorable Richard T. Bissen Jr.  
Mayor  
County of Maui  
200 South High Street  
Kalana O Maui Building, 9<sup>th</sup> Floor  
Wailuku, HI 96793

Dear Mayor Bissen

Subject: Removal of 3-Year 80% Expenditure Requirement for CDBG-CV Grant

Thank you for your participation as a CARES Act Community Development Block Grant (CDBG-CV) grantee. I am writing to share information about successes to date and to notify you of a change in expenditure deadlines. This letter also highlights your ability to use CDBG-CV for short-term housing assistance, which may be especially important as other Federal funding sources to address pandemic-related housing needs time out.

The Department continues to be very proud to support and serve our community development partners through this difficult period. Collectively, CDBG-CV grantees have strongly participated in the national efforts to prepare, prevent, and respond to coronavirus, with a particular focus on the needs of low- and moderate-income (LMI) persons and other vulnerable populations. Of the \$5 billion in CDBG-CV grants, all funds have been obligated by HUD to grantees. In turn, grantees have expended almost \$2.5 billion on needs not covered by other programs. The following are grantee accomplishments reported as of March 2023:

- Persons Assisted by Public Services Activities: **15,021,695**
- Persons Assisted by Public Improvements/Facilities: **648,676**
- FTE Permanent Jobs Created/Retained: **46,276**
- Households Assisted by Housing Activities: **7,396**

Public services activities in 2020, 2021, and 2022 included expenditures of more than \$500 million of CDBG-CV funds for emergency subsistence payments such as emergency rental, mortgage, or other emergency housing or utilities assistance on behalf of LMI families. This represented a remarkable surge by grantees into a rarely used CDBG flexibility that enabled communities throughout the nation to house LMI families as their employers closed or suspended operations. In another example, support for food banks, youth, senior, and health services, and homelessness activities also surged dramatically to meet critical local service gaps as needs exceeded available local resources. In addition, many grantees addressed small business needs, which resulted in economic development assistance to micro-enterprises and other small for-profit businesses rising to more than double the normal levels. CDBG-CV grantees designed programs

to support very small businesses serving LMI areas who had difficulty applying for other economic development programs, such as those funded by the Small Business Administration.

### **ACTION BY THIS LETTER**

After reviewing CDBG-CV progress, described in the Background section below, HUD has concluded that action is needed to ensure grantees can continue to deploy needed assistance to LMI communities to complete their activities. Therefore, this letter notifies the County of Hawaii that the CDBG-CV grant requirement below was revoked by Federal Register Notice 6218-N-02, published April 18, 2023, and is no longer applicable to Grant B-20-EW-15-0003:

*6) The Recipient must expend at least 80 percent of all CDBG -CV funds (including CDBG-CV funds from additional allocations that are obligated by HUD through amendments to the grant agreement) no later than the end of the third year of the period of performance established by the CDBG-CV grant agreement, as specified in Requirement 5, which begins on the month and day specified in item 4.*

**So, there is no longer a requirement that you expend 80% of CDBG-CV funds within three years.** However, all other grant terms and conditions remain in force, including the original timeframe for expenditure of 100% of grant funds.

Each CDBG-CV grantee should retain this letter with its local program files that include its grant agreement and any amendments. You may choose to revise the expenditure timeframes you have required of any subrecipients.

### **BACKGROUND**

The Coronavirus Aid, Relief, and Economic Security Act (Pub. L. 116-136) (CARES Act) was signed March 27, 2020. The CARES Act made \$5 billion in Community Development Block Grant (CDBG) coronavirus response (CDBG-CV) funds available to prevent, prepare for, and respond to coronavirus. CDBG-CV and CDBG grants are a flexible source of funding that can be used to pay costs that are not covered by other sources of assistance, particularly to benefit persons of low and moderate income. The CARES Act also provided the Secretary of HUD the authority to grant waivers and alternative requirements to quickly administer the funds.

On August 20, 2020, HUD published in the Federal Register a *Notice of Program Rules, Waivers, and Alternative Requirements Under the CARES Act for Community Development Block Grant Program Coronavirus Response Grants, Fiscal Year 2019 and 2020 Community Development Block Grants, and for Other Formula Programs* (August 2020 Notice) to provide requirements applicable to HUD grantees for the use of CDBG-CV funds. In the August 2020 Notice in Section III on CDBG-CV Grants, HUD established a Period of Performance requirement, in paragraph III.B.7.(a), which required a six-year expenditure deadline in the CDBG-CV grant agreement as well as a requirement that each grantee must expend at least 80 percent of its CDBG-CV funds within three years (Three-Year Requirement). The Three-Year Requirement was based on CDBG expenditure patterns in more usual times.

Since January 21, 2020, when the Centers for Disease Control and Prevention (CDC) confirmed the first case in the United States of SARS-CoV-2, which causes the disease commonly referred to as COVID-19, the course of the ensuing pandemic caused unforeseen obstacles for grantees implementing their CDBG and CDBG-CV assisted activities. The Three-Year Requirement did not take into account the expenditure delays that would be caused by the pandemic, such as major supply chain issues for construction materials, prolonged shutdowns, and the other economic effects of quarantines, social distancing, and workers dropping out of the workforce to care for family members.

In hindsight, these forces delayed construction launch and completion, stalled inspections, and – despite strenuous grantee efforts – delayed at least some activities for virtually every CDBG-CV grantee. Delays were compounded for CDBG-CV grantees as state and local staff struggled to adjust to remote or hybrid work while implementing a spate of other fast-moving and often overlapping CARES, FEMA, and American Rescue Plan (enacted March 3, 2021) funding from multiple agencies while considering the best uses for each funding source and preventing duplications of benefit.

Due to COVID-19, HUD has observed that more than a third of the 1,200-plus CDBG-CV grantees need more time to achieve the 80 percent expenditure target (based on data from the IDIS online information system from March 2023). In response to the delay experienced by grantees and given HUD's experience with slow distribution of funds, HUD published a Federal Register notice April 18, 2023, that removes the August 2020 Notice's paragraph III.B.7.(a) Three-Year Requirement to expend 80 percent of funds for CDBG-CV funds. This Notice maintains, however, the Period of Performance requirement that provides grantees of CDBG-CV funds with only six years to expend the award. Your period of performance is based on the date HUD executed your grant agreement, so the deadline for your CDBG-CV grant is September 22, 2026.

Again, thank you for your efforts in our programs. We look forward to continuing to work together to complete your CDBG-CV activities and close out your grant. If you have any questions regarding this action, please contact Stephanie Kaimana On, , Senior CPD Representative, at 808-457-4680 or [stephanie.w.kaimanaon@hud.gov](mailto:stephanie.w.kaimanaon@hud.gov). If responding in writing to this letter, please provide your response as a PDF document to [CPDHonolulu@hud.gov](mailto:CPDHonolulu@hud.gov).

Sincerely,



Mark A. Chandler, Director  
Office of Community Planning  
and Development

Enclosure

cc:

CDBG Coordinator, MC

File: 9CD Official Files, MC PY 2020



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT  
WASHINGTON, DC 20410-7000

PRINCIPAL DEPUTY ASSISTANT SECRETARY  
FOR COMMUNITY PLANNING AND DEVELOPMENT

**LEADERSHIP LETTER RE: Lifting the 80% Expenditure Deadline and Use for Emergency Housing Payments**

Dear CARES Act Community Development Block Grant (CDBG) participant:

Thank you for your work as a CARES Act Community Development Block Grant (CDBG-CV) grantee. HUD continues to be very proud to support and serve our community development partners. Collectively, as CDBG-CV grantees you have advanced the nation's efforts to prepare, prevent, and respond to coronavirus with a particular focus on the needs of low- and moderate-income (LMI) persons and other vulnerable populations.

Your efforts have reached well over 15 million people – you created or retained more than 45,000 jobs for low- and moderate-income people and your expenditures of more than \$500 million of CDBG-CV funds for emergency subsistence payments represent a remarkable surge by many grantees into a rarely used CDBG flexibility. That surge enabled communities throughout the nation to house LMI families starting as soon as mid-2020 as their employers closed or suspended operations during pandemic shutdowns.

Despite great progress, we heard from many grantees that additional time is needed to hit the 80% expenditure mark. After careful consideration, today **we removed the requirement to expend 80% of funds within three years of grant execution**, to give you the time you need to get through another building season or retool your program to address current needs. However, we are leaving in place the original deadline for expenditure of 100% of program funds. We will support you as you swiftly complete CDBG-CV activities to address remaining needs in the most vulnerable communities throughout the nation.

Further, HUD knows local needs change and CDBG-CV has the flexibility to adjust. **Now, as FEMA and Treasury rental assistance programs exhaust their funding or time out, CDBG-CV grantees may wish to consider amending CDBG-CV Action Plans to reprogram funds for emergency payments for rent, mortgage payments, utilities, and other subsistence needs.** We would be happy to show you how to do that in compliance with program requirements. In addition to CDBG-CV technical assistance resources at the HUD Exchange website, HUD created a recorded webinar covering CDBG-CV support for rental assistance and delivered it live last year at our national CARES Act Conference. The recording is available at: <https://www.youtube.com/watch?v=Sh1fmjoFiz8>.

Finally, what is coming up next for CDBG-CV?

- **The April 27<sup>th</sup> problem-solving clinic for slow spenders is taking registrations:**  
<https://www.hudexchange.info/trainings/courses/cdbg-cv-problem-solving-clinics-april-2023/>.
- **Keep watch for your invitation to register for the 2023 CARES Act Conference in May** where you can get timely information to help you succeed with your CDBG-CV programs. More than 5,000 people attended each of the 2021 and 2022 virtual conferences and attendee feedback was highly positive.

Again, thank you for your continued effort and participation. HUD will be with you every step of the way as you work to complete your final CDBG-CV projects.

 4/18/23

Marion M. McFadden  
Principal Deputy Assistant Secretary

**Funding Approval/Agreement**

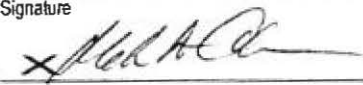

Title I of the Housing and Community  
Development Act (Public Law 930383)  
HI-00515R of 20515R

U.S. Department of Housing and Urban Development  
Office of Community Planning and Development  
Community Development Block Grant Program

OMB Approval No. 2506-0193  
exp 5/31/2018

1. Name of Grantee (as shown in item 5 of Standard Form 424) Maui County	3a. Grantee's 9-digit Tax ID Number 996000618	3b. Grantee's 9-digit DUNS Number 077680155
2. Grantee's Complete Address (as shown in item 5 of Standard Form 424) 200 South High Street Wailuku, HI 96793	4. Date use of funds may begin (mm/dd/yyyy) 6/11/2020	
	5a. Project/Grant No. 1 B-20-EW-15-0003	6a. Amount Approved \$1,104,173
	5b. Project/Grant No. 2	6b. Amount Approved

**Grant Agreement:** This Grant Agreement between the Department of Housing and Urban Development (HUD) and the above named Grantee is made pursuant to the authority of Title I of the Housing and Community Development Act of 1974, as amended, (42 USC 5301 et seq.). The Grantee's submissions for Title I assistance, the HUD regulations at 24 CFR Part 570 (as now in effect and as may be amended from time to time), and this Funding Approval, including any special conditions, constitute part of the Agreement. Subject to the provisions of this Grant Agreement, HUD will make the funding assistance specified here available to the Grantee upon execution of the Agreement by the parties. The funding assistance specified in the Funding Approval may be used to pay costs incurred after the date specified in item 4 above provided the activities to which such costs are related are carried out in compliance with all applicable requirements. Pre-agreement costs may not be paid with funding assistance specified here unless they are authorized in HUD regulations or approved by waiver and listed in the special conditions to the Funding Approval. The Grantee agrees to assume all of the responsibilities for environmental review, decision making, and actions, as specified and required in regulations issued by the Secretary pursuant to Section 104(g) of Title I and published in 24 CFR Part 58. The Grantee further acknowledges its responsibility for adherence to the Agreement by sub-recipient entities to which it makes funding assistance hereunder available.

U.S. Department of Housing and Urban Development (By Name) Mark A. Chandler		Grantee Name (Contractual Organization) Maui County (County of Maui)	
Title CPD Director		Title Mayor	
Signature 	Date (mm/dd/yyyy) 06/11/2020	Signature 	Date (mm/dd/yyyy) 6/17/20

7. Category of Title I Assistance for this Funding Action: HUD-Administered Small Cities, Sec 106(d)(2)(B)	8. Special Conditions (check one) <input type="checkbox"/> None <input checked="" type="checkbox"/> Attached	9a. Date HUD Received Submission (mm/dd/yyyy) 06/05/2020	10. check one <input checked="" type="checkbox"/> a. Orig. Funding Approval <input type="checkbox"/> b. Amendment Amendment Number
		9b. Date Grantee Notified (mm/dd/yyyy) 6/11/2020	
		9c. Date of Start of Program Year (07/01/2020)	
11. Amount of Community Development Block Grant			
a. Funds Reserved for this Grantee		FY (2020)	
b. Funds now being Approved		\$1,104,173	
c. Reservation to be Cancelled (11a minus 11b)			

12a. Amount of Loan Guarantee Commitment now being Approved N/A	12b. Name and complete Address of Public Agency County Of Maui 200 South High Street Wailuku, HI 96793
12c. Name of Authorized Official for Designated Public Agency	
Title	
Signature	

**HUD Accounting use Only**

Batch	TAC	Program Y	A Reg Area	Document No.	Project Number	Category	Amount	Effective Date (mm/dd/yyyy)	F
	153	DH V	03908				\$1,104,173		
	176								
		Y			Project Number		Amount	Appro. Symbol	
		Y			Project Number		Amount	86 0/20162	

Date Entered PAS (mm/dd/yyyy)	Date Entered LOCCS (mm/dd/yyyy)	Batch Number	Transaction Code	Entered By	Verified By
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Executed CDBG-CV2 Grant Agreement

**Funding Approval/Agreement**

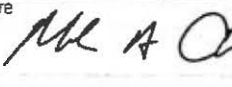

Title I of the Housing and Community  
Development Act (Public Law 930383)  
HI-00515R of 20515R

U.S. Department of Housing and Urban Development  
Office of Community Planning and Development  
Community Development Block Grant Program

OMB Approval No. 2506-0193  
exp 5/31/2018

1. Name of Grantee (as shown in item 5 of Standard Form 424) County of Maui	3a. Grantee's 9-digit Tax ID Number 996000618	3b. Grantee's 9-digit DUNS Number 077680155
2. Grantee's Complete Address (as shown in item 5 of Standard Form 424)  200 South High Street Wailuku, HI 96793	4. Date use of funds may begin (mm/dd/yyyy) 06/11/2020	
	5a. Project/Grant No. 1 B-20-EW-15-0003	6a. Amount Approved \$1,804,148
	5b. Project/Grant No. 2	6b. Amount Approved

**Grant Agreement:** This Grant Agreement between the Department of Housing and Urban Development (HUD) and the above named Grantee is made pursuant to the authority of Title I of the Housing and Community Development Act of 1974, as amended, (42 USC 5301 et seq.) The Grantee's submissions for Title I assistance, the HUD regulations at 24 CFR Part 570 (as now in effect and as may be amended from time to time), and this Funding Approval, including any special conditions, constitute part of the Agreement. Subject to the provisions of this Grant Agreement, HUD will make the funding assistance specified here available to the Grantee upon execution of the Agreement by the parties. The funding assistance specified in the Funding Approval may be used to pay costs incurred after the date specified in item 4 above provided the activities to which such costs are related are carried out in compliance with all applicable requirements. Pre-agreement costs may not be paid with funding assistance specified here unless they are authorized in HUD regulations or approved by waiver and listed in the special conditions to the Funding Approval. The Grantee agrees to assume all of the responsibilities for environmental review, decision making, and actions, as specified and required in regulations issued by the Secretary pursuant to Section 104(g) of Title I and published in 24 CFR Part 58. The Grantee further acknowledges its responsibility for adherence to the Agreement by sub-recipient entities to which it makes funding assistance hereunder available.

U.S. Department of Housing and Urban Development (By Name) Mark A. Chandler	Grantee Name (Contractual Organization) County of Maui
Title CPD Director	Title
Signature  X	Signature  Date (mm/dd/yyyy) 09/22/2020
Date (mm/dd/yyyy) 09/22/2020	Date (mm/dd/yyyy) 10/7/20

7. Category of Title I Assistance for this Funding Action HUD-Administered Small Cities, Sec 106(d)(2)(B)	8. Special Conditions (check one) <input type="checkbox"/> None <input checked="" type="checkbox"/> Attached	9a. Date HUD Received Submission (mm/dd/yyyy) 9/10/20 9b. Date Grantee Notified (mm/dd/yyyy) 09/22/2020 9c. Date of Start of Program Year (07/01/2020)	10. check one a. Orig Funding Approval X b. Amendment Amendment Number 1
11. Amount of Community Development Block Grant			
		FY (2020)	
a. Funds Reserved for this Grantee		\$1,104,173	
b. Funds now being Approved		\$ 699,975	
c. Reservation to be Cancelled (11a minus 11b)			

12a. Amount of Loan Guarantee Commitment now being Approved N/A	12b. Name and complete Address of Public Agency
Loan Guarantee Acceptance Provisions for Designated Agencies: The public agency hereby accepts the Grant Agreement executed by the Department of Housing and Urban Development on the above date with respect to the above grant number(s) as Grantee designated to receive loan guarantee assistance, and agrees to comply with the terms and conditions of the Agreement, applicable regulations, and other requirements of HUD now or hereafter in effect, pertaining to the assistance provided it.	12c. Name of Authorized Official for Designated Public Agency
	Title
	Signature

**HUD Accounting use Only**

Batch	TAC	Program	Y	A	Reg	Area	Document No.	Project Number	Category	Amount	Effective Date (mm/dd/yyyy)	F
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	176											
		DHV	Y	0	3	9	08					
			Y									
Project Number										Amount	Appro Symbol	
										\$699,975	86 0/20162	
Project Number										Amount	Appro Symbol	
										\$1,104,173	86 0/20162	
Date Entered PAS (mm/dd/yyyy)	Date Entered LOCCS (mm/dd/yyyy)	Batch Number	Transaction Code	Entered By	Verified By							

**Funding Approval/Agreement**

Title I of the Housing and Community  
Development Act (Public Law 930383)  
HII-00515R of 20515R

U.S. Department of Housing and Urban Development  
Office of Community Planning and Development  
Community Development Block Grant Program

OMB Approval No. 2506-0193  
exp 5/31/2018

1 Name of Grantee (as shown in item 5 of Standard Form 424) County of Maui	3a Grantee's 9-digit Tax ID Number 996000618	3b. Grantee's 9-digit DUNS Number 077680155
2 Grantee's Complete Address (as shown in item 5 of Standard Form 424)  200 South High Street Wailuku, HI 96793	4 Date use of funds may begin (mm/dd/yyyy) 6/11/20	5a Project/Grant No. 1 B-20-EW-15-0003
	5b Project/Grant No. 2	6a Amount Approved \$3,678,460
		6b Amount Approved

**Grant Agreement:** This Grant Agreement between the Department of Housing and Urban Development (HUD) and the above named Grantee is made pursuant to the authority of Title I of the Housing and Community Development Act of 1974, as amended (42 USC 5301 et seq.). The Grantee's submissions for Title I assistance, the HUD regulations at 24 CFR Part 570 (as now in effect and as may be amended from time to time) and this Funding Approval, including any special conditions, constitute part of the Agreement. Subject to the provisions of this Grant Agreement, HUD will make the funding assistance specified here available to the Grantee upon execution of the Agreement by the parties. The funding assistance specified in the Funding Approval may be used to pay costs incurred after the date specified in item 4 above provided the activities to which such costs are related are carried out in compliance with all applicable requirements. Pre-agreement costs may not be paid with funding assistance specified here unless they are authorized in HUD regulations or approved by waiver and listed in the special conditions to the Funding Approval. The Grantee agrees to assume all of the responsibilities for environmental review, decision making, and actions as specified and required in regulations issued by the Secretary pursuant to Section 104(g) of Title I and published in 24 CFR Part 58. The Grantee further acknowledges its responsibility for adherence to the Agreement by sub-recipient entities to which it makes funding assistance hereunder available.

U.S. Department of Housing and Urban Development (By Name) Mark A. Chandler	Grantee Name (Contractual Organization) County of Maui
Title CPD Director	Title <i>Mayor</i>
Signature <i>Mark A. Chandler</i>	Signature <i>Michael P. Viti</i>
Date (mm/dd/yyyy) 01/07/2021	Date (mm/dd/yyyy) 1/8/21

7 Category of Title I Assistance for this Funding Action  HUD-Administered Small Cities, Sec 106(d)(2)(B)	8 Special Conditions (check one) <input type="checkbox"/> None <input checked="" type="checkbox"/> Attached	9a Date HUD Received Submission (mm/dd/yyyy) 12/13/20	10 check one a Orig Funding Approval X b Amendment Amendment Number 2
		9b Date Grantee Notified (mm/dd/yyyy) 01/07/2021	
		9c Date of Start of Program Year (07/01/2020)	
11. Amount of Community Development Block Grant			
a. Funds Reserved for this Grantee		FY (2020)	
b. Funds now being Approved			
c. Reservation to be Cancelled (11a minus 11b)			

12a Amount of Loan Guarantee Commitment now being Approved N/A	12b Name and complete Address of Public Agency
Loan Guarantee Acceptance Provisions for Designated Agencies: The public agency hereby accepts the Grant Agreement executed by the Department of Housing and Urban Development on the above date with respect to the above grant number(s) as Grantee designated to receive loan guarantee assistance, and agrees to comply with the terms and conditions of the Agreement, applicable regulations, and other requirements of HUD now or hereafter in effect, pertaining to the assistance provided it	12c Name of Authorized Official for Designated Public Agency
	Title
	Signature

**HUD Accounting use Only**

Batch	TAC	Program	Y	A	Reg	Area	Document No	Project Number	Category	Amount	Effective Date (mm/dd/yyyy)	F
	153	D9V	0	3	9	08				\$1,874,312		
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			Y					Project Number		Amount	Appro Symbol	
			0							\$899,975	86 0/20162	
			Y					Project Number		Amount	Appro Symbol	
										1,104,173	86 0/20162	
Date Entered PAS (mm/dd/yyyy)	Date Entered LOCCS (mm/dd/yyyy)	Batch Number	Transaction Code	Entered By	Verified By							

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## **Title 24 — Housing and Urban Development**

### **Subtitle B — Regulations Relating to Housing and Urban Development**

#### **Chapter V — Office of Assistant Secretary for Community Planning and Development,**

##### **Department of Housing and Urban Development**

#### **Subchapter C — Community Facilities**

#### **Part 570 — Community Development Block Grants**

#### **Subpart C — Eligible Activities**

**Source:** 53 FR 34439, Sept. 6, 1988, unless otherwise noted.

**Authority:** 12 U.S.C. 1701x, 1701 x-1; 42 U.S.C. 3535(d) and 5301-5320.

**Source:** 40 FR 24693, June 9, 1975, unless otherwise noted.

### **§ 570.201 Basic eligible activities.**

CDBG funds may be used for the following activities:

- (a) **Acquisition.** Acquisition in whole or in part by the recipient, or other public or private nonprofit entity, by purchase, long-term lease, donation, or otherwise, of real property (including air rights, water rights, rights-of-way, easements, and other interests therein) for any public purpose, subject to the limitations of § 570.207.
- (b) **Disposition.** Disposition, through sale, lease, donation, or otherwise, of any real property acquired with CDBG funds or its retention for public purposes, including reasonable costs of temporarily managing such property or property acquired under urban renewal, provided that the proceeds from any such disposition shall be program income subject to the requirements set forth in § 570.504.
- (c) **Public facilities and improvements.** Acquisition, construction, reconstruction, rehabilitation or installation of public facilities and improvements, except as provided in § 570.207(a), carried out by the recipient or other public or private nonprofit entities. (However, activities under this paragraph may be directed to the removal of material and architectural barriers that restrict the mobility and accessibility of elderly or severely disabled persons to public facilities and improvements, including those provided for in § 570.207(a)(1).) In undertaking such activities, design features and improvements which promote energy efficiency may be included. Such activities may also include the execution of architectural design features, and similar treatments intended to enhance the aesthetic quality of facilities and improvements receiving CDBG assistance, such as decorative pavements, railings, sculptures, pools of water and fountains, and other works of art. Facilities designed for use in providing shelter for persons having special needs are considered public facilities and not subject to the prohibition of new housing construction described in § 570.207(b)(3). Such facilities include shelters for the homeless; convalescent homes; hospitals, nursing homes; battered spouse shelters; halfway houses for run-away children, drug offenders or parolees; group homes for mentally retarded persons and temporary housing for disaster victims. In certain cases, nonprofit entities and subrecipients including those specified in § 570.204 may acquire title to public facilities. When such facilities are owned by nonprofit entities or subrecipients, they shall be operated so as to be open for use by the general public during all normal hours of operation. Public facilities and improvements eligible for assistance under this paragraph are subject to the policies in § 570.200(b).

- (d) *Clearance and remediation activities.* Clearance, demolition, and removal of buildings and improvements, including movement of structures to other sites and remediation of known or suspected environmental contamination. Demolition of HUD-assisted or HUD-owned housing units may be undertaken only with the prior approval of HUD. Remediation may include project-specific environmental assessment costs not otherwise eligible under § 570.205.
- (e) *Public services.* Provision of public services (including labor, supplies, and materials) including but not limited to those concerned with employment, crime prevention, child care, health, drug abuse, education, fair housing counseling, energy conservation, welfare (but excluding the provision of income payments identified under § 570.207(b)(4)), homebuyer downpayment assistance, or recreational needs. If housing counseling, as defined in 24 CFR 5.100, is provided, it must be carried out in accordance with 24 CFR 5.111. To be eligible for CDBG assistance, a public service must be either a new service or a quantifiable increase in the level of an existing service above that which has been provided by or on behalf of the unit of general local government (through funds raised by the unit or received by the unit from the State in which it is located) in the 12 calendar months before the submission of the action plan. (An exception to this requirement may be made if HUD determines that any decrease in the level of a service was the result of events not within the control of the unit of general local government.) The amount of CDBG funds used for public services shall not exceed paragraphs (e) (1) or (2) of this section, as applicable:
  - (1) The amount of CDBG funds used for public services shall not exceed 15 percent of each grant, except that for entitlement grants made under subpart D of this part, nonentitlement CDBG grants in Hawaii, and for recipients of insular area funds under section 106 of the Act, the amount shall not exceed 15 percent of the grant plus 15 percent of program income, as defined in § 570.500(a). For entitlement grants under subpart D of this part, nonentitlement CDBG grants in Hawaii, and for recipients of insular area funds under section 106 of the Act, compliance is based on limiting the amount of CDBG funds obligated for public service activities in each program year to an amount no greater than 15 percent of the entitlement grant made for that program year plus 15 percent of the program income received during the grantee's immediately preceding program year.
  - (2) A recipient which obligated more CDBG funds for public services than 15 percent of its grant funded from origin year 1982 or 1983 appropriations (excluding program income and any assistance received under Public Law 98-8), may obligate more CDBG funds than allowable under paragraph (e)(1) of this section, so long as the total amount obligated in any program year does not exceed:
    - (i) For an entitlement grantee, 15% of the program income it received during the preceding program year; plus
    - (ii) A portion of the grant received for the program year which is the highest of the following amounts:
      - (A) The amount determined by applying the percentage of the grant it obligated for public services in the 1982 program year against the grant for its current program year;
      - (B) The amount determined by applying the percentage of the grant it obligated for public services in the 1983 program year against the grant for its current program year;
      - (C) The amount of funds it obligated for public services in the 1982 program year; or,
      - (D) The amount of funds it obligated for public services in the 1983 program year.
- (f) *Interim assistance.*

- (1) The following activities may be undertaken on an interim basis in areas exhibiting objectively determinable signs of physical deterioration where the recipient has determined that immediate action is necessary to arrest the deterioration and that permanent improvements will be carried out as soon as practicable:
    - (i) The repairing of streets, sidewalks, parks, playgrounds, publicly owned utilities, and public buildings; and
    - (ii) The execution of special garbage, trash, and debris removal, including neighborhood cleanup campaigns, but not the regular curbside collection of garbage or trash in an area.
  - (2) In order to alleviate emergency conditions threatening the public health and safety in areas where the chief executive officer of the recipient determines that such an emergency condition exists and requires immediate resolution, CDBG funds may be used for:
    - (i) The activities specified in paragraph (f)(1) of this section, except for the repair of parks and playgrounds;
    - (ii) The clearance of streets, including snow removal and similar activities, and
    - (iii) The improvement of private properties.
  - (3) All activities authorized under paragraph (f)(2) of this section are limited to the extent necessary to alleviate emergency conditions.
- (g) *Payment of non-Federal share.* Payment of the non-Federal share required in connection with a Federal grant-in-aid program undertaken as part of CDBG activities, provided, that such payment shall be limited to activities otherwise eligible and in compliance with applicable requirements under this subpart.
- (h) *Urban renewal completion.* Payment of the cost of completing an urban renewal project funded under title I of the Housing Act of 1949 as amended. Further information regarding the eligibility of such costs is set forth in § 570.801.
- (i) *Relocation.* Relocation payments and other assistance for permanently and temporarily relocated individuals families, businesses, nonprofit organizations, and farm operations where the assistance is
- (1) required under the provisions of § 570.606 (b) or (c); or
  - (2) determined by the grantee to be appropriate under the provisions of § 570.606(d).
- (j) *Loss of rental income.* Payments to housing owners for losses of rental income incurred in holding, for temporary periods, housing units to be used for the relocation of individuals and families displaced by program activities assisted under this part.
- (k) *Housing services.* Housing services, as provided in section 105(a)(21) of the Act (42 U.S.C. 5305(a)(21)). If housing counseling, as defined in 24 CFR 5.100, is provided, it must be carried out in accordance with 24 CFR 5.111.
- (l) *Privately owned utilities.* CDBG funds may be used to acquire, construct, reconstruct, rehabilitate, or install the distribution lines and facilities of privately owned utilities, including the placing underground of new or existing distribution facilities and lines.
- (m) *Construction of housing.* CDBG funds may be used for the construction of housing assisted under section 17 of the United States Housing Act of 1937.

- (n) *Homeownership assistance.* CDBG funds may be used to provide direct homeownership assistance to low- or moderate-income households in accordance with section 105(a) of the Act.
- (o)
  - (1) The provision of assistance either through the recipient directly or through public and private organizations, agencies, and other subrecipients (including nonprofit and for-profit subrecipients) to facilitate economic development by:
    - (i) Providing credit, including, but not limited to, grants, loans, loan guarantees, and other forms of financial support, for the establishment, stabilization, and expansion of microenterprises;
    - (ii) Providing technical assistance, advice, and business support services to owners of microenterprises and persons developing microenterprises; and
    - (iii) Providing general support, including, but not limited to, peer support programs, counseling, child care, transportation, and other similar services, to owners of microenterprises and persons developing microenterprises.
  - (2) Services provided this paragraph (o) shall not be subject to the restrictions on public services contained in paragraph (e) of this section.
  - (3) For purposes of this paragraph (o), “persons developing microenterprises” means such persons who have expressed interest and who are, or after an initial screening process are expected to be, actively working toward developing businesses, each of which is expected to be a microenterprise at the time it is formed.
  - (4) Assistance under this paragraph (o) may also include training, technical assistance, or other support services to increase the capacity of the recipient or subrecipient to carry out the activities under this paragraph (o).
- (p) *Technical assistance.* Provision of technical assistance to public or nonprofit entities to increase the capacity of such entities to carry out eligible neighborhood revitalization or economic development activities. (The recipient must determine, prior to the provision of the assistance, that the activity for which it is attempting to build capacity would be eligible for assistance under this subpart C, and that the national objective claimed by the grantee for this assistance can reasonably be expected to be met once the entity has received the technical assistance and undertakes the activity.) Capacity building for private or public entities (including grantees) for other purposes may be eligible under § 570.205.
- (q) *Assistance to institutions of higher education.* Provision of assistance by the recipient to institutions of higher education when the grantee determines that such an institution has demonstrated a capacity to carry out eligible activities under this subpart C.

[53 FR 34439, Sept. 6, 1988, as amended at 53 FR 31239, Aug. 17, 1988; 55 FR 29308, July 18, 1990; 57 FR 27119, June 17, 1992; 60 FR 1943, Jan. 5, 1995; 60 FR 56911, Nov. 9, 1995; 61 FR 18674, Apr. 29, 1996; 65 FR 70215, Nov. 21, 2000; 67 FR 47213, July 17, 2002; 71 FR 30034, May 24, 2006; 80 FR 69870, Nov. 12, 2015; 81 FR 90659, Dec. 14, 2016]

## Public Services

### **Eligible Activities**

Under this category, CDBG funds may be used to provide public services (including labor, supplies, materials and other costs), provided that each of the following criteria is met:

- (1) The *public service* must be either:
  - ✓ A new service; or
  - ✓ A quantifiable increase in the level of a service.

above that which has been provided by or on behalf of the unit of general local government through funds raised by such unit, or received by such unit from the State in which it is located during the 12 months prior to submission of the grantee's applicable Action Plan. (This requirement is intended to prevent the substitution of CDBG funds for recent support of public services by the grantee using local or State government funds.)

An exception to this limitation may be granted by HUD if it is determined that the level of service from the previous period has decreased for reasons beyond the unit of local government's control. *Reference: §570.201(e)*

- (2) The amount of CDBG funds obligated within a program year to support public service activities under this category may not exceed 15% of the total grant awarded to the grantee for that year plus 15% of the total program income it received in the preceding program year or, where applicable, the amount determined as described in the next paragraph. (Specific description of how to calculate the Public Services Cap is located on page 2-27.)
- (3) A grantee that obligated more than 15% of its FY 1982 or of its 1983 grant for public service activities during its 1982 or 1983 program year, respectively, may instead use for this purpose a limitation that exceeds that described in (2), above. The amount of the alternative cap for such a grantee shall be as follows:

The maximum amount that the grantee may obligate for public services under this category is 15% of the program income it received during the preceding program year; plus the greater of

- the actual dollar amount it obligated during the 1982 or 1983 program year; or
- the percentage of public service obligations comprised of the grant it received for the 1982 or 1983 program year multiplied by the grant it will receive for the program year for which the alternative limitation is being computed. *Reference: §570.201(e)(2).*

**Note:** The exception to the straight 15% limitation that is described in (3) above is only available to those grantees that received authority from HUD to exceed the 10% cap on public services for their 1982 or 1983 program year and legally obligated in excess of 15% for public services that program year.

*Public services that are not subject to the cap:* Certain types of services fall under other categories of basic eligibility and are not subject to the dollar limitation that applies to services carried out under this category. (See especially the categories of Homeownership Assistance, Special Economic Development Activities, Microenterprise Assistance, and Special Activities by CBDOs.) Moreover, under special circumstances, services that would otherwise be subject to the dollar limitation under this category are exempted from this limitation. (See especially Appendix E.) A discussion of the factors to consider in deciding how to categorize public services that a grantee may be interested in assisting with CDBG funds may be found in the subsection entitled Making the Best Choice, at the end of this chapter on page 2-92.

## **Example**

Public services include, but are not limited to:

- Child care,
- Health care,
- Job training (including training a qualified pool of candidates for unspecified jobs but see Special Economic Development Activities and Special Activities by CBDOs categories),
- Recreation programs,
- Education programs,
- Public safety services,
- Fair housing activities (but see Program Administration category),
- Services for senior citizens,
- Services for homeless persons,
- Drug abuse counseling and treatment,
- Energy conservation counseling and testing,
- Homebuyer downpayment assistance, and
- Welfare (but excluding provision of income payments described at §570.207(b)(4)).

Paying the cost of operating and maintaining that portion of a facility in which the service is located is also considered to fall under the basic eligibility category of Public Services, even if such costs are the only contributions made by CDBG for those services.

## BFED Committee

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**From:** Michelle Santos <Michelle.Santos@co.maui.hi.us>  
**Sent:** Friday, December 8, 2023 7:42 AM  
**To:** BFED Committee  
**Cc:** Chandee Kauhaahaa; Cynthia Sasada; Josiah Nishita; Kekuhaupio Akana; Laurie Fukushima; Leo Caires; Louise Batoon; Patience Kahula; Pili Nahooikaika  
**Subject:** MT#10421 Acquisition of Properties Located in Lahaina, Maui, Hawaii  
**Attachments:** MT#10421-BFED Committee.pdf

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*Michelle L. Santos*

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