

04 NCAC 01K .0105 PROJECTS NOT TO BE CONSIDERED FOR FUNDING

(a) Projects that have evidence of prior major financial commitment by the local government applicant or the proposed project shall not be eligible for CDBG assistance. After an operator or beneficiary becomes economically committed to a project, it shall not be eligible for funding and the unit of government shall not be eligible to request any funding assistance to serve that project with utilities or CDBG loan assistance. "Economic commitment" is not a quantitative measure, but those types of prohibited situations shall include the following:

- (1) when construction contracts have been signed;
- (2) when equipment purchase orders for site specific installations have been issued;
- (3) when true, simple options for the purchase of an existing facility are bound with deposits that are so large that the option constitutes a sales contract; or
- (4) when conditions or contingencies in a contract of sale have all been met.

(b) Proposed projects that are specifically prohibited by current State and HUD rules due to lack of public benefit and potential failure to meet required program objectives shall not be eligible for CDBG assistance when the following occurs:

- (1) provide general, non-specific promotion of a community as a whole;
- (2) assist professional sports teams;
- (3) assist privately-owned recreational facilities that would serve a predominantly higher-income clientele, where such recreational benefit clearly outweighs employment or other benefits to LMI persons;
- (4) acquire land for which no specific purpose has yet been identified; or
- (5) assist a for-profit business while that business or any other business owned by the same person, persons or entity is the subject of unresolved findings of non-compliance relating to present or previous CDBG assistance provided by the applicant.

*History Note: Authority G.S. 143B-431; 24 C.F.R. 570.489; 42 U.S.C.A. 5301;
Temporary Adoption Eff. July 20, 1992 for a period of 180 days or until the permanent rule becomes effective, whichever is sooner;
Eff. December 1, 1992;
Amended Eff. July 1, 2012; April 1, 1999;
Amended Eff. April 1, 1999;
Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. September 6, 2016.*