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Replaces Program Policy Notice OCD 13-03

**SUBJECT:** Qualifying Community Development and Residential Public Infrastructure Projects using Community Development Block Grant National Objectives

**ISSUED:** July 1, 2015

**DISTRIBUTED TO:** Office of Community Development Units of Local Government Award Recipients and their Affiliates

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### PROGRAM POLICY

The following Office of Community Development (OCD) policy provides guidance on qualifying Community Development Block Grant (CDBG) funded projects.

OCD-funded CDBG projects must meet one of two national objectives:

- Low- and Moderate-Income benefit
- Prevention/elimination of slum and blight

### DEFINITIONS AND ACRONYMS

*Place:* Counties, cities, villages, and townships the comprise a benefit area

*ACS:* American Community Survey 5-Year 2006-2010 Low- and Moderate-Income Summary Data. This data is used to qualify area benefit projects.

*Household size:* Number of persons residing in the household

### ATTACHMENTS

- Income Survey Summary
- Surveyor Agreement Form
- Low- and Moderate-Income Survey Minimum Sample Size Requirements
- Confidential Income Survey

### QUALIFYING PROJECTS

#### Low- and Moderate-Income

The Low- and Moderate-Income (LMI) national objective may be satisfied by area benefit, direct benefit or limited clientele.

#### Area Benefit

Area benefit projects are designed to benefit all of the residents of an area that is primarily residential. The defined service area for the project must be comprised of at least 51 percent LMI persons.

The U.S. Department of Housing and Urban Development (HUD) requires using ACS data to qualify area benefit projects. ACS data is provided for Place and Census Tracts/Block Groups. It is available on the Ohio Development Services Agency's (ODSA) Community Development Program [web page](#).

To qualify an area benefit project, applicants should:

- determine the project's service area;
- collect documentation to support the determination; and
- determine whether the proposed project can be qualified using ACS data.

If the service area matches a Place in its entirety, ACS data for that Place may be used to qualify the project. Cities and villages or townships may be combined to form a service area.

If the service area does not match a Place in its entirety, applicants may use Census Tracts/Block Groups to qualify the project. The applicant should use the combined LMI percent of the Census Tracts/Block Groups benefitting to calculate the service area's LMI percent. The service area does not need to be contiguous to one or multiple Census Tracts/Block Groups. OCD no longer requires a Net Effect Certification to document that the service area demographics are consistent with the Census Tracts/Block Groups jurisdiction.

If the service area is not at least 51 percent LMI by ACS data, the applicant may choose to conduct an income survey. The income survey must be conducted in accordance with the requirements outlined in this policy notice.

**NOTE:** OCD may require an applicant to conduct an income survey to qualify a project for program funding if ACS data does not appear to adequately represent the service area.

Applicants are also **not** permitted to combine ACS data and data from an income survey to qualify a service area.

#### Income Survey Requirements

If a proposed project's service area is contiguous with Census Tracts/Block Groups or Place jurisdictions and the applicant completed the income survey within five years of the application submission deadline, the applicant may include the project in the application without further income eligibility documentation.

If less than 41 percent of the households within the service area have low- and moderate-incomes according to the ACS data, the applicant is required to submit the attached **Income Survey Summary** with its application. The applicant must provide OCD with documentation indicating the ACS data does not reflect the service area\*.

**NOTE:** The applicant must contact OCD for additional clarification regarding the required documentation prior to submitting an application.

If a proposed project's service area is noncontiguous with Census Tracts/Block Groups or Place jurisdictions, a community may include the project in the application without further income eligibility documentation if the service area was surveyed within five years of the application submission deadline. Surveys conducted prior to December 31, 2010 are no longer valid even if less than five years old.

**NOTE:** The survey completion date as listed on the **Income Survey Summary** is considered the date the income survey was conducted. The survey must be completed within three months.

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\* Includes recent business closings, unemployment data or other indicators that demonstrates that the economic situation in the service area has changed since the U.S. Census Bureau collected the most recent ACS data, or the ACS data does not reflect the service area residents' actual demographic or income characteristics.

### Confidential Income Survey

Only persons who read, comprehend and execute the attached **Surveyor Agreement Form** may conduct surveys. To conduct a survey, applicants must:

- Define the service area
  - What are the service area boundaries?
  - What is the population size for calculating the percentage of persons who are low- and moderate-income?
  
- For small service areas, OCD recommends census surveys that require surveying all service area households. To conduct a census survey, the applicant should:
  - Create a spreadsheet of all of the residential addresses in the service area
  - Survey all of the households in the service area
  - Tabulate the number of LMI and non-LMI households in the service area
  - Count any non-responsive household as non-LMI
  - Use the average household size of the non-LMI households as the non-responsive household size
  - Calculate the service area LMI percent by dividing the number of LMI persons in the service area by the total number of persons in the service area.
  
- For larger service areas, applicants may conduct a randomized survey of minimum sample size. To conduct a randomized survey, the applicant should:
  - Create a spreadsheet of all of the residential addresses in the service area
  - Sort the list using Excel's randomization function
  - Determine the minimum sample size based on OCD's **Minimum Sample Size Requirements** (see attached)
  - Start at the top of the spreadsheet list and survey the number of households required to meet the minimum sample size
  - After three unsuccessful attempts, replace any non-responsive household with the next available address on the spreadsheet

After obtaining the minimum sample size, the applicant should:

- Tabulate the number of LMI and non-LMI households
- Tabulate the number of LMI and non-LMI persons
- Estimate the total population of the service area by dividing the total number of persons surveyed by the total number of households surveyed and multiplying by the total number of households in the service area
- Divide the total number of LMI persons by the total number of persons to calculate the LMI percent of the service area

If an applicant is unable to obtain the required minimum sample size in conducting a randomized survey, the non-responsive households must be counted as non-LMI and tabulated as if the applicant conducted a census survey.

### Other Considerations:

Be certain the applicant has not excluded certain areas or groups of people. Commercial (retail and industrial) sites, vacant lots and abandoned and vacant homes should be excluded from the sample because they do not have any effect on the survey's outcome. Determine that the selected subjects to be included in the sample and replacement procedures are structured to avoid bias; for example, daytime or weekday attempts may skew response rates in favor of unemployed, retired, or single-income families.

Applicants must:

- Use attached **Confidential Income Survey, Income Survey Summary** and **Surveyor Agreement Forms** to collect survey data;
- Collect income data that is the gross, annual total household income;
- Report information collected exactly as the respondents indicated; and
- Use the current Section 8 income limits to determine the number and percent of low- and moderate-income households in a service area. The Section 8 income limits are available online on ODSA's Affordable Housing [web page](#), under 'Data' on the left sidebar menu.

#### Income Survey Summary

An **Income Survey Summary** must verify that at least 51 percent of persons in the service area are low and moderate income. The Income Survey Summary must be submitted with the project application and be certified by the applicant's Chief Executive Officer (CEO) or CEO of the benefitting Place jurisdiction.

#### Direct Benefit

Direct benefit projects are limited to home repair and water/sanitary sewer household connections.

Applicants must use the current Section 8 income limits to determine the household size and combined household income. The Section 8 income limits are available online on ODSA's Affordable Housing [web page](#), under 'Data' on the left sidebar menu. All housing units assisted with CDBG funds projects must be occupied by LMI households. Applicants must maintain eligibility documentation.

#### Limited Clientele

A limited clientele project provides benefits to a specific group of persons rather than everyone in a geographic area. To qualify, a project must meet one of the following tests:

- 1) Exclusively benefit one of the following groups generally presumed to be principally LMI:
  - a) Abused children
  - b) Elderly persons
  - c) Battered spouses
  - d) Homeless persons
  - e) Severely disabled adults
  - f) Illiterate adults
  - g) Persons with AIDS
  - h) Migrant farm workers
- 2) Serve to remove mobility or accessibility barriers for older or severely disabled adults.  
**NOTE:** The activity must be restricted to the extent practicable to remove such barriers. Otherwise, reconstructing or improving a public facility that does not qualify as area benefit is not eligible as a limited clientele project.
- 3) Be of such nature and in such location that it may reasonably be concluded the project's clientele will primarily be LMI persons
- 4) Require information on family size and income to document that at least 51 percent of the clientele are LMI persons. This includes activities that are restricted exclusively to benefit LMI persons.

Applicants must maintain the following to document compliance:

- Documentation showing the project is designed to be used exclusively by a segment of the population presumed to be LMI;
- Documentation describing how the nature and the location of the project establish that it will be used predominantly by LMI persons;
- Data showing the size and annual income of the family of each person receiving the benefit;
- Data showing mobility or accessibility barriers have been removed

NOTE: All public service activities must qualify under the limited clientele national objective.

### **Slum and Blight**

Projects must either eliminate determinable signs of slums or blight in a defined slum or blighted area or be limited to eliminating specific instances of blight outside a defined area.

### **Area Slum and Blight:**

A project must meet all of the following criteria:

1. The area must be officially designated by the applicant and must meet a definition of a slum, blighted, deteriorated or deteriorating area under state or local law. The designation is valid for five years.
2. The area must exhibit at least one of the following physical signs of blight or decay:
  - a. At least 51 percent of the buildings in the defined area must be substandard
  - b. At least 51 percent of the public facilities in the defined area must be substandard. The public improvements taken as a whole must exhibit blight or decay. It is insufficient for only one type of public improvement to be in a state of deterioration.

**NOTE:** Reconstructing or improving a public facility that does not qualify as area benefit is not eligible under slum and blight unless located in a designated Central Business District.

3. The applicant must maintain documentation of the area boundaries and conditions that qualified it at the time of designation.
4. Projects must be limited to those that address one or more of the conditions that contributed to the area's deterioration. Projects are not limited to those that address the blight or decay itself, but may also include those that address a condition deemed to have contributed to the area's decline.

### **Spot Slum and Blight:**

A project must meet all of the following criteria:

- 1) Designed to eliminate specific conditions of blight or physical decay not located in a designated slum or blighted area.
- 2) Limited to:
  - Clearance
  - Historic Preservation
  - Building rehabilitation to the extent necessary to eliminate specific conditions that are detrimental to public health and safety
  - Acquisition and/or Relocation, in conjunction with one of the above-listed activities

## INCOME SURVEY SUMMARY

Community:  County:

Benefit Area:

Number of Households in Benefit Area:

Date of Section 8 Income Limits Used:

Date Survey Started:

Date Survey Completed:

- |  |    |  |
|--|----|--|
| 1. Number of non-LMI households interviewed  | 1. | <input style="width: 150px; height: 20px;" type="text"/> |
| 2. Number of LMI households interviewed  | 2. | <input style="width: 150px; height: 20px;" type="text"/> |
| 3. Total Number of Households Interviewed  | 3. | <input style="width: 150px; height: 20px;" type="text"/> |
| 4. Number of persons in non-LMI households interviewed   | 4. | <input style="width: 150px; height: 20px;" type="text"/> |
| 5. Number of persons in LMI households interviewed   | 5. | <input style="width: 150px; height: 20px;" type="text"/> |
| 6. Total number of persons in households interviewed   | 6. | <input style="width: 150px; height: 20px;" type="text"/> |
| 7. Estimated total population of Benefit Area<br>(Line 6/Line 3 x # of households in Benefit Area) | 7. | <input style="width: 150px; height: 20px;" type="text"/> |
| 8. Estimated percentage of LMI households in<br>Benefit Area (Line 5/Line 6)                       | 8. | <input style="width: 150px; height: 20px;" type="text"/> |

I hereby certify that this information is true and accurate to the best of my knowledge and that the survey was conducted in accordance with Program Policy Notice OCD 15-05 "Qualifying Community Development and Residential Public Infrastructure Projects using Community Development Block Grant National Objectives."

Chief Elected Official: \_\_\_\_\_ (Community Name)

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Print Name	Signature	Date
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## Surveyor Agreement Form

Community: \_\_\_\_\_

County: \_\_\_\_\_

Benefit Area: \_\_\_\_\_

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I, the undersigned, when conducting a survey of the above-listed benefit area, agree to:

- Use the following standard language –  
My name is \_\_\_\_\_. I am working with \_\_\_\_\_ to collect data needed to complete an application for a community development grant. To do this, we must conduct a survey of the area. The information gathered by the survey will be confidential and only will be viewed by the local program administrator and the funding agency. The survey only requires you to indicate your approximate total household annual income (before taxes) for the current year and the number of persons residing in your household. Are you willing to participate in the survey?
  
- Use the applicant's prescribed survey methodology to randomly and evenly sample the entire benefit area;
  
- Use the **Confidential Income Survey** form and keep the information collected confidential; and
  
- Report information collected exactly as the respondents indicated.

Printed Name

Signature

Date

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

## LOW AND MODERATE INCOME SURVEY

### MINIMUM SAMPLE SIZE REQUIREMENTS

HH*	SAMPLE SIZE**	HH*	SAMPLE SIZE**	HH*	SAMPLE SIZE**
1	1	39	36	77	65
2	2	40	36	78	65
3	3	41	37	79	66
4	4	42	38	80	67
5	5	43	39	81	67
6	6	44	40	82	68
7	7	45	40	83	69
8	8	46	41	84	69
9	9	47	42	85	70
10	10	48	43	86	71
11	11	49	44	87	71
12	12	50	44	88	72
13	13	51	45	89	73
14	14	52	46	90	73
15	14	53	47	91	74
16	15	54	48	92	75
17	16	55	48	93	75
18	17	56	49	94	76
19	18	57	50	95	77
20	19	58	51	96	77
21	20	59	51	97	78
22	21	60	52	98	79
23	22	61	53	99	79
24	23	62	54	100	80
25	24	63	54	101-114	89
26	24	64	55	115-134	100
27	25	65	56	135-154	111
28	26	66	57	155-174	121
29	27	67	57	175-199	133
30	28	68	58	200-249	153
31	29	69	59	250-299	171
32	30	70	60	300-349	187
33	30	71	60	350-399	200
34	31	72	61	400-649	247
35	32	73	62	650-1199	300
36	33	74	62	1200-2699	348
37	34	75	63	2700+	400
38	35	76	64		

\*HH means households in benefit area.

\*\* Minimum sample size for valid survey. This means actual number of households surveyed.



## Confidential\* Income Survey

Community: \_\_\_\_\_ County: \_\_\_\_\_  
 Benefit Area: \_\_\_\_\_  
 Address of Household \_\_\_\_\_  
 Total Number of Household Members (include yourself, spouse, children, etc.): \_\_\_\_\_

Income Limit Ranges**	Income Range of Household (Total gross annual income of all persons) Check the box below that corresponds to your household's income range:
_____ - _____	<input type="checkbox"/>
_____ - _____	<input type="checkbox"/>
_____ - _____	<input type="checkbox"/>
_____ - _____	<input type="checkbox"/>
_____ - _____	<input type="checkbox"/>
_____ - _____	<input type="checkbox"/>
_____ - _____	<input type="checkbox"/>
_____ - _____	<input type="checkbox"/>
_____ - _____	<input type="checkbox"/>
_____ - _____	<input type="checkbox"/>
_____ - _____	<input type="checkbox"/>

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**For Local Community Development Block Grant Administrators Use Only**

Date of Survey: \_\_\_\_\_  
 Name of Surveyor: \_\_\_\_\_

LMI Qualified:     Yes     No     No Response\*\*\*

\* Information is "confidential" in that it is intended for use only by the local government staff administering this program and state agency personnel responsible for program oversight and that information and records will be released as permitted by state and federal law, pursuant to written request made by authorized persons in conformance with the Ohio Revised Code.

\*\* The Section 8 income limits are available on the Ohio Development Services Agency's Affordable Housing [web page](#), under 'Data' on the left sidebar menu.

\*\*\* A good faith effort must be made to collect information from the "no response" household.