

OFFICE OF COMMUNITY & RURAL AFFAIRS



# STELLAR PATHWAYS

A REGIONAL ECONOMIC DEVELOPMENT PROGRAM

**A Guide for Maximizing the  
Implementation of Community  
Development Block Grants in the  
Stellar Pathways Program.**



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# Introduction

The Community Development Block Grant (CDBG) Program is authorized under Title I of the Housing and Community Development Act of 1974. This is a federal program administered by state governments.

The primary objective of the Housing and Community Development Act of 1974 is to develop viable communities by providing people of low and moderate income (LMI) with decent housing, a suitable living environment and expanded economic opportunities.

The CDBG program funding is made available through a competitive process to non-entitlement local governments, such as cities, counties and towns. Entitlement communities are not eligible to receive CDBG funds from the state program.

Proposed projects must meet a national objective and be an eligible activity under the Housing and Community Development Act of 1974.



# The Office of Community & Rural Affairs CDBG Program

Non-entitlement applicants are required to have the legal capacity to execute the proposed project. Applicants have the option to contract with subrecipient non-profits to accomplish eligible project activities. A subrecipient must be able demonstrate its non-profit status with the U.S. Internal Revenue Service, the Indiana Department of Revenue, and the Indiana Secretary of State.

Non-entitlement communities have the opportunity to apply for grant assistance from any of the CDBG programs offered by OCRA, including:

- Public Facilities Program
- Blight Clearance Program
- Stormwater Improvements Program
- Wastewater/Drinking Water Program
- Main Street Revitalization Program
- Owner Occupied Rehabilitation Program
- Planning Grants Program
  - Allowable Planning Types for Stellar Pathway Program include: Water Infrastructure Plan, Broadband Readiness Plan, Environmental Assessment, Public Facilities Feasibility Study and Historic Preservation Plan.



# Accomplishments of the CDBG Program

The Office of Community and Rural Affairs Community Development Block Grant programs have funded different eligible projects across Indiana rural communities.

**Wastewater and Drinking Water Program** protects resident and environmental health by improving water quality and reducing utility rates for low-to-moderate income communities to enable long-term economic growth.



- **Town of Francesville** was awarded \$700,000 to make repairs and improvements to the town's water treatment plant. The grant also funded the replacement of individual service meters in current meter pits.
- **Town of Hamlet** received \$700,000 to support improvements to the drinking water system by installing new meter pits, water mains, valves, hydrants and a Supervisory Control and Data Acquisition (SCADA) system to reduce water loss and improve energy efficiency.



The **Public Facilities Program** creates and expands community facilities that enhance the lives of residents. Eligible projects include fire stations, community facilities, libraries, museums, community centers and performance spaces that open doors to knowledge and ideas, culture and enjoyment.

- **City of Attica** and Attica Firefighters, Inc. received \$461,190 for a fire station expansion, including a new truck bay.
- **Town of Vevay** was awarded \$459,410 for the exterior rehabilitation of the Vevay Hoosier Theater. Rehabilitation of the building includes brick, concrete masonry, roofing, window restoration and door rehabilitation, along with addressing issues caused by water infiltration.



The **Blight Clearance Program** encourages Indiana communities with blighted properties to focus on long-term community development and revitalization through improving quality of place, generating jobs and spurring economic revitalization. Eligible projects to receive grant funding through BCP are deteriorated or abandoned downtown buildings or vacant and unusable industrial sites.

- **City of Tell City** received \$500,000 to demolish and clear the site of the former Perry County Memorial Hospital. Environmental hazards were remediated prior to demolition, including the abatement of identified asbestos and the removal of an underground storage tank. The building and surrounding debris was cleared and voids were filled to give the site a uniform slope.



The **Stormwater Improvement Program** strives to reduce flooding, adoption of green infrastructure to cut stormwater treatment energy costs, protect rivers, lakes and vital landscapes.

- **Town of Selma** received \$600,000 to make necessary improvements to its stormwater system. The project will install new inlets, catch basins and a retention pond. Improved stormwater infrastructure will reduce flooding concerns for residents.
- **Town of Fillmore** received \$600,000 to reduce flooding and sanitary inflow and infiltration. The proposed project builds on a 2019 OCRA-funded Utility Study Plan to install stormwater infrastructure along North Main Street.



The **Main Street Revitalization Program** offers communities the opportunity to enhance their streetscapes, promoting pedestrian-friendly environments through the implementation of features such as pedestrian level lighting, walkable pathways, benches, and bike racks. The program supports sidewalk expansion, the installation of wayfinding signs and gateway signage, ADA curb ramps, water management solutions, and energy-efficient initiatives.



- The **Town of Hope** received \$428,360 to enhance the Hope Town Square and its surroundings. The proposed project involved numerous improvements, including the addition of new sidewalks and walkways for better accessibility, installation of patio areas and seating for events, upgrading of street lighting to energy-efficient LEDs, and the addition of site furnishings such as benches, and planters

**Water Infrastructure Plans** aid communities in completing a holistic study of potential issues and opportunities across their drinking water, wastewater and stormwater infrastructure. By completing this planning, communities will be able to make decisions regarding their most urgent water needs while understanding how each system works in context with other utility systems.



- The **Town of Larwill** received \$87,000 to complete a utility study to ensure that improvements to infrastructure including wastewater drinking water and stormwater systems are comprehensive and strategic.

**Broadband Readiness Plans** provide a clear roadmap for improving broadband access, affordability, and adoption in community target areas.

- The **Town of Ladoga** received \$44,600 is to address the lack of high-speed internet access despite the presence of service providers like AT&T and Endeavor Communications. The town used the plan to expand connectivity to more than 500 unserved households and to ensure the town receives adequate attention for broadband provision.





# Stellar Pathways CDBG Program

The Office of Community and Rural Affairs has approved \$8 million from the Community Development Block Grant federal funding for the Stellar Pathways program. The funding can address economic, health and social challenges, and to enhance the resilience and safety of rural communities.

The allocated funds are accessible to Stellar Pathway designees to support eligible projects that align with the requirements of the Community Development Block Grant program. Designees must apply for the grant funding individually and ensure they meet the necessary prerequisites with guidance from the Office of Community and Rural Affairs.

Stellar Pathway designees are given a five-year period to carry out projects and programs outlined in the Strategic Investment Plan. Those selected for Stellar funds have four years to submit applications and five and a half years to complete projects within the SIP in order to attain the "Stellar Community" designation.



# Categories of Eligible Activities

The Community Development Block Grant has a variety of eligible activities these include:

- Acquisition of Real Property
- Relocation
- Clearance, Demolition, Remediate
- Debris Clearance
- Rehabilitation of Public/Commercial Buildings
- Flood Drainage Improvements
- Green Infrastructure for Stormwater Management and Water Treatment Systems
- Solid Waste Disposal Improvements
- Water/Sewer Improvements
- Street Improvements
- Sidewalks Improvements
- Pervious Surface
- Non-Residential Historic Preservation
- Neighborhood Facilities
- Child Care Centers
- Senior Centers
- Parks, Recreational Facilities
- Youth Centers
- Energy Efficiency Improvements for Public Facilities
- Facilities for Abused and Neglected Children
- Facilities for Person with Disabilities
- Facilities for AIDS Patients
- Homeless Facilities
- Other Public Facilities
- Homeowner Rehabilitation Assistance
  - Including energy efficient heating and cooling systems, upgrading electrical systems, roof replacement and ADA accessibility up to the threshold of the home.

# Categories of Ineligible Activities

Certain activities are not eligible for financing through the Community Development Block Grant Program these include:

- Construction of buildings for general government use (e.g., city hall).
- General government expenses.
- Financing for political activities or partisan political activities.
- Purchase of equipment.
- Purchase of personal property, including equipment, fixtures, motor vehicles, furnishings not permanently attached to a structure, or other personal property.
- Operating and maintenance expenses of public facilities, improvements, and services.
- Lobbying activities.
- CDBG-assisted facilities cannot be used as collateral during the grant period or subrecipient reporting period.



# Meeting a National Objective

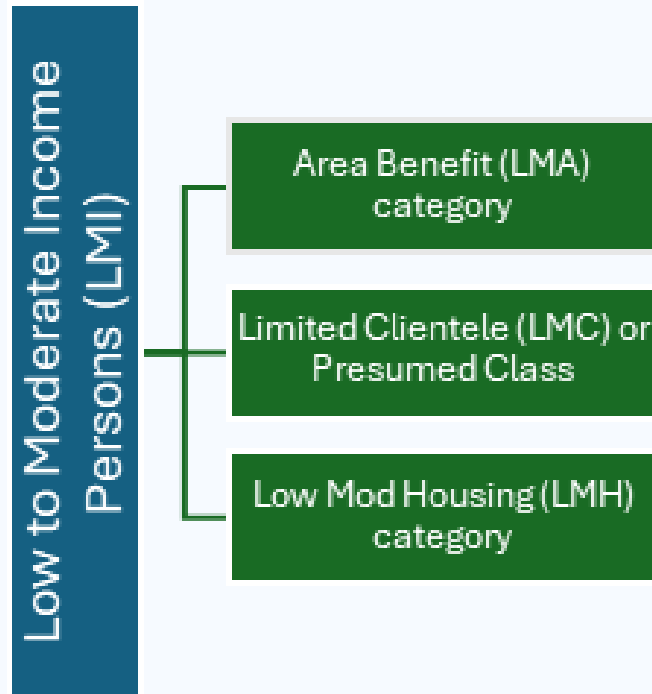
Title I of the Housing and Community Development Act of 1974, as amended established the primary objective of the Community Development Block Grant program. The CDBG program's national objective is essential in ensuring the development of viable communities by providing decent housing, suitable living environments and expanding economic opportunities for low- and moderate-income individuals.

The statute established three measures, referred to as national objectives, to meet the goals of the program. CDBG-funded activities must meet the one of these three national objectives:

- Benefit low- and moderate-income persons
- Prevent or eliminate slum/blight
- Meet an urgent need (not available for the Stellar Pathway program)



# Benefiting Low- and Moderate-Income Persons



**Low Mod Housing (LMH):** A project may qualify if the activity that is undertaken is for the purpose of providing or improving permanent residential structures occupied by a low-to-moderate-income household.

## Examples of projects

- Providing homeowner with roof repairs to ensure health and safety.



# Benefiting Low- and Moderate-Income Persons

**Area Wide (LMA) Category:** A project may qualify if the activity is one that benefits all residents in a particular area, primarily a residential area, where at least 51% of the residents are LMI. The benefit to LMI area-wide is met by documenting that 51% or more of the persons who live in the project area qualify as LMI. This can be done using either HUD census data or by conducting an income survey.



## Examples of projects

- Improving the resilience of public facilities and utility services by renovating and integrating green infrastructure benefiting service-area residence.
- Improving parks and recreational facilities to enhance accessibility and promote walkability.
- Upgrading sidewalks with porous surfaces to improve flood drainage and mitigate health risks by minimizing flooding.



# Benefiting Low- and Moderate-Income Persons

**Limited Clientele Criteria (LMC) Category or Presumed Classes:** A project may qualify if the activity is specifically designed to serve at least 51% LMI persons qualify under the limited clientele national objective. Under this category, 51% of the beneficiaries of an activity must meet the LMI income level criteria or be designated as a project that serves one of the eight HUD presumed classes.

HUD designated eight presumed classes that automatically qualify as meeting the benefit of low-to-moderate income criteria:

- Abused Children
- Battered Spouses
- Senior Citizens (62+)
- Illiterate Adults
- Severely Disabled Adults
- Homeless
- Persons with HIV-AIDS
- Migrant Farm Workers

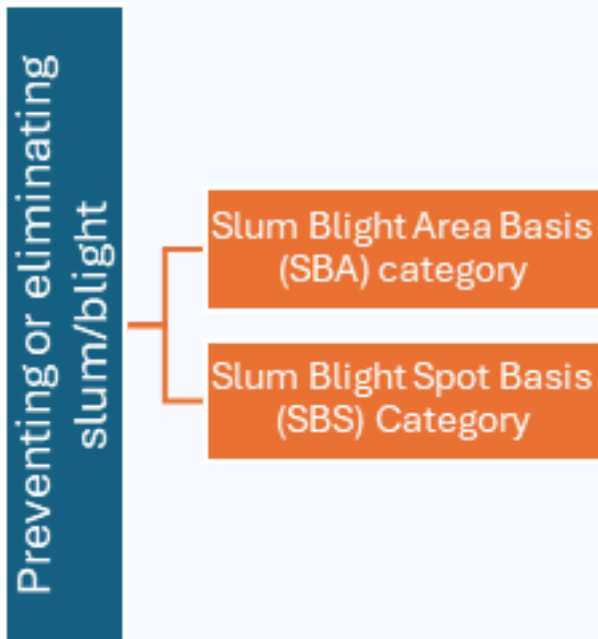
## Examples of projects

- Improving the resilience of daycare centers by installing cost-effective windows.
- Renovating a structure for use as a senior center, which involves sealing the building envelope to reduce the heating and cooling needs of the building.
- Acquisition of a building to enhance its insulation and install sunshades, transforming it into a training center for individuals with severe disabilities, allowing them to live independently.



# Preventing or Eliminating Slum/Blight

Non-residential structures that need improvements to prevent or eliminate slum/blighted conditions may be eligible for OCRA funding under this National Objective. HUD identifies a structure as blighted when it exhibits objectively determinable signs of deterioration sufficient to constitute a threat to health, safety and public welfare. Two types of categories are available under this National Objective.



## Spot Basis

This includes activities focused on individual parcels and are aimed at eliminating specific instances of blight not situated in a blighted area. These projects include historic preservation projects or renovating a single non-residential building.

Rehabilitation is limited to the extent necessary to eliminate a specific condition detrimental to public health and safety.

## Area Basis

This category includes activities that help prevent or eliminate slums or blight in a determined area. The designated area where the improvements take place must meet the state law's definition of a slum, blighted, deteriorated, or deteriorating area. Documentation must be maintained on the boundaries of the area and the conditions that qualified the area at the time of its designation.





# Selecting Activities That Comply

When deciding if CDBG funds can be used for a proposed activity, there are seven steps to follow.

**Step 1:** Assess the needs in the community through public engagement and participation allowing for a robust representation of the community.

**Step 2:** Check if the activity is explicitly allowed under the state CDBG program. Community Liaisons are available to help you determine if a project is eligible. Their contact information can be found on the OCRA website.

**Step 3:** Verify that the proposed activity aligns with one of the program's national objectives. The following questions can help assess the national objective categories that may apply to a proposed activity.

## Low to Moderate Income Area Wide Benefit

Is the activity designed to benefit a mostly residential area, ensuring that all community members have access to it? (e.g. Community Center)

## Limited Clientele

Is the activity intended to cater to low-to-moderate income residents, with the possibility of other community members also making use of it? (eg. Childcare)

## Presumed Class

Does the activity favor a specific group within the community and aim to improve public health/safety by removing/repairing a building? (eg. Senior Center)

## Slum and Blight

Does the activity improve public health and safety by removing a building?

## Low to Mod Housing

Is the activity aimed at increasing housing stock by providing necessary home repairs to low-to-moderate income homeowners?



# Selecting Activities That Comply

When deciding if CDBG funds can be used for a proposed activity, there are seven steps to follow.

**Step 4:** Explore collaboration opportunities and consider partnering with other community organizations or nonprofits to maximize the impact of CDBG funds. By working together, communities can address shared challenges and implement more comprehensive development initiatives.

**Step 5:** Review the proposed activity costs to ensure they are necessary and reasonable.

**Step 6:** Understanding and considering the initial crosscutting requirements of the proposed activity under the Community Development Block Grant during project development is crucial. This encompasses the environmental review requirements, financial requirements, public hearings, site control and engineering. The success of the project depends on taking a holistic approach during the project development process. We recommend seeking guidance early on in the process from the CDBG team. You can contact us at [CDBG@ocra.in.gov](mailto:CDBG@ocra.in.gov) for questions.

**Step 7:** Understand reporting and compliance. If your community receives CDBG funds, it's important to understand the reporting and compliance requirements. Ensure that your community is prepared to meet these obligations to remain in good standing with the program. You can contact us at [CDBG@ocra.in.gov](mailto:CDBG@ocra.in.gov) for questions.