



CDBG/CDBG-CV

***HUD, Office of Block Grant Assistance
Entitlement Communities Division***



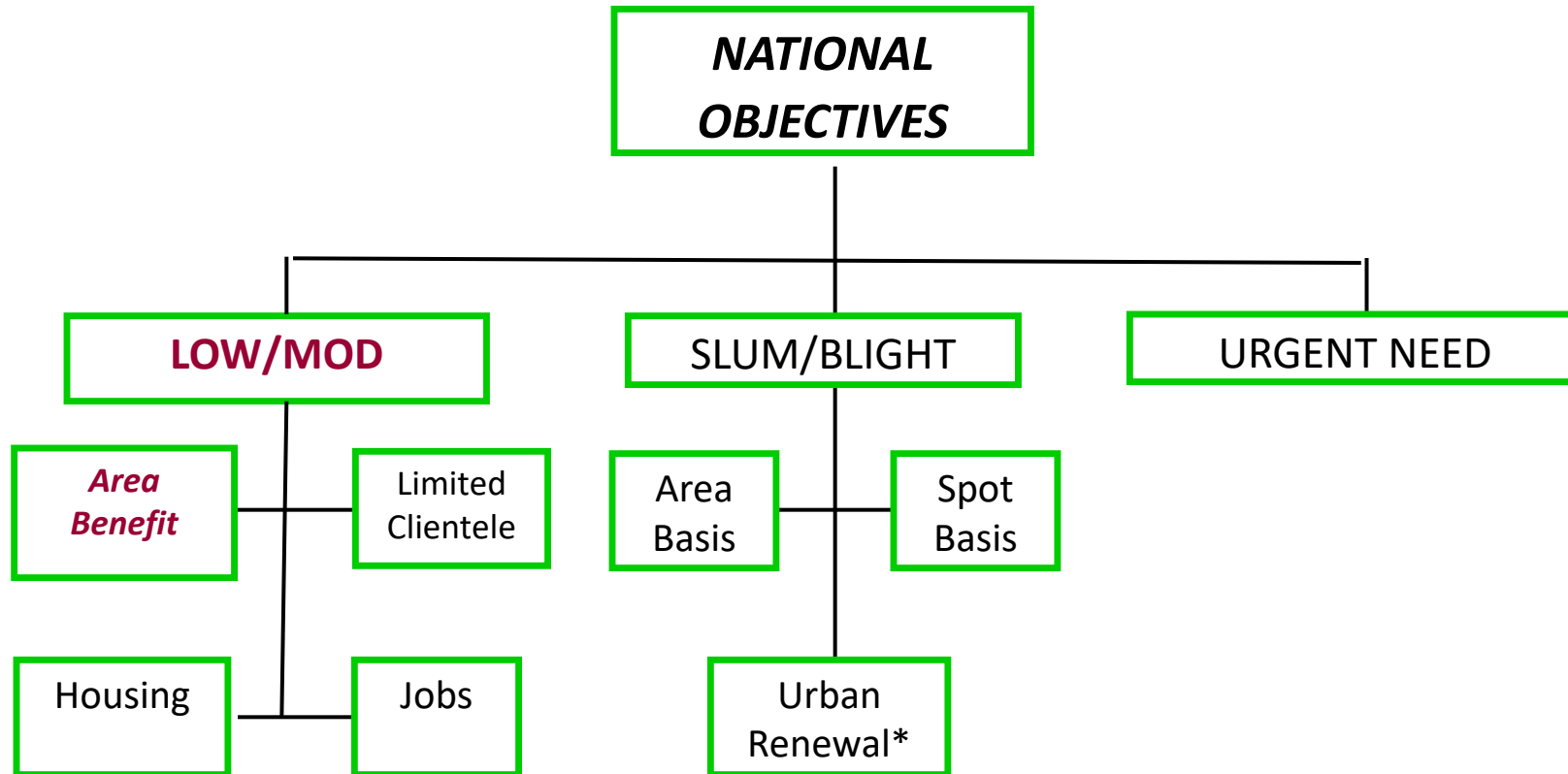
NATIONAL OBJECTIVES



NATIONAL OBJECTIVES

- All CDBG and CDBG-CV activities must result in one of the following:
 - Benefit low/moderate income persons
 - Prevent or eliminate slums and blight OR
 - Meet an urgent need

NATIONAL OBJECTIVES



* Urban renewal objective not applicable to state program



Area Benefit

Basic Area Benefit Requirements:

- Benefits available to all area residents.
- At least 51 percent of the area residents are low and moderate income persons.
- Service area must be primarily residential.

At least 51% LMI* (no rounding)

*exception for upper quartile

Low- and Moderate-Income?

- Local Survey Data
- HUD-provided Data

HUD-Provided Data Based On:

1990 Census

2000 Census

2006-2010 ACS 5-year

2011-2015 ACS 5-year

[Home](#) > [Programs](#) > ACS 5-Year 2011-2015 Low- and Moderate-Income Summary Data

ACS 5-Year 2011-2015 Low- and Moderate-Income Summary Data

The Community Development Block Grant (CDBG) program requires that each CDBG funded activity must either principally benefit low- and moderate-income (LMI) persons, aid in the prevention or elimination of slums or blight, or meet a community development need having a particular urgency. Most activities funded by the Community Development Block Grant (CDBG) program are designed to benefit low- and moderate-income (LMI) persons. That benefit may take the form of housing, jobs, and services. Additionally, activities may qualify for CDBG assistance if the activity will benefit all the residents of a primarily residential area where at least 51 percent of the residents are low- and moderate-income persons, i.e. area-benefit (LMA). [Certain [exception grantees](#) may qualify activities as area-benefit with fewer LMI persons than 51 percent.]

The Office of Community Planning and Development (CPD) provides estimates of the number of persons that can be considered Low-, Low- to Moderate-, and Low-, Moderate-, and Medium-income persons based on special tabulations of data from the 2011-2015 ACS 5-Year Estimates. The Low- and Moderate-Income Summary Data may be used by CDBG grantees to determine whether or not a CDBG-funded activity qualifies as an LMA activity. The LMI percentages are calculated at various principal geographies provided by the U.S. Census Bureau. CPD provides the following datasets:

- Geographic Summary Level "150": Census Tract-Block Group.
 - The block groups are associated with the HUD Unit-of-Government-Identification-Code for the FY 2019 CDBG grantee jurisdiction that is associated with each block group.

Data Sets

[ACS 5-Year 2011-2015 Low and Moderate Income Summary Data Main](#)

[Map Application](#)

[All Block Groups](#)

[Block Groups by Entitlement Grantee](#)

[Local Government Summaries](#)

[Overall Low to Moderate Percentages by Grantee](#)

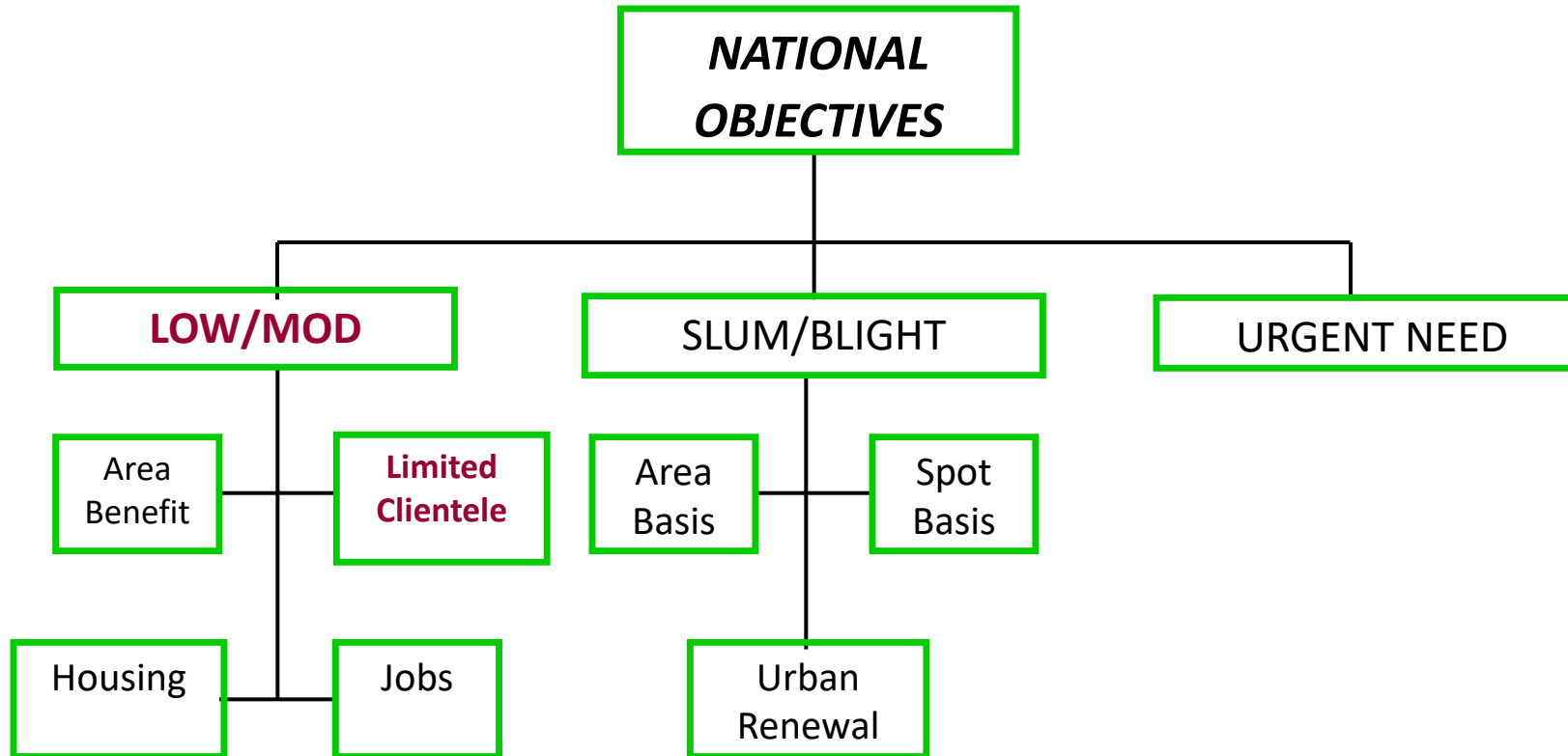
www.hudexchange.info/programs/acs-low-mod-summary-data/



Robert Peterson's video on the area benefit national objective is an excellent resource and may be accessed at

<https://youtu.be/UW4Nqo11iOw>

LMI LIMITED CLIENTELE



LOW/MODERATE BENEFIT LIMITED CLIENTELE

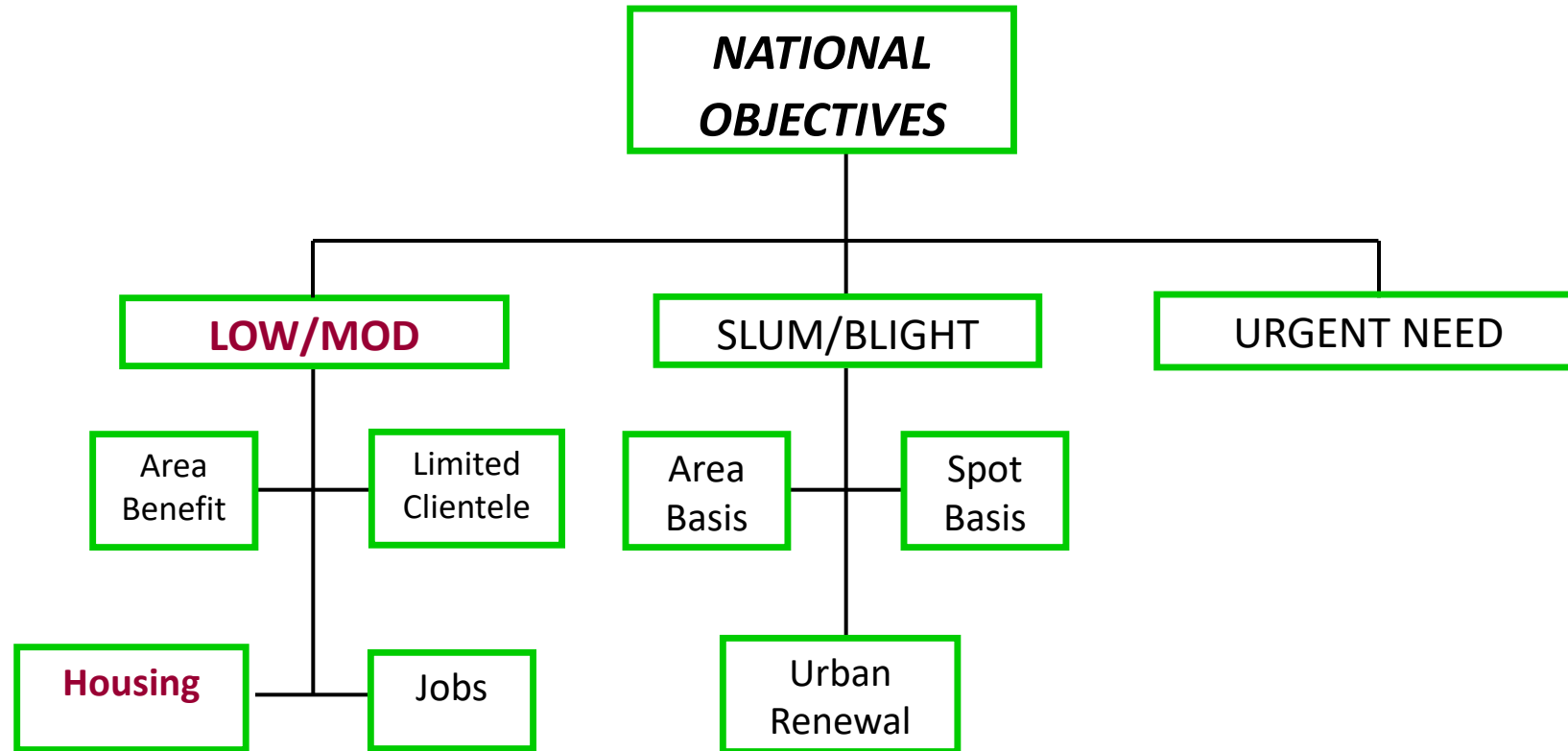
- Activities that benefit specific populations (e.g., services for seniors; homeless shelters; services for children; assistance to microenterprises)
- Options for meeting limited clientele:
 - 51% of participants are documented as LMI
 - Participation limited to LMI only
 - Presumed clientele
 - Activity 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/moderate income benefit

LIMITED CLIENTELE (CONT.)

- 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



LOW/MODERATE BENEFIT HOUSING

- 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 rehabilitation, rental (multifamily) rehabilitation, & homebuyer assistance.
- Documented based on unit occupancy:
 - One unit structures occupied by LMI
 - One unit of duplex occupied by LMI
 - 51% of 3+ multifamily units occupied by LMI

LOW/MODERATE BENEFIT HOUSING (CONT.)

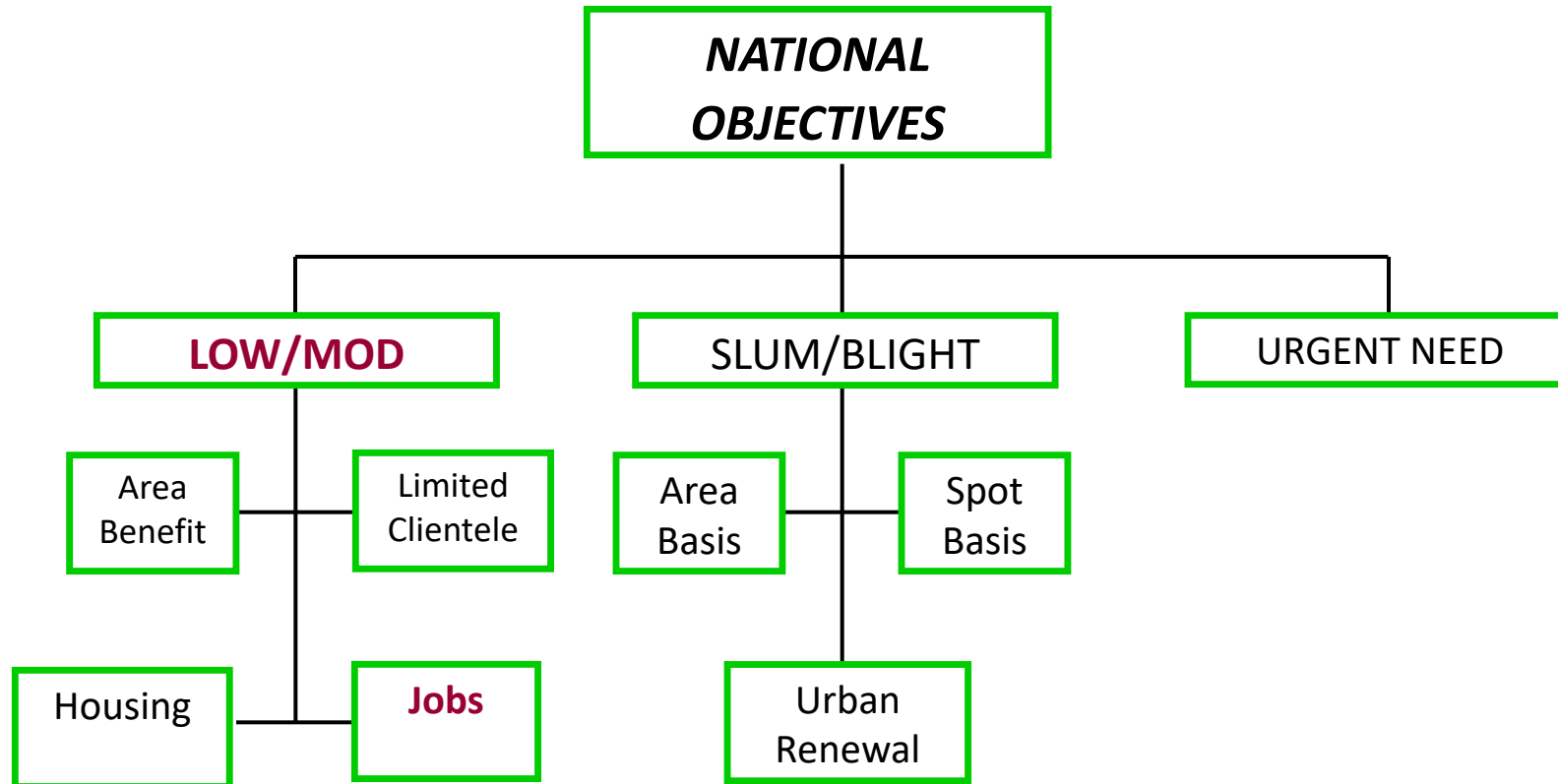
- May have less than 51% LMI occupancy only under certain circumstances:
 - CDBG assists the development cost of multi-family non-elderly new construction AND
 - At least 20% of the units LMI occupied AND
 - Portion of CDBG cost is no greater than LMI occupancy percentage
- Aggregation allowed in some instances
 - CDFI
 - NRSA

LOW/MODERATE INCOME BENEFIT – HOUSING (CONT.)

- *Some* activities may qualify under Slum/Blight Area Basis or Spot Basis
- If Slum/Blight Area Basis:
 - Area must meet Slum/Blight requirements & rehab must address deterioration
 - Building must be substandard & all deficiencies must be addressed before less critical work done
- If Spot Basis, rehabilitation is limited to only the elimination of public health/safety issues.



LOW/MODERATE INCOME JOB CREATION/RETENTION



JOB CREATION & RETENTION

- 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.)

- For jobs ***created***, 51% of the jobs must be held by or available to low/moderate income 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 HELD BY

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



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JOBS *AVAILABLE TO*

- 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

JOB PRESUMPTIONS

- May be presumed LMI for jobs if:
 - Employee resides in Census tract with 20% poverty and general distress;
 - Employee resides in Census tract with 30% poverty, CBD, and general distress;
 - Employee resides in Census tract with 70% LMI;
 - Business and job located in Census tract with 20% poverty and general distress; or
 - Business and job in Census tract with 30% poverty, CBD, and general distress

CDBG-CV JOBS PRESUMPTIONS

- The regulation at 24 CFR 570.208(a)(4)(v) was waived to allow a Census tract poverty rate of 20 percent rather than 30 percent if the Census tract shows pervasive poverty and general distress as identified at 24 CFR 570.208(a)(4)(v)(C).
- The criteria at 24 CFR 570.208(a)(4)(v)(B) was waived. This provision required that central business districts not be included unless the Census tract had a poverty rate of 30 percent.

CDBG-CV JOB FLEXIBILITIES

- 24 CFR 570.506(b)(7) was waived to allow grantees to substitute records showing the type of job and the annual wages or salary of the job in lieu of maintaining records showing the person's family size and income to demonstrate that the person who filled or held/retained the job was a low- or moderate-income person.
- HUD will consider the person income-qualified if the annual wages or salary of the job is equal to or less than the Section 8 low-income limit established by HUD for a one-person family. Grantees will typically obtain such information from assisted businesses rather than each person who received a job.

LMI INCOME DOCUMENTATION

- Annual income definitions, two options:
 - Section 8 Annual Income (24 CFR Part 5)
 - IRS Form 1040 Series
 - Census Long Form - no longer exists
- Same definition must be used within programs or activities.
- Income is that of all family or household members for upcoming 12-month period.

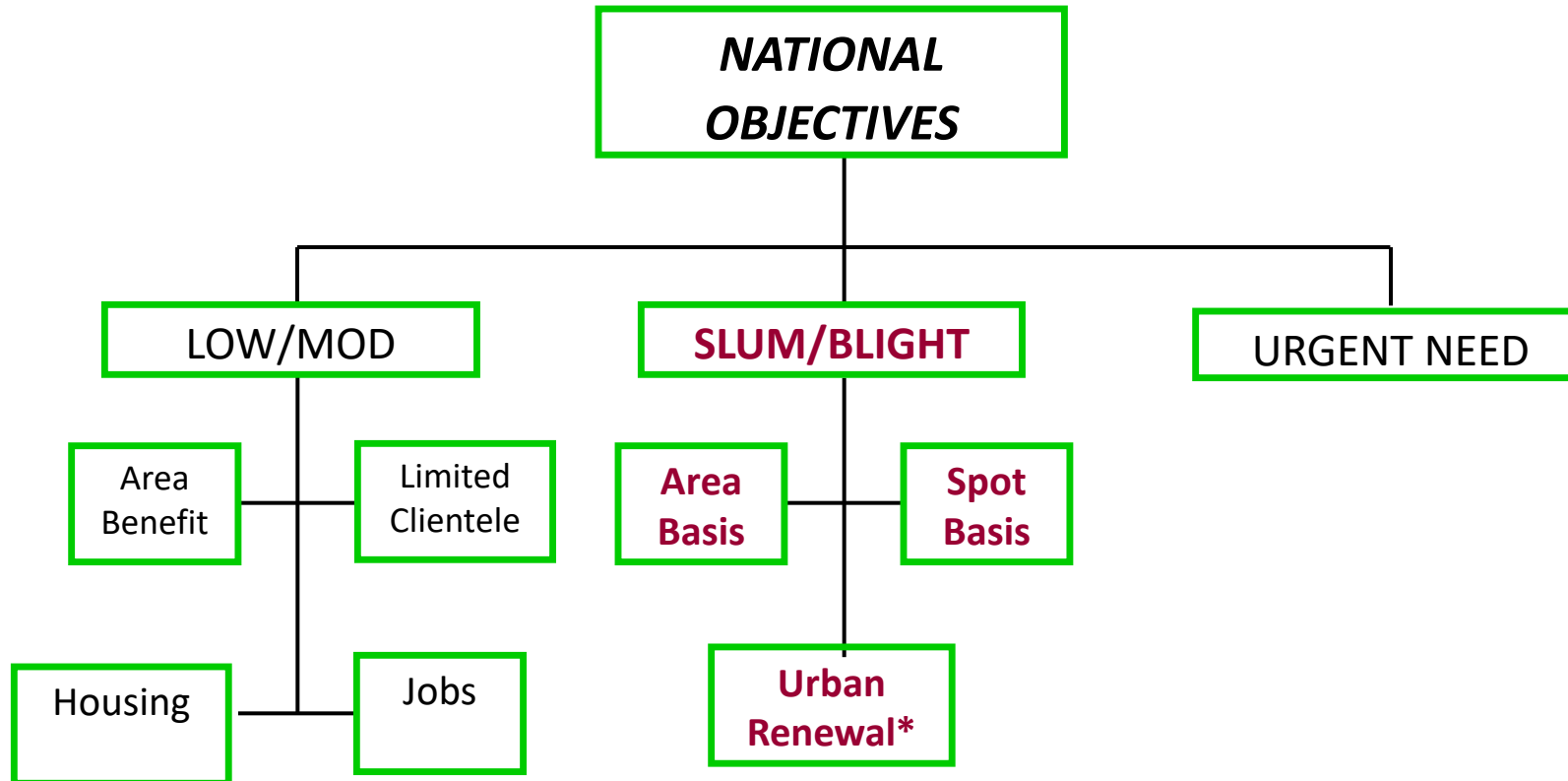
LMI INCOME DOCUMENTATION (CONT.)

- Several options for documentation:
 - Full 3rd party documentation, e.g., an employer
 - Evidence of qualification under another program at least as restrictive as CDBG (e.g., public housing, WIC)
 - 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.

SELF-CERTIFICATIONS OF INCOME

- Okay for public services such as job training, tutoring, food distribution, etc.
- Not recommended for activities such as economic development and housing rehabilitation because of the larger dollar amounts involved.
- Also not recommended for CDBG-CV emergency grant assistance for rent/mortgage/utilities because of the high cost.

SLUM & BLIGHT



* Urban renewal objective not applicable to state program

SLUM AND BLIGHT AREA BASIS

- Activities designed to address deteriorated 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 or local law



SLUM AND BLIGHT AREA BASIS (cont'd)

- Meet either (A) or (B) below:
 - (A) The public improvements in the area are in a general state of deterioration (must be at least two types of improvements in state of deterioration)
 - (B) At least 25% of properties throughout the area experience 1 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

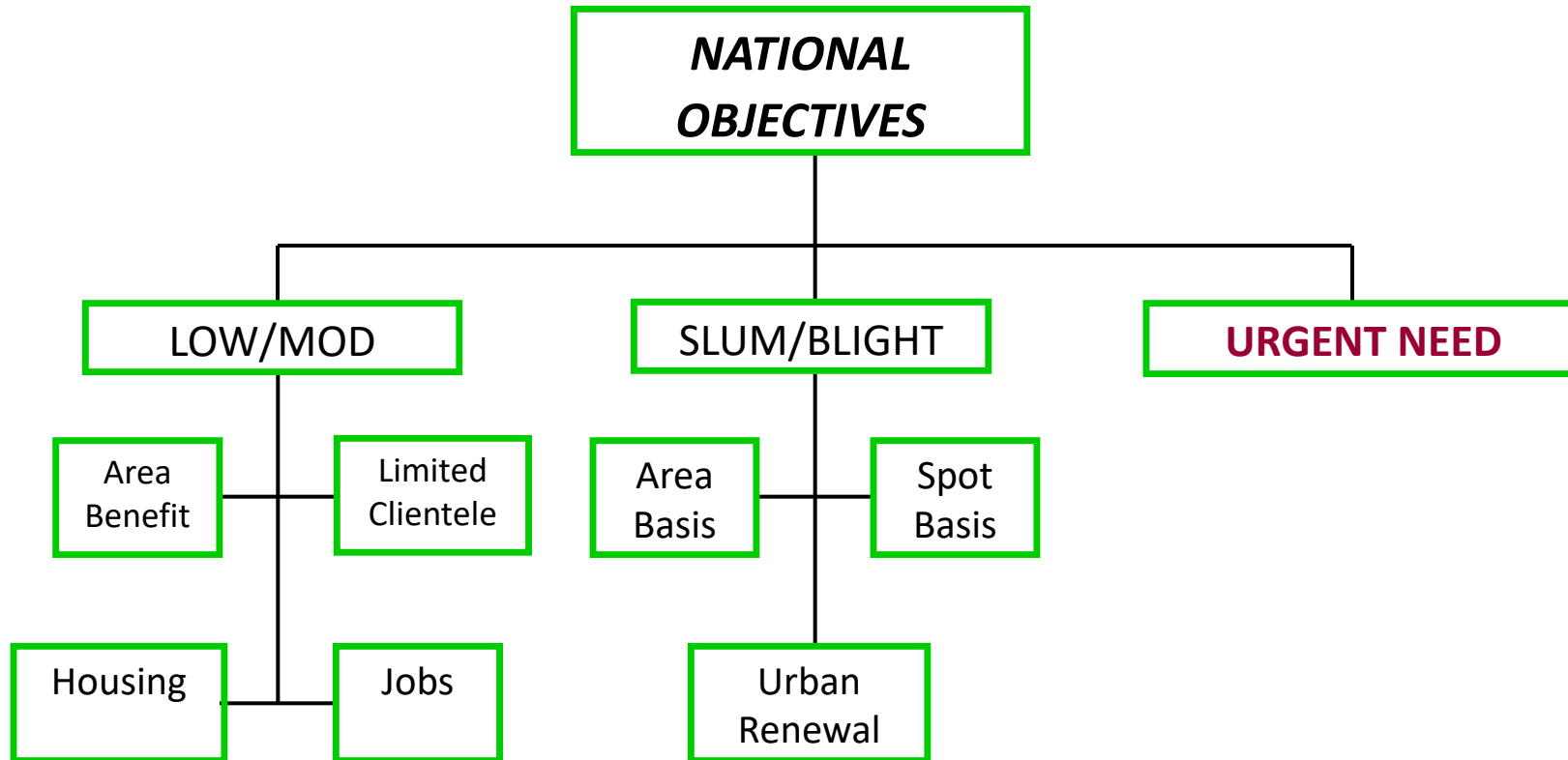
SLUM AND BLIGHT SPOT BASIS

- 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 rehabilitation.
 - Acquisition & relocation must be precursor to another eligible activity that addresses slum/blighted conditions.
 - Rehabilitation is limited to elimination of conditions detrimental to public health & safety.

SLUM AND BLIGHT URBAN RENEWAL

- Related to extinct HUD Urban Renewal Program.
- Typical activities: infrastructure, economic development.
- Activities in Urban Renewal or Neighborhood Development Program action areas.
- Activities necessary to complete an existing Urban Renewal Plan.
 - ❖ Not applicable to the state program.

URGENT NEED



URGENT NEED NATIONAL OBJECTIVE

- 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

URGENT NEED NATIONAL OBJECTIVE – CDBG-CV

- To meet the urgent need test for CDBG-CV funds:
 - A grantee may use the same records used to show that grant funds were used to prevent, prepare for, and respond to coronavirus, as required by the CARES Act to alleviate existing conditions.
 - Grantees may refer to the President’s declaration of the Ongoing Coronavirus Disease pandemic, HHS press release declaring a public health emergency for the entire U.S., or state/local emergency declarations to document that existing conditions were recent or recently became urgent, generally within 18 months.

URGENT NEED NATIONAL OBJECTIVE – CDBG-CV (CONT.)

- A grantee may use the documentation that the activity will prevent, prepare for, and respond to the coronavirus to demonstrate that it or unit of general local government is unable to finance the activity on its own. The grantee may also use the required records of compliance with mandatory duplication of benefits requirements to demonstrate that no other funds are available for an activity.

LOW/MOD OVERALL BENEFIT REQUIREMENT

- Overall Benefit is not the same as Area Benefit
- Statute requires that 70% of all CDBG expenditures benefit low/mod persons
 - Cumulative actual expenditures, not budgeted
 - Certification period of 1-3 years
- If LMI targeting not met, HUD will require grant repayment
- Reported to HUD periodically

L/M OVERALL BENEFIT REQUIREMENT (cont'd)

- Calculating the LMI benefit
 - Based on actual expenditure when the national objective meets LMI
 - Area benefit, limited clientele, jobs = entire CDBG expenditure
 - Housing = only the \$ amount spent on LMI household occupied units
- Planning/administration is not included.

CDBG-CV OVERALL BENEFIT REQUIREMENTS

- The overall benefit requirement is applicable to the CDBG-CV grant instead of the current CDBG one-, two-, or three-year certification period.
- The overall benefit is calculated separately for CDBG grants and CDBG-CV grants.
- Program income generated by activities assisted with CDBG-CV activities will be treated as regular CDBG program income.

CHOOSING THE RIGHT NATIONAL OBJECTIVE

- Some activities qualify under more than one national objective
 - Choose the one **easiest to document**
 - Generally LMI area benefit is easiest, if applicable
 - LMI jobs sometimes considered most difficult due to tracking & administrative requirements
 - Consider the LMI targeting requirements

NEIGHBORHOOD REVITALIZATION STRATEGY AREAS

- Multi-faceted approach to address needs in neighborhoods
- Targets resources and efforts
- Approved strategies offer flexibility in using CDBG
- Done as a part of or amendment to Consolidated Plan
- HUD published updated NRSA Notice (16-16)

HUD REVIEW, APPROVAL AND MONITORING OF NRSA_s

- Entitlements must submit NRSA with:
 - New Consolidated Plan
- ***OR***
- – Amendment to Consolidated Plan
- HUD must expressly approve in writing
- In effect for term of the Consolidated Plan (timeframe at grantee's discretion)
- HUD will monitor against goals & outcomes

POLL QUESTION 4

The grantee carried out an eligible activity, but it was determined that the activity did not meet a national objective. Does the activity remain eligible?

Yes

No

Why or why not?