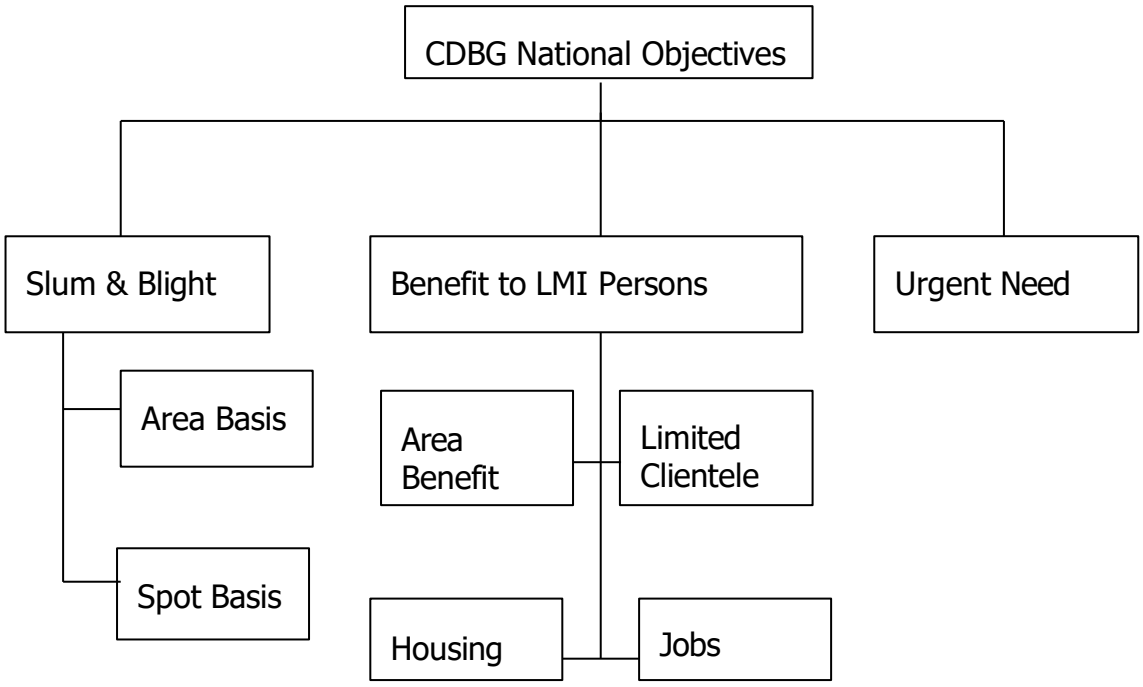
CH 10 NATIONAL OBJECTIVES

Introduction

Before any activity can be funded in whole or in part with CDBG funds, a determination must be made as to whether the activity is eligible under Title I of the Housing and Community Development Act of 1974, as amended. Activities must also address at least one of the following three National Objectives of the CDBG Program:

- Benefit low and moderate income (LMI) persons,
- Aid in the prevention or elimination of slums or blight, and
- Meet other community development needs having a particular urgency, because existing conditions pose a serious and immediate threat to the health or welfare of the community and are of recent origin or recently became urgent, and where other financial resources are not reasonably available to meet such needs.

There are a number of different criteria by which an activity can meet a national objective, as shown in the following exhibit.



Chapter 10 explains each of the national objectives, the criteria for meeting each one, and the documentation that must be maintained in order to comply with HUD and State CDBG Program requirements. It also explains how income eligibility is determined for the beneficiaries of CDBG-assisted activities.

CH 10: NATIONAL OBJECTIVES

Section 1 – Benefit to LMI Persons

Introduction

The LMI National Objective is often referred to as the "primary" national objective since the regulations require that the State CDBG Program expend 70% of its CDBG funds to meet this particular objective. Applicants must ensure that the activities proposed, when taken as a whole, will not benefit moderate- income persons to the exclusion of low-income persons. Activities that benefit low- and moderate-income (LMI) persons are divided into four types:

- Area benefit activities,
- Limited clientele activities,
- Housing activities, and
- Job creation/retention activities.

If qualifying a project based on primary benefit to LMI persons, do not "round up" the percent LMI if it is between 50.5% and 50.99%. The percent LMI must be 51% or greater.

Definition of "Low and Moderate-Income Person

The definition of low and moderate income (LMI) used in the State CDBG program is the same as that in Title I of the Housing and Community Development Act, as amended. These income limits are to be used to qualify persons as eligible LMI beneficiaries of CDBG-assisted activities.

A LMI person is defined as a member of a family having an income that is less than or equal to:

- Non-metropolitan counties – 80 percent of the median family income for the county of residence, or, the statewide non-metropolitan area median family income (MFI), whichever is higher.
- Metropolitan counties – 80 percent of the entire Metropolitan Statistical Area (MSA) median family income.

On an annual basis, HUD provides the State with MFI figures for all counties and the metropolitan and non-metropolitan areas of the state. HUD also provides the dollar income amounts that are to be used to qualify a person as low- and moderate-income, based on family size and county. These "income limits" reflect the appropriate MFI, as defined above, and are posted on the State's website (www.cdbgSC.com) as the data becomes available. These amounts for counties are adjusted for family size. HUD typically updates the income limits in late spring/early summer of each year. If the effective date for the limits is after an application is submitted to the State, reverification of income is not required. HUD considers the income limits that were in effect at the time of application submittal to be valid for the State's funding purposes.

The Consolidated Planning Regulations at 24 CFR Part 91 require the State to collect

and report information on the number of extremely low-, low-, and moderate-income persons served by each activity. These definitions are provided in the Glossary in the Introduction chapter.

LMI Area Benefit Criteria

An Area Benefit activity is one whose benefits are available to all the residents in a particular service area, where at least 51 percent of the residents are LMI persons. For example, building a workforce training center in an LMI town could qualify as an Area Benefit activity. The benefits of this type of activity are available to all persons in the area regardless of income.

> An activity that serves an area that is not primarily residential in character CANNOT qualify under the Area Benefit national objective.

The activity's service area does not need to be consistent with census tracts or other officially recognized boundaries, but it must be the entire area served by the activity. Activities of the same type that serve different areas must be considered separately on the basis of their individual service areas.

In determining whether an activity will actually benefit LMI persons, the net effect of the completed activity is considered. The mere location of an activity in an LMI area does not conclusively demonstrate that the activity benefits LMI persons.

Examples of activities that may qualify as an Area Benefit activity include:

- Building a library that serves an LMI area,
- Providing drainage improvements in an LMI neighborhood, or
- Constructing a water tank that serves an LMI area.

Data establishing numbers and percentages of LMI persons in an area must be verifiable. Acceptable methods for establishing low and moderate-income population in a particular area include:

- Census data provided by HUD, or
- Methodologically sound surveys.

Both methods are discussed below.

Census Data

When Census data is used to establish the LMI percentage for a population, the appropriate source is a special HUD-generated tabulation of census data, or HUD Low and Moderate Income (LMI) Estimates. To create these estimates, HUD obtains the most recent population and income information available at the block group level from the US Census Bureau. This data must then be re-tabulated to reflect HUD LMI income categories versus traditional census income categories.

The Census Bureau's annual American Community Survey (ACS) is now the source for most income data and the only source for income data at the block group level. Unlike the decennial census, which was the source for HUD LMI Estimates until 2010, the ACS is sample-based and conducted annually. This results in new ACS datasets available each year, for 1-, 3- and 5-year periods. 5-year ACS estimates are based on five years of collected ACS survey data and are the only estimates that include data at the block group level.

It is expected that HUD will provide updated LMI Estimates based on more recent ACS data, as new 5-Year ACS data becomes available and as HUD is able to complete the special tabulations needed to generate the LMI estimates. Information regarding the LMI Estimates and the most current version of the estimates themselves can be downloaded from the new HUD Exchange website:

https://www.hudexchange.info/programs/cdbg/cdbg-low-moderate-income-data/

The State will also post information and/or links to the most current HUD LMI data on its website. Contact the State if you are not sure of the data for an area.

If the proposed activity's service area is generally the same as a census place (town, city or county), a census tract or block group, then HUD data may be able to be used to justify the income characteristics of the area served.

If HUD data does not indicate the service area contains at least 51 percent LMI persons, and if an applicant has a compelling reason to believe the data is incorrect based on a change in either population or income of the area since the last Census, then an applicant may conduct household income surveys to update the data. However, if the service area is a census place (city or town) the applicant should submit its justification to the State for approval prior to undertaking a jurisdiction-wide survey.

Survey Data

An applicant may conduct a methodologically sound income survey to establish the LMI status of households or families in a CDBG project area.

The State CDBG Program has developed sample income survey forms, which are included in the forms to this chapter, that communities are encouraged to use. Applicants may utilize their own survey as long as it contains, at a minimum, the questions contained in the State's survey. Applicants are reminded to obtain street addresses or locations instead of post office boxes where an address is indicated on the survey forms.

A copy of the survey instrument should be included in the CDBG application along with an explanation of the methodology used. The survey results must be reported on the State's Summary of Survey Results Form included in the application.

The State generally requires a door-to-door survey of 100% of the target area be conducted. The State must approve, in advance, any alternate methodology that is not a 100% door-to-door survey. HUD CPD Notice 14-013 dated September 23, 2014: "Guidelines for Conducting Income Surveys to Determine the Percentage of Low- and Moderate-Income Persons in the Service Area of a CDBG funded Activity" as well as CPD Notice 24-04 dated June 6, 2024 outlines other methodologies and appropriate sample sizes.

When the 100% door-to-door survey method is used, the applicant may only claim benefit to LMI persons based on actual survey results, not by extrapolation. For example, a target area contains 100 families. The applicant conducts a survey and obtains results from 80 families who respond to the survey. The results show that 75 of the 80 families surveyed are LMI. The applicant may correctly say that 75 percent (75 of the 100 families) of the target area is LMI. The applicant may <u>not</u> say that 94 percent (75 of 80 families) is LMI, since the incomes of the 20 non-surveyed families are unknown. To determine project eligibility, all housing units/persons within the target area must be included in the survey results, including vacant habitable units. When family size or income is unknown, or if the unit is vacant habitable, households/families must be counted as non-LMI. However, only occupied unit beneficiaries should be listed in the application narrative and on the Target Plan.

Surveys are generally good for three years, absent any changes to the area or to the income limits. If HUD income limits change prior to a grant award, survey results may need be updated and verified. Completed surveys must be kept on hand and available for review by the State.

LMI Limited Clientele Criteria

A Limited Clientele activity benefits a specific group of people (rather than all the residents in a particular area), at least 51 percent of whom are LMI persons. For example, a transportation service for severely disabled adults to obtain health care could be a Limited Clientele activity. However, the following kinds of activities do not generally qualify under this category:

- Activities where the benefits are available to all the residents of an area.
- Activities involving the acquisition, construction, or rehabilitation of property for housing.
- Activities where the benefit to LMI persons is the creation or retention of jobs (except for certain microenterprise and job training activities as described below).

To qualify under Limited Clientele criteria, the activity must meet one or more of the following tests:

- **Benefit a clientele generally presumed to consist principally of LMI persons**, provided there is no evidence to the contrary. The only groups that are in the presumed category are:
  - Abused children,
  - Elderly persons (62 and older),
  - Battered spouses,
  - Homeless persons,
  - Severely disabled adults (as defined by the Census),
  - Illiterate adults,
  - Persons living with AIDS, and
  - Migrant farm workers.
- Require information on family size and income so that it is evident that at least 51 percent of the clientele are persons whose family income does not exceed the appropriate LMI limit.
- Have income eligibility requirements that limit the activity exclusively to LMI persons.
- Be of such a nature and in such a location that it may be concluded the activity's clientele will primarily be LMI persons (e.g., a job training facility located within a public housing complex).

Other special circumstances and how they are treated under this national objective category include:

- Special projects to remove material and architectural barriers that restrict the mobility and accessibility of elderly or disabled persons to publicly and privately-owned nonresidential buildings, facilities and improvements and the common area of residential structures containing more than one dwelling unit.
- A microenterprise assistance activity (a microenterprise consists of five or fewer employees including the owner), but only with respect to those owners of microenterprises and persons developing microenterprises assisted under the activity who are actually LMI persons. For microenterprise purposes, persons determined to be LMI may be presumed to continue to qualify as such for up to a three-year period. Refer to Chapter 5 for more information on microenterprise programs.
- An activity providing job training, placement and/or other employment support services (including but not limited to, peer support programs, counseling, childcare, transportation, and other similar services), in which the percentage of LMI persons assisted is less than 51 percent, may qualify under the Limited Clientele criteria in the following limited circumstances:
  - In such cases where training or provision of supportive services is an integrally-related component of a larger project, the only use of CDBG assistance for the project is to provide the job training and/or supportive services.
  - The proportion of the total cost of the project borne by CDBG funds is not greater than the proportion of the total number of persons assisted who are LMI.

LMI Housing Criteria

An LMI Housing activity is one carried out for the purpose of providing or improving permanent, residential structures that will be occupied by LMI households upon completion. Water and sewer connections on private property are also considered to be a housing rehabilitation activity, and currently the only housing activity allowed by the State.

Documentation of Income for Housing Activities (Water/Sewer Connections)

Income eligibility for the beneficiaries of an LMI Housing activity is established through an examination of household income (as opposed to family income). Therefore, the incomes of all people (related and unrelated) living in the CDBG-assisted housing unit must be considered, and the total household income must be within the income limit

for that household's size established by HUD at the time of the assistance. As discussed in Chapter 4 (Public Facilities), the Self-Certification of Income form on the State's web site is to be used to document household income prior to making any connections on private property.

LMI Job Creation

Overview

A Job Creation/Retention activity is one that creates or retains permanent jobs, 51 percent of which are held by persons from low and moderate-income families. Jobs indirectly created by an assisted activity (i.e., "trickle-down" jobs) may not be counted.

- For job creation activities, the local government and the assisted business (es) must document that permanent jobs have been created, and that at least 51 percent of the jobs, computed on a full time equivalent (FTE) basis, have been filled by low- and moderate- income persons.
- For job retention activities, the local government must document that the jobs would actually be lost without the CDBG assistance, and that either or both of the following conditions apply with respect to at least 51 percent of the jobs:
  - The job is known to be held by a low- and moderate- income person, or
  - The job can reasonably be expected to turn over within the following two years and that it will be filled by an LMI person upon turnover.

Job Creation Requirements

A written commitment to hire or retain LMI persons must be obtained for each assisted business. The business must also provide a hiring plan which details the number of jobs to be created, the number of jobs held or to be filled by LMI persons, the type of job, average wage, any special skills or training required, the timetable for hiring, and whether or not healthcare will be provided for the position. The plan must indicate who will be responsible for hiring and collecting required data and for any training to be provided. Generally, it is expected that initial hiring by the business will be completed within 24 months from the time of assistance. Projections for future expansions or growth are generally not considered for purposes of determining the number of jobs to be created. The job commitment should be realistic in determining the total number of jobs, the number of jobs to be filled by LMI persons and the timeframe for hiring.

- The State CDBG Program uses the commitment letter to qualify the proposed project under HUD regulations and will monitor the hiring to verify that job commitments have been fulfilled.

- Failure to comply with the requirement to benefit at least 51 percent LMI persons could result in the State requiring repayment of all or a portion of CDBG funds spent on the project.

State staff must meet with appropriate representatives of the business to discuss hiring commitments, LMI job requirements and documentation prior to CDBG funds being awarded. These meetings are coordinated with the state employment services and Technical Schools representatives (if appropriate), the project administrator and appropriate local officials. The state employment service is available to assist the business in taking applications for employment and in obtaining the required information from applicants for employment. Income eligibility of both applicants for employment and the employees actually hired is determined using the "Applicant/Employee Information" form, also known as an Income Survey. Income Surveys and EEO information should be completed at the time an applicant completes a business' application for employment. (See Applicant/Employee Information form attached to this chapter.)

> The business must continue to collect income verifications from all applicants and employees hired until hiring is complete and the jobs are monitored or verified by the State.

When a business utilizes the state employment services or Technical Schools to assist in recruiting employees, the entity that obtains the employment applications from applicants should also obtain the income surveys and EEO information.

The business should track its employees by positions, such that when a position is created and an employee is hired, the LMI status of the employee in that position can be determined. Regardless of the number of jobs committed by the business, 51 percent of the total jobs created when hiring is complete must have been taken by LMI persons. For example, a business is committed to creating 100 jobs and to filling 51 percent with LMI persons. If the business actually creates 150 jobs, at least 76 must be filled by LMI persons.

The business should maintain applicant and employee income surveys and EEO information, along with payrolls or employee lists, to document compliance with CDBG requirements. It is recommended that these records be maintained separately from a business' individual personnel records.

The recipient is required to monitor on-site the business' progress in fulfilling the hiring and LMI job requirements and report to the State on a quarterly basis. When all jobs have been created, the State will monitor the hiring and LMI job documentation at the business. Records should continue to be kept by the business until notified by the State that the CDBG requirements have been fulfilled. The business should plan to maintain CDBG records for a period of five years after the recipient's final grant close-out has been completed. (See Chapter 13: Close Out.)

The level of documentation required for demonstrating benefit to LMI persons when using the Job Creation/Retention National Objective is significantly reduced for jobs/businesses located in areas meeting certain poverty levels and for employees living in those areas. The current regulations allow for a person to be presumed LMI under certain circumstances. See "Presumption Criteria" below for more information.

Rules for Counting Jobs

As a general rule, each assisted business shall be considered individually for purposes of determining if at least 51 percent of the jobs created or retained will be for LMI persons. However, when CDBG funds are used to acquire, develop or improve real property (e.g., a shopping center or an industrial park), the 51 percent requirement may be met by measuring jobs in the aggregate for all the businesses that locate on the property as a direct result of the CDBG assistance.

Other businesses in the service area, or which may locate in the service area, that benefit from the public facility/improvement need not be considered. (Note: The principle business(es) must meet the 51% requirement when hiring is completed, and the total number of jobs actually created should not raise the cost per job above $10,000 unless there are documented circumstances beyond the control of the business(es) which prevented the hiring of the total number of employees committed.)

The general rule is that if the CDBG "cost per job" of the public facilities or improvements exceeds $10,000 then all jobs created or retained by all businesses in the service area must be tracked for the purpose of determining that at least 51% of the aggregate total jobs are for LMI persons.

This aggregation must include businesses which, as a result of the public facility/improvement, locate or expand in the service area of the public facility/improvement between the date the State awards the CDBG funds and one year after the physical completion of the public facility/improvement. This rule will rarely have any applicability, since it is not the State's intent to fund projects that exceed $10,000 per job, except under special circumstances.

When counting jobs, the following policies apply:

- Part-time jobs must be converted to full-time equivalents.
- Part-time jobs may only be counted to the extent that the job requires at least 20 hours per work week or half of a business work week, whichever is greater.
- Only permanent jobs may be counted.
- Transferred jobs may not be counted.
- Seasonal jobs may be counted only if the season is long enough for the job to be considered the employee's principal occupation.

- Jobs indirectly created by an assisted activity (i.e., "trickle-down" jobs) may not be counted.

Job Retention Requirements

For projects proposing the retention of jobs that would otherwise be lost without CDBG assistance, at least 51 percent of the jobs to be retained must be held by persons from low and moderate-income families. HUD requires that there be clear, objective evidence and documentation that jobs would be lost without the CDBG assistance; therefore, using job retention as a basis for meeting the LMI National Objective is difficult. Consequently, in the past, few projects have qualified as benefiting LMI through job retention.

The business should track its employees by position, such that the LMI status of the employee in that position can be determined. Documentation is easier if employees live in, or the job and business are located in, certain high poverty areas. See the section below for more information.

Presumption Criteria

The level of documentation required for demonstrating benefit to LMI persons when using the Job Creation/Retention National Objective is significantly reduced for businesses located in areas meeting certain poverty levels and for employees living in those areas. The current regulations allow for a person to be presumed LMI under certain circumstances.

A presumption can be made about a person's LMI status (only for job creation/retention activities) if either:

- The person filling the job resides within a census tract that either has at least 70 percent of its residents who are LMI or meets the criteria listed below.
- The assisted business and the job under consideration is to be located within a census tract that is part of a Federally-designated Empowerment Zone or Enterprise Community or meets the following requirements:
  - Has a poverty rate of at least 20 percent (as determined by the most recently available American Community Survey (ACS) data); **and**
  - It evidences pervasive poverty and general distress by meeting at least one of the following standards:
    - ◊ All block groups in the census tract have poverty rates of at least 20 percent,
    - ◊ The specific activity being undertaken is located in a block group that has a poverty rate of at least 20 percent, or
    - ◊ Upon written request, the State and HUD determine that the census tract

exhibits other objectively determinable signs of general distress such as high incidents of crime, narcotics use, homelessness, abandoned housing, and deteriorated infrastructure or substantial population decline.

Contact the State for a listing of census tracts and block groups qualifying on the basis of poverty and LMI percentage.

Generally, the presumption must be made at the time a CDBG application is submitted and cannot be used retroactively. Once the presumption is made, all of the jobs will be presumed to be filled by low- and moderate- income persons. At the application stage, the business must submit a commitment letter and hiring plan identifying the number of jobs to be filled during the initial hiring phase.

Section 2 – Elimination or Prevention of Slums and Blight

Area Basis

To qualify under this national objective on an area basis, an activity must meet the following:

- The area must be designated by the applicant and must meet the definition of a slum, blighted, deteriorated, or deteriorating area under local law. A sample ordinance for units of local government to adopt defining slum and blighted areas is attached to this chapter. A sample resolution for a local government to use to declare a specific area as slum/blighted is also attached to this chapter. Both are required and must be re-determined every ten years for continued qualification.
- Public improvements are in a general state of deterioration throughout the designated area,

  OR

- There are a substantial number of deteriorated or deteriorating buildings throughout the designated area.
  - At least 25 percent of properties throughout the area must have 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 or industrial buildings,
    - ◊ Significant declines in property values or abnormally low property values relative to other areas in the community, or
    - ◊ Known or suspected environmental contamination.
- Each deteriorated building must be considered substandard under local code.

All deficiencies making such a building substandard and a blighting influence must be corrected before less critical work on the building may be undertaken. The unit of local government must develop minimum standards for building quality that take into account local conditions.

Spot Basis

To qualify under this national objective on a spot basis, an activity must be designed to eliminate specific conditions of blight or physical decay on a spot basis not located in a slum or blighted area and be limited to the following activities:

- Acquisition
  - If acquisition or relocation is undertaken, it must be a precursor to other activities (funded with CDBG or other resources) that directly eliminates the specific conditions of blight or physical decay.
- Clearance
- Relocation
- Historic preservation
- Rehabilitation of buildings
  - Only allowable to the extent necessary to eliminate specific conditions detrimental to public health and safety.

The State can approve no more than 30 percent of its funds for activities that address the Slum/Blight National Objective according to requirements of Title I of the Housing and Community Development Act.

Section 3 – Urgent Need

Use of this national objective category is extremely rare. It is designed only for activities that alleviate emergency conditions. Urgent Need activities must meet all of the following qualifying criteria:

- The existing conditions must pose a serious and immediate threat to the health or welfare of the community,
- The existing conditions are of recent origin or recently became urgent (generally, within the past 18 months),
- The recipient is unable to finance the activity on its own, and
- Other sources of funding are <u>not</u> available.

Section 4 – Additional National Objective Considerations

Public Facilities / Infrastructure

In any case where the activity undertaken is a public improvement and the activity is clearly designed to serve a primarily residential area, the activity must meet the LMI Area Benefit criteria, whether or not the requirements for job creation/retention are also met, in order to qualify as benefiting low- and moderate- income persons. Because it is required that all low- and moderate- income persons be connected to water/sewer infrastructure at no cost, an infrastructure project must meet the 51% LMI area benefit test for persons and households.

Acquisition

Qualifying an acquisition activity under one of the CDBG National Objectives depends entirely on the use of the acquired real property following its acquisition. A preliminary determination of compliance may be based on the planned use. The final determination must be based on the actual use of the property, excluding any short-term, temporary use. Where the acquisition is for the purpose of clearance that will eliminate specific conditions of blight or physical decay, the clearance activity may be considered the actual use of the property. However, any subsequent use or disposition of the cleared property must be treated as a "change of use" under CDBG regulations. These requirements are for any real property, acquired or improved, in whole or in part, using CDBG funds of $150,000 or more (for Program Years 2024 and earlier) or $250,000 or more (for Program Year 2025 and later). If property is to be acquired for a general purpose, such as housing or economic development, and the actual specific project is not yet identified, the grant recipient must document the general use it intends for the property, the national objective category it expects will be met, and make a written commitment to use the property consistent with CDBG requirements.

Relocation

Where CDBG funds are used for required relocation assistance, the relocation assistance is considered to address the same national objective as is addressed by the displacing activity. Where the relocation assistance is voluntary, the applicant may qualify the assistance either on the basis of the national objective addressed by the displacing activity or, if the relocation assistance is to low- and moderate- income persons, on the basis of benefiting low- and moderate- income persons. It should be noted that the State does not fund projects that require relocation.

Downtown / Commercial or Essential Goods and Services Projects

To qualify under the LMI Area Benefit National Objective, the service area for downtown or commercial area revitalization projects must be primarily residential in nature and have at least 51% low- and moderate- income residents. These types

of projects may also qualify as LMI Job Creation/Retention.

If assistance is provided to one or more businesses, then the project **may** qualify under LMI Area benefit if the service area is primarily residential and is 51% low and moderate income. There must also be documentation that the business is providing essential goods and services to that service area population. Goods and services might include grocery stores, dry cleaners, pharmacies, health care, etc. A high-end boutique or souvenir shop would not be considered as providing essential goods and services. Assistance to a local business providing essential goods and services may also qualify as a Job Creation/Retention activity that must comply with the requirements as specified in this section of the Implementation Manual.

Community Development Financial Institutions

Where CDBG assisted activities are carried out by a Community Development Financial Institution (CDFI) whose charter limits its investment area to a primarily residential area consisting of at least 51 percent LMI persons, the unit of general local government may also elect the following options: Where CDBG funds are used for infrastructure improvements then:

- Activities carried out by the CDFI for the purpose of creating or retaining jobs may, at the option of the unit of general local government, be considered to meet the area benefit requirements of the LMI national objective.
- All housing activities for which the CDFI obligates CDBG assistance during any one-year period may be considered to be a single structure.
- Where an activity by a CDFI meets the criteria of providing goods and services to an LMI residential area, and meets the job criteria or retention requirements, the unit of general local government may elect to qualify the activity under either the area benefit criteria or the job aggregation criteria.

Section 5 – Documenting National Objectives and Program Benefit

LMI Area Benefit Activities

The following documentation of program benefit is required with the application for all CDBG-funded activities that are carried out under the LMI Area Benefit National Objective:

- A map showing the boundaries of the service area.
- A summary of income characteristics of all families and unrelated individuals in the service area, obtained from the Census or from survey data.
- If Census data is used, maps indicating the service area in comparison to Census block groups or Census tract boundaries.
- If a survey is used, a copy of the survey instrument (completed individual survey

forms are not typically required, though they may be requested), documentation of the number of families surveyed and evidence that the survey was methodologically sound.

- Documentation of occupancy and income characteristics of all families and unrelated individuals receiving CDBG assistance for special assessments.

The following documentation of program benefit is required at project completion on the Final EO-2 form for all CDBG-funded activities that are carried out under the LMI Area Benefit National Objective:

- As-built drawings of public improvements (if applicable) or other evidence showing the area actually served.
- Data showing the income characteristics of all families and unrelated individuals actually served.
- Data on the racial, ethnic and gender characteristics of persons who are applicants for, participants in, or beneficiaries of the CDBG activities.
- Documentation of occupancy and income characteristics of all families and unrelated individuals receiving CDBG assistance for special assessments.

LMI Limited Clientele

The following documentation of program benefit is required with the application for all CDBG-funded activities that are carried out under the LMI Limited Clientele National Objective:

- Documentation showing the activity is used by a segment of the population presumed by HUD to be LMI persons (e.g., elderly, illiterate adults).
- Documentation showing that at least 51% of the clientele of the facility or service will be LMI persons.
- Documentation that the facility or service will be used exclusively by LMI persons.
- Documentation describing how the nature and/or the location of the activity establish that it will be used primarily by LMI persons.
- Documentation that the owner(s) of the microenterprise or person developing the microenterprise is LMI.
- Documentation that the job training or other employment support service is integrally-related component of a larger project that does not involve CDBG funding or documentation that the percentage CDBG cost is not greater than the percentage of LMI persons assisted.

The following documentation of program benefit is required at project completion on the Final EO-2 form for all CDBG-funded activities that are carried out under the LMI Limited Clientele National Objective:

- Data showing the total number of persons served and the number of persons meeting the limited clientele requirements.
- Data on the racial, ethnic and gender characteristics of persons who are applicants for, participants in, or beneficiaries of CDBG activities.

LMI Job Creation / Retention

The following documentation of program benefit is required with the application for all CDBG-funded activities that are carried out under the LMI Job Creation/Retention National Objective. Recipients are required to verify job creation/retention on-site on a quarterly basis.

Job Creation

- For an activity that creates jobs, the unit of general local government must document that at least 51 percent of the jobs will be for LMI persons.
- Documentation for each assisted business must include a copy of a written commitment by each business that at least 51% of the jobs created (full-time or full time equivalent) will be held by LMI persons. The business must also provide a hiring plan which details the number of jobs to be created, the number of jobs estimated to be filled by LMI persons, the types of jobs, any special skills or training required, the timetable for hiring and whether or not healthcare will be provided for each type of position. The plan must indicate who will be responsible for hiring and collecting required data and for any training to be provided.

Job Retention

- Clear and objective evidence that permanent jobs would be lost without CDBG assistance. This may include such evidence as a notice to employees, a public announcement by the business, or relevant financial records.
- A written commitment from the business to comply with the CDBG requirements for employment of 51% LMI persons.
- For each business assisted, a listing by job title of all full time and part- time, permanent jobs to be retained indicating which are held by LMI persons at the time the application is prepared.
- Where applicable, identification of any of the retained jobs (other than those known to be held by LMI persons) which are projected to become available to LMI persons through job turnover within two years of the time CDBG assistance is provided. (Information upon which the job turnover projections were based should also be provided.)
- For each retained job claimed to be held by an LMI person, information on the

salary of the person holding the retained job, confirming that the annual income of this person when treated as a household of one meets the LMI threshold.

The following documentation of program benefit is required at project completion on the Final EO-2 form for all CDBG-funded activities that are carried out under the LMI Job Creation/Retention National Objective. Recipients are required to verify job creation/retention on-site on a quarterly basis.

- After job creation and hiring is complete, copies of company payrolls or an employment listing (including a list of current employees), preferably by job title, of all permanent jobs filled and which were filled by LMI persons.
- After completion of job retention commitments, copies of company payrolls or an employment listing, preferably by job title, of all permanent jobs filled through turnover, if applicable, and which were held by LMI persons.
- Data on the racial, ethnic and gender characteristics of persons who are applicants for, participants in or beneficiaries of CDBG activities.

Presumption of LMI for Job Creation

At the time a Business Development application is submitted, a presumption can be made that all of the jobs to be created will be LMI if there is documentation that:

- The person filling the job resides within a census tract (or block numbering area - BNA) that either has at least 70% of its residents who are LMI or meets the criteria listed below.

OR

- The assisted business and the job under consideration is to be located within a census tract (or block numbering area - BNA) that is part of a Federally-designated Empowerment Zone or Enterprise Community or meets the following requirements:
  - Has a poverty rate of at least 20 percent (as determined by the most recently available American Community Survey data); and
  - Evidences pervasive poverty and general distress by meeting <u>at least one</u> of the following standards:
    - ◊ All block groups in the census tract have poverty rates of at least 20 percent;
    - ◊ The specific activity being undertaken is located in a block group that has a poverty rate of at least 20 percent; or
    - ◊ Upon written request, the State and HUD determines that the census tract exhibits other objectively determinable signs of general distress such as high incidents of crime, narcotics use, homelessness, abandoned housing,

and deteriorated infrastructure or substantial population decline.

Contact the State for a listing of census tracts (and BNA'S) and block groups qualifying on the basis of poverty and LMI percentage.

Presumption of LMI for Job Retention

At the time a Business Development Application is submitted, a presumption can be made that all of the jobs to be retained are LMI if there is documentation that:

- At least 51% of the current employees meet one of the following criteria:
  - reside within a census tract (or BNA) which has at least 70 percent of its residents who are LMI, or
  - reside within a census tract (or BNA) meeting the requirements above for the presumption of LMI benefit for job creation based on the location of the assisted business, or
  - The assisted business is located in a census tract (or BNA) meeting the requirements above for the presumption of LMI benefit for job creation based on the location of the assisted business. (In such cases, all jobs retained will be considered to be LMI.)

The following documentation of program benefit is required at project completion on the Final EO-2 form for all CDBG-funded activities that are carried out under the LMI Job Creation/Retention National Objective. Recipients are required to verify job creation/retention on-site on a quarterly basis.

- After job creation and hiring is complete, copies of company payrolls or an employment listing (including a list of current employees), preferably by job title, of all permanent jobs filled and which were filled by LMI persons.
- After completion of job retention commitments, copies of company payrolls or an employment listing, preferably by job title, of all permanent jobs filled through turnover, if applicable, and which were held by LMI persons.
- Data on the racial, ethnic and gender characteristics of persons who are applicants for, participants in or beneficiaries of CDBG activities.

Slum / Blight

The following documentation of program benefit is required with the application for all CDBG-funded activities that are carried out under the Slum/Blight National Objective:

Area Basis

- A resolution and ordinance from the applicant governing body designating the area as slum and blighted, providing a description of the conditions which qualified the area at the time of designation and providing a description of how the conditions contributed to the area's deterioration.
- A map and description of the boundaries of the designated area showing the location of all buildings and public improvements that are deteriorated.
- Inventory and detailed description documenting those public improvements in a general state of deterioration. Deterioration of a single element of infrastructure, such as a road or a sidewalk, does not meet this criterion.
- Inventory and detailed description of all buildings in the target area and their condition. Include the total number of buildings, the type of buildings, and the percentage of buildings that are deteriorated in the area as well as vacancy rates.
- Evidence that the activity being proposed for CDBG assistance addresses one or more of the conditions that contributed to the deterioration of the area.
- To document program benefit at project completion for activities qualifying under the Slum/Blight Area Basis National Objective, the unit of local government must:
  - Identify all activities completed, and
  - Provide evidence that the activity addressed one or more of the slum/blight conditions that contributed to the deterioration of the area.

Spot Basis

- A building inspection report or other evidence that describes the specific condition of slum or blight and how the activity to be assisted with CDBG funds will eliminate the blighted condition.

Urgent Need

The following documentation of program benefit is required with the application for all CDBG-funded activities that are carried out under the Urgent Need National Objective:

- Evidence of the seriousness and immediacy of the threat, such as an official declaration by a state or federal official (e.g., SC Department of Environmental Services has declared the area an imminent threat or a disaster, such as flood or hurricane, has been declared by the Governor).
- Evidence that the condition developed or became critical within 18 months

preceding the application.

- Evidence that financial or other resources or funds are not reasonably available to meet such needs.

For Urgent Need projects to document program benefit at project completion, the unit of local government must provide evidence that the activities completed with CDBG funds addressed the conditions that threatened the health or welfare of the community.

Chapter 10: National Objectives – Forms/Documents

- HUD Guidelines for Conducting Income Surveys
- Sample Local Income Survey for CDBG Applications
- Business Development Applicant/Employee Information (2 parts)
- EDA Job Category Definitions
- Sample Slum/Blight Ordinance
- Sample Slum/Blight Resolution