

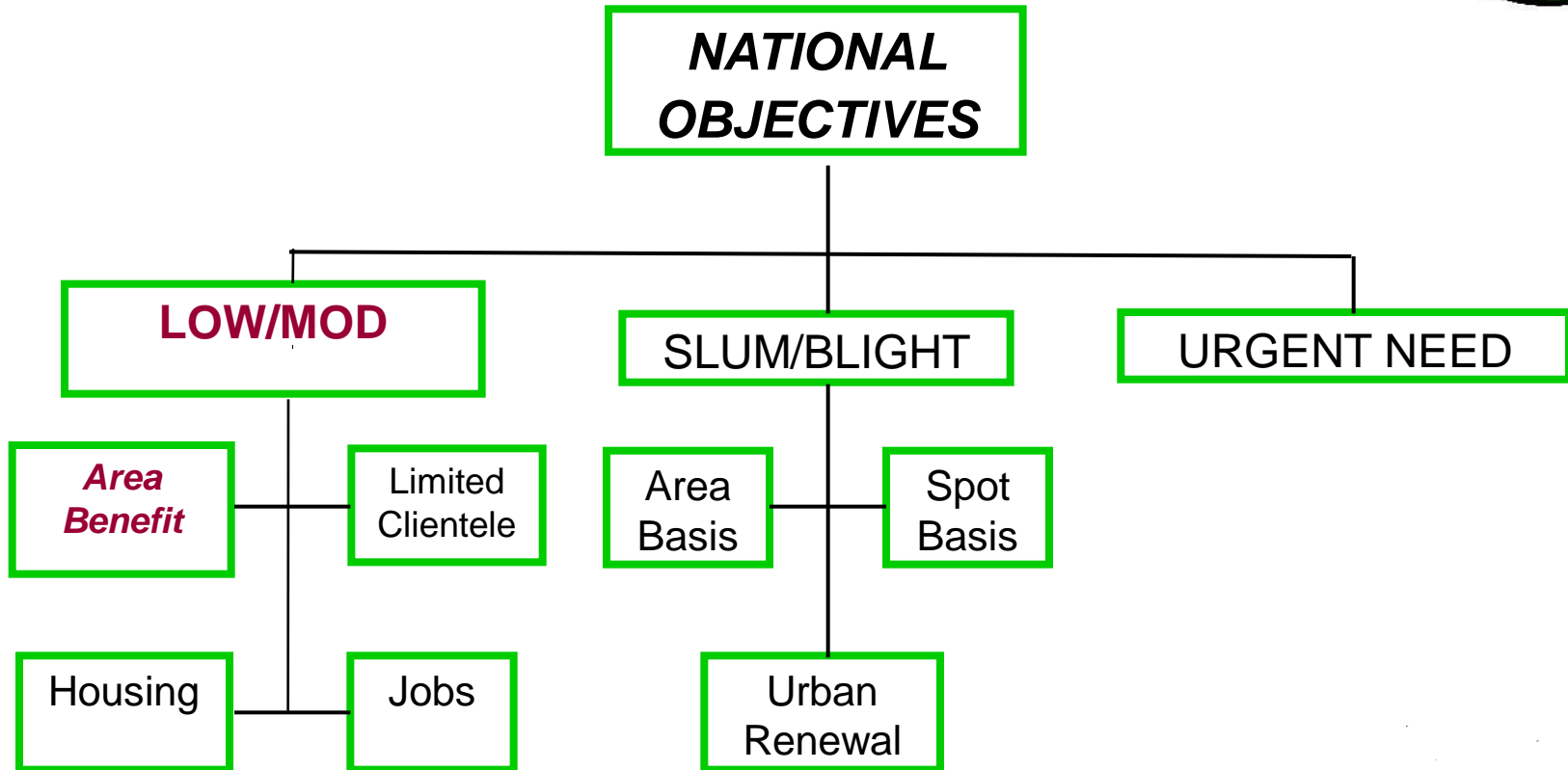
# NATIONAL OBJECTIVES

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- ❑ Reg cite §570.208, 570.480
  
- ❑ All CDBG activities must result in one of the following:
  - ◆ Benefit low/mod income persons
  - ◆ Prevent or eliminate slums and blight OR
  - ◆ Meet an urgent need

# LMI AREA BENEFIT



❖ Urban renewal objective not allowed in state program

# LOW/MOD BENEFIT AREA BENEFIT

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- ❑ Activities that benefit all residents of area
- ❑ Typical activities: water/sewer, parks, community centers
- ❑ Must determine service area of activity
  - ◆ Based on reasonable assumptions as to who would access the facility, service, etc.
- ❑ Area must be primarily residential

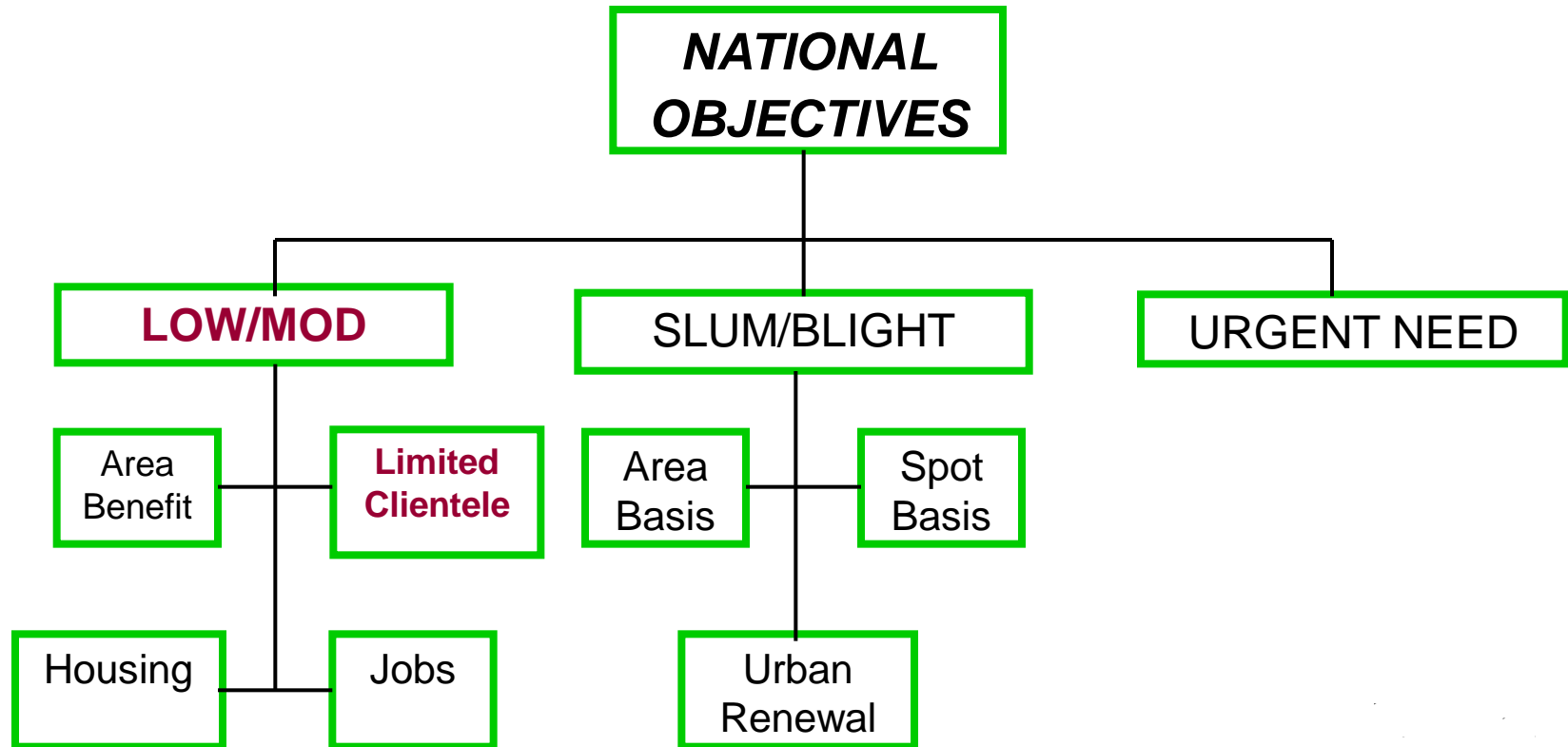
# LOW/MOD BENEFIT AREA BENEFIT (cont)

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- ❑ Area must be at least 51% LMI persons
  - ◆ Typically use annual Census data (July 1)
  - ◆ Some entitlement grantees are “exception communities” (these grantees are allowed to go below 51%)
  - ◆ Can conduct survey using HUD approved methodology
    - See guidance at Notice CPD-05-06

# LMI LIMITED CLIENTELE



❖ Urban renewal objective not allowed in state program

# LOW/MOD BENEFIT LIMITED CLIENTELE

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- ❑ Activities that benefit specific populations (e.g., services for seniors, homeless shelters, micro loan programs)
- ❑ Options for meeting limited clientele:
  - ◆ 51% of participants are documented as LMI
  - ◆ Participation limited to LMI only
  - ◆ Presumed clientele
    - Activity must exclusively serve: elderly, severely disabled adults, homeless persons, illiterate adults, migrant farm workers, abused children, persons with AIDS, or battered spouses
  - ◆ Nature and location indicate low/mod benefit

# LIMITED CLIENTELE

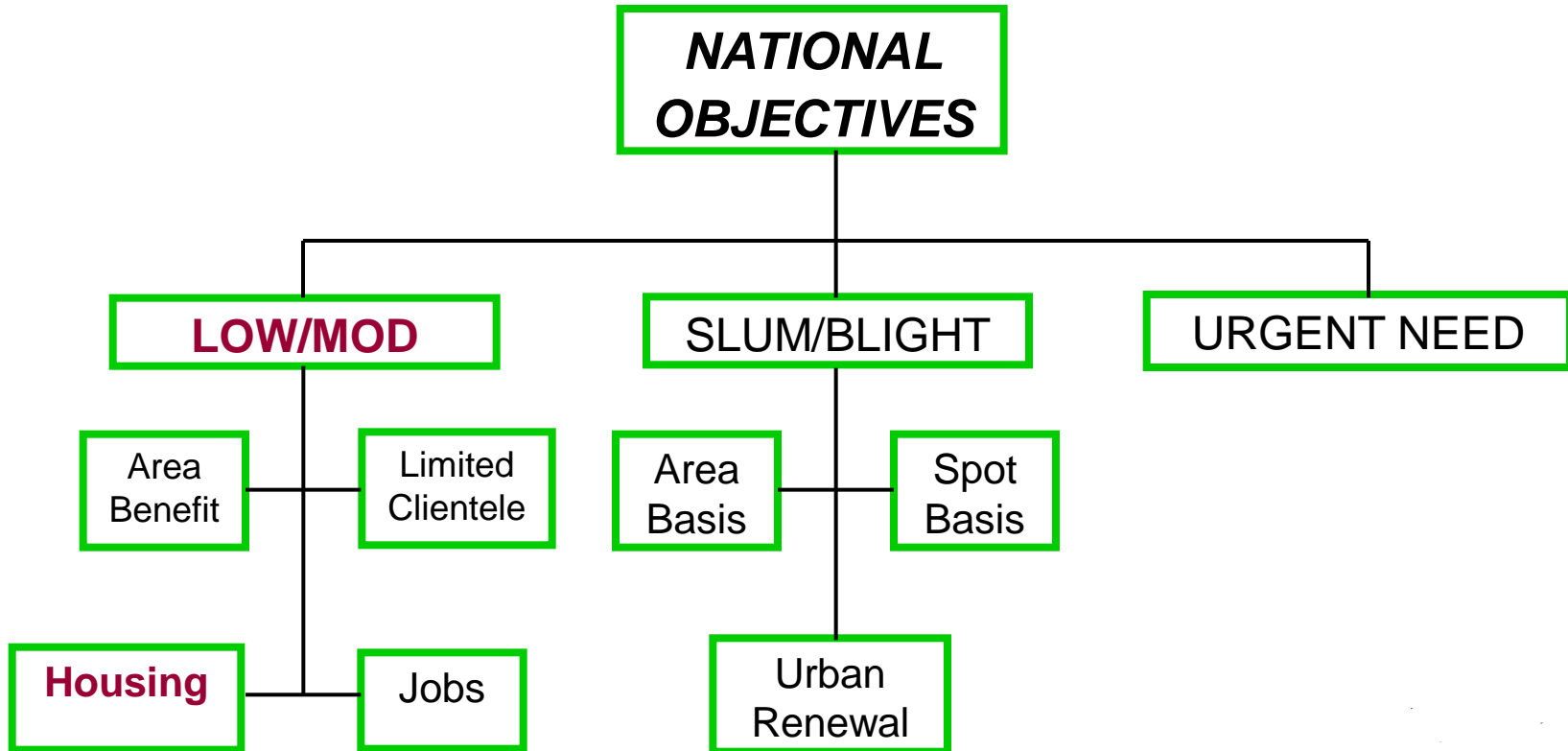
## (cont)

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- Some specific activities are unique
  - ◆ Removal of architectural barriers (some activities); or
  - ◆ Microenterprise activities with LMI owners; or
  - ◆ Certain types of job training efforts

# LMI HOUSING



❖ Urban renewal objective not allowed in state program

# LOW/MOD BENEFIT HOUSING

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- ❑ This is the only L/M national objective for housing activities
- ❑ To meet the housing national objective, structures must be occupied by low/mod **households**
- ❑ Typical activities: homeowner unit rehab, rental acquisition and rehab, homebuyer assistance
- ❑ Documented based on unit occupancy:
  - ◆ One-unit structures occupied by LMI
  - ◆ One unit of duplex occupied by LMI
  - ◆ 51% of 3+ units LMI occupied by LMI

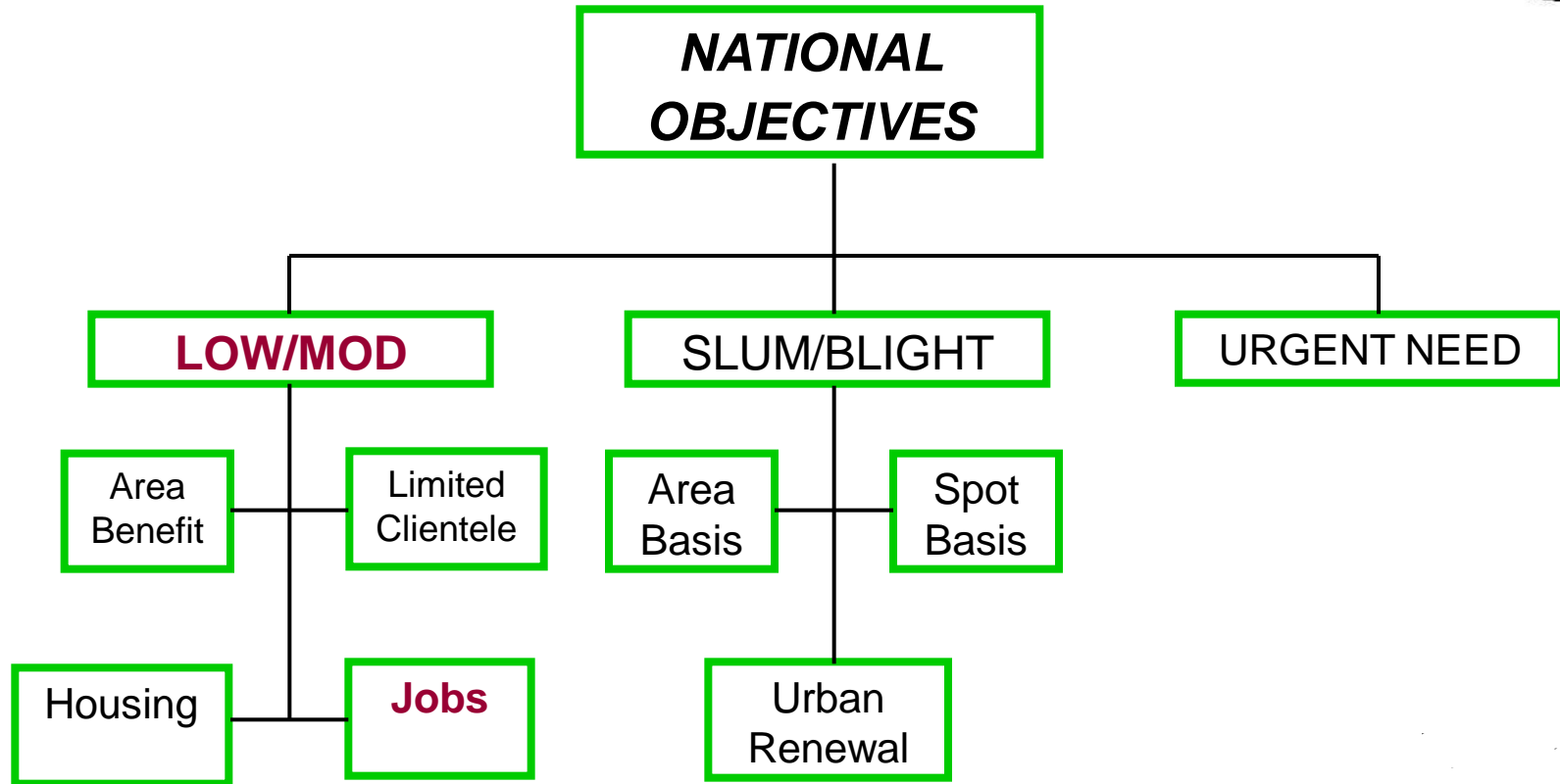
# LOW/MOD BENEFIT HOUSING (cont)

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- ❑ May have less than 51% LMI occupancy only under certain circumstances
  - ◆ Assist the development cost of multifamily non-elderly new construction AND
  - ◆ At least 20% of the units LMI occupied AND
  - ◆ Portion of CDBG cost is no greater than LMI occupancy

# LMI JOBS



❖ Urban renewal objective not allowed in state program

# JOB CREATION & RETENTION

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- ❑ Activities related to economic opportunity
- ❑ Typical activities: business loans, commercial rehabilitation, infrastructure to a business
- ❑ In order to meet this criteria, activities must ***create or retain*** permanent jobs

AND

- ❑ 51% of the jobs created/retained must be ***available to or held by*** LMI persons
  - ◆ Jobs counted on full-time equivalent (FTE) basis

# JOB CREATION & RETENTION (cont)

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- ❑ For jobs ***created***, 51% of the jobs must be available to or held by LMI persons
- ❑ For jobs to be considered ***retained***, document that jobs would be lost without CDBG and that job
  - ◆ Is currently held by LMI person OR
  - ◆ Is expected to turn over in 2 years and will be filled by/available to LMI person.

# JOBS AVAILABLE TO

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- ❑ For jobs to be considered *available to* LMI persons:
  - ◆ No special skills, training, or education required
  - ◆ LMI persons must receive first consideration
  - ◆ Must have a written agreement with business

# JOBS *HELD BY*

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□ For jobs to be considered *held by* LMI persons:

- ◆ 51% of the actual FTE jobs filled must be held by LMI
- ◆ Must document income of LMI persons hired or have evidence of a qualifying presumption
- ◆ Must have a written agreement with the business

# JOBS MET PRESUMPTIONS

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## □ May be presumed LMI for jobs if:

- ◆ Reside in Census tract/block numbering area (BNA) with 20% poverty and general distress;
- ◆ Reside in Census tract/BNA with 30% poverty, CBD, and general distress;
- ◆ Reside in EZ/EC area;
- ◆ Reside in Census tract/BNA with 70% LMI;
- ◆ Business and job located in Census tract/BNA with 20% poverty and general distress;
- ◆ Business and job in Census tract/BNA with 30% poverty, CBD, and general distress; or
- ◆ Business and job in EZ/EC area.

# LMI INCOME DOCUMENTATION

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- ❑ Annual income definitions, options:
  - ◆ Section 8 Annual Income (24 CFR Part 5)
  - ◆ Census Long Form
  - ◆ IRS 1040 Series (Long Form)
- ❑ Same definition must be used within programs or activities
- ❑ Income is that of all family or household members for upcoming 12-month period

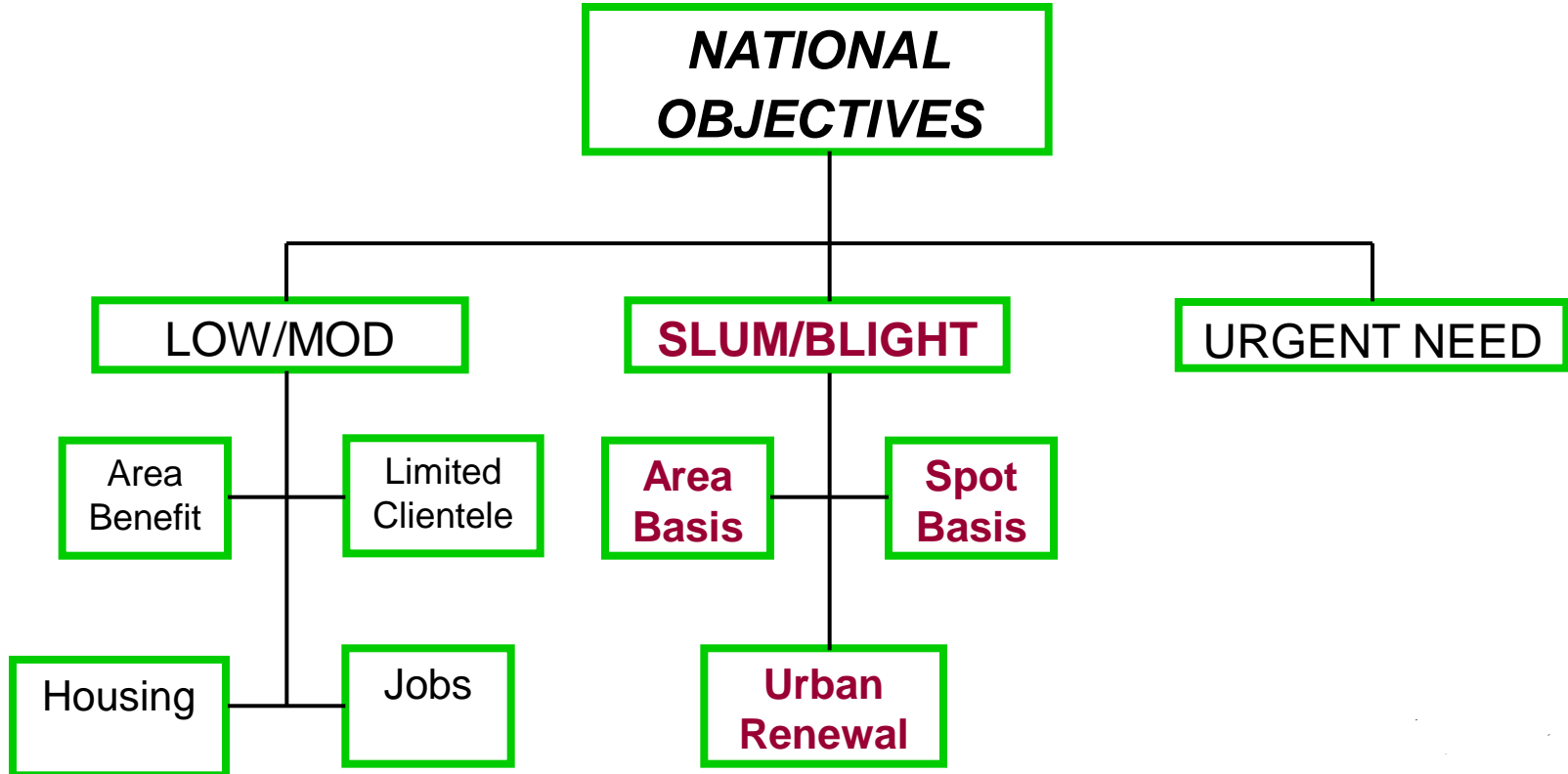
# LMI INCOME DOCUMENTATION (cont)

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- ❑ Several options for documentation:
  - ◆ Full third-party documentation (e.g., an employer)
  - ◆ Evidence of qualification under another program at least as restrictive as CDBG (e.g., public housing, JTPA, etc.)
  - ◆ Evidence that assisted person is homeless
  - ◆ Verifiable self-certification from assisted person
    - WARNING on using this method: If self-certification determined to be incorrect or fraudulent, project may be ineligible
  - ◆ Referral from state, county, or local employment agency or other entity that agrees to determine income and maintain documentation for grantee

# SLUM & BLIGHT



❖ Urban renewal objective not allowed in state program

# SLUM AND BLIGHT AREA BASIS

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- ❑ Activities designed to address dilapidated physical environment
  - ◆ Not based on income of residents
- ❑ Typical activities: code enforcement, infrastructure, commercial rehabilitation
- ❑ Must be defined area & meet definition of slum/blighted area under state/local law  
AND

# SLUM AND BLIGHT AREA BASIS (cont)

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## ☐ Meet either (A) or (B) below:

- ◆ (A) The public improvements in the area are in a general state of deterioration
- ◆ (B) At least 25% of properties throughout the area experience one or more of the following conditions:
  - Physical deterioration of buildings or improvements;
  - Abandonment of properties;
  - Chronic high occupancy turnover rates or chronic high vacancy rates in commercial/industrial buildings;
  - Significant declines in property values or abnormally low property values relative to other areas in community; or
  - Known or suspected environmental contamination.

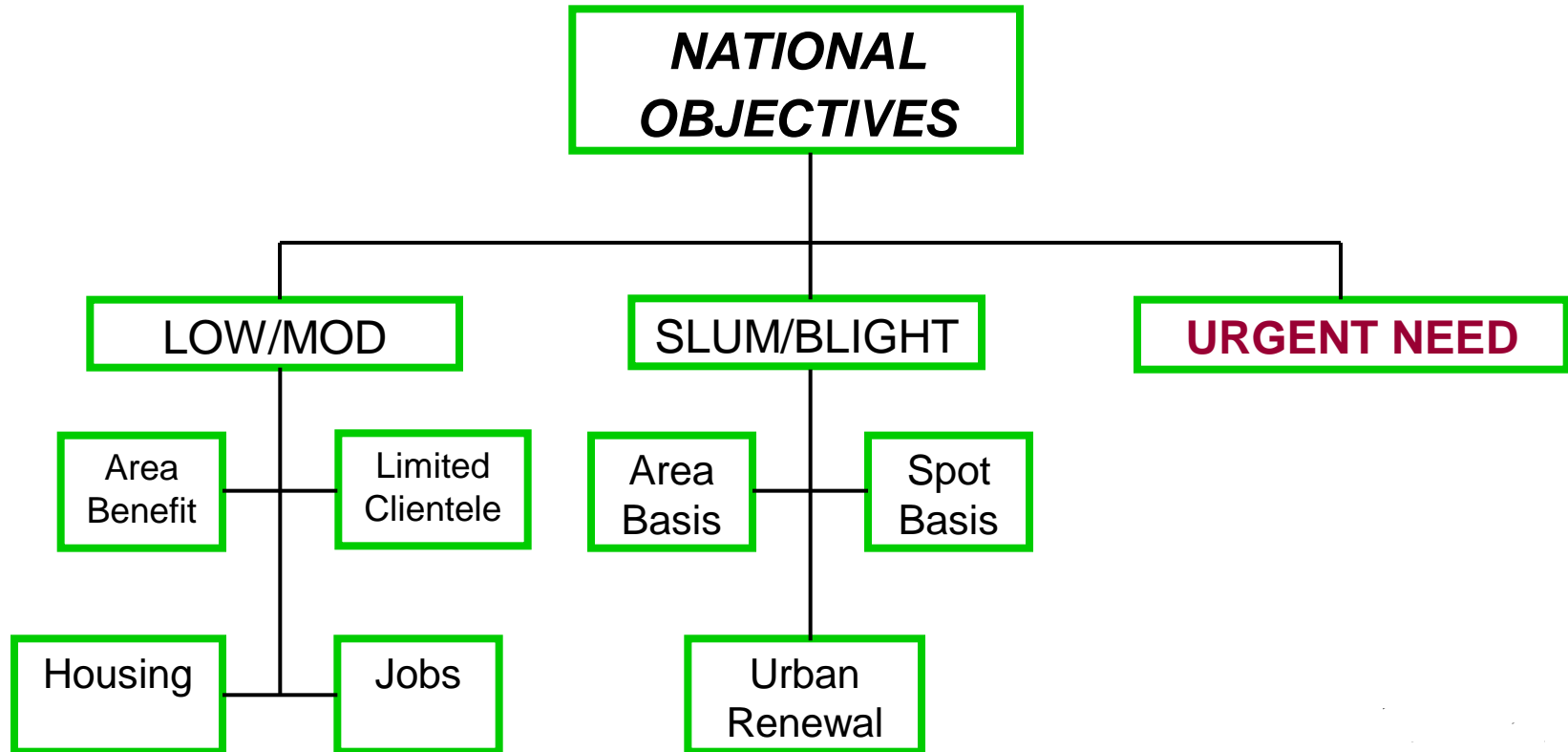
# SLUM AND BLIGHT SPOT BASIS

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- ❑ Activities that address specific conditions of blight, physical decay, or environmental contamination not in slum/blight area
- ❑ Activities limited: acquisition, clearance, relocation, historic preservation, remediation of environmentally contaminated properties, or building rehab
  - ◆ Acquisition & relocation must be precursor to another eligible activity that addresses slum/blighted conditions
  - ◆ Rehab limited to elimination of conditions detrimental to public health & safety

# URGENT NEEDS



❖ Urban renewal objective not allowed in state program

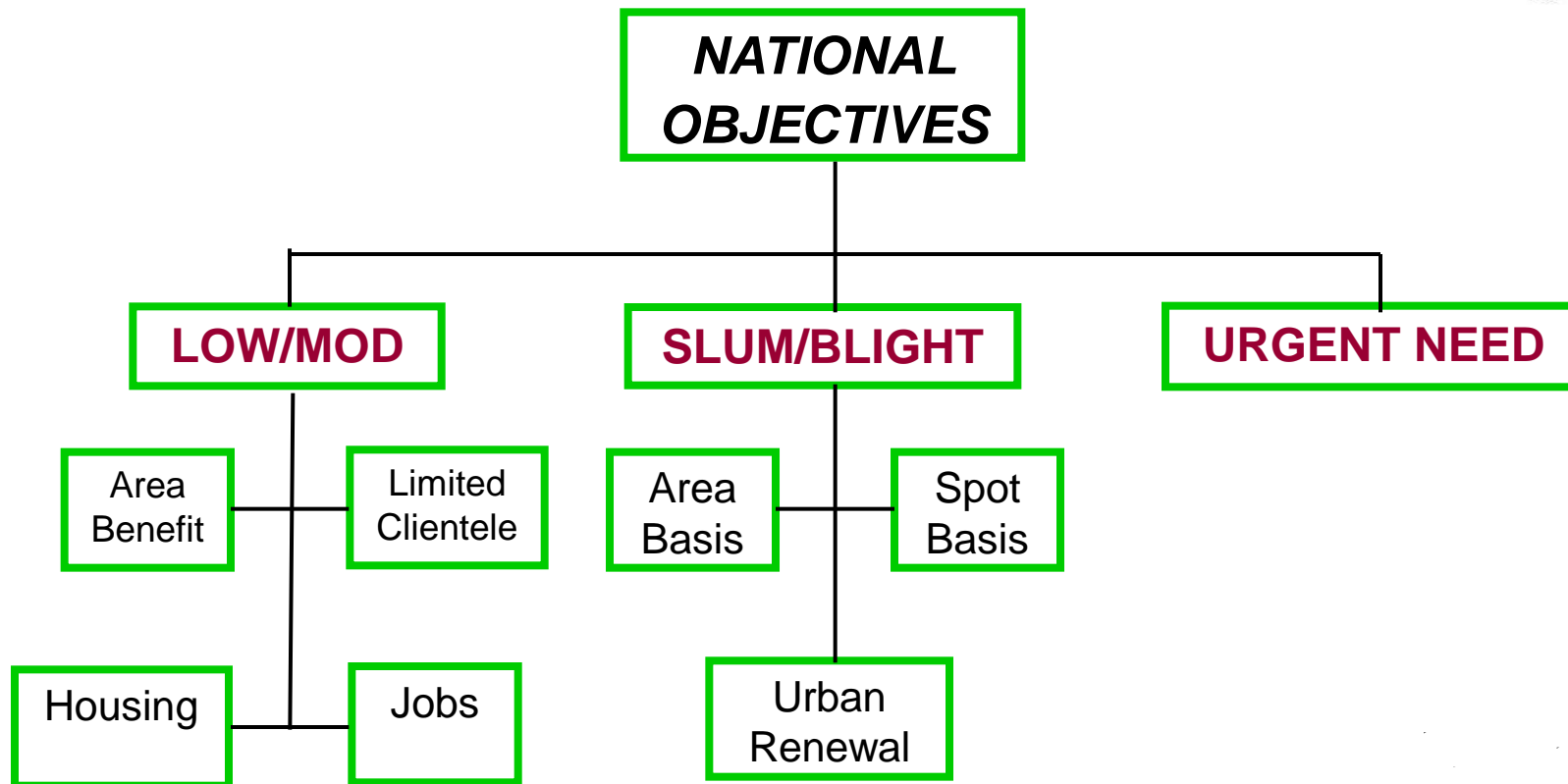
# URGENT NEED NATIONAL OBJECTIVE

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- ❑ Used to address emergency situations
- ❑ Typical activities: infrastructure, interim assistance, rehab of community facilities
- ❑ To meet the urgent need test:
  - ◆ Existing conditions pose serious & immediate threat to health/welfare of community
  - ◆ Existing conditions are recent or recently became urgent
    - Generally 18 months
  - ◆ Recipient cannot finance on its own
  - ◆ Other funding sources not available

# THE THREE N.O.s



❖ Urban renewal objective not allowed in state program