

STANDARDS TO DETERMINE COMPLIANCE WITH NATIONAL OBJECTIVES

Each activity must meet one of the three broad national objectives:

1. To benefit low- and moderate-income persons.
2. To aid in the prevention or elimination of slums or blight.
3. To meet community development needs having a particular urgency.

At least 70 percent of the grantee's funds must be used for activities that benefit low- and moderate-income persons; while individual activities must benefit at least 51 percent low- and moderate-income persons.

1. Activities benefiting low- and moderate-income persons

a) Area benefit activities

- (1) An activity, the benefits of which are available to all the residents in a particular area, where at least 51% of the residents are low- and moderate-income persons. The service area must be primarily residential. A service area that contains less than 51% low- and moderate-income residents will be considered to meet the national objective if the proportion of low- and moderate-income persons in the area is within the highest quartile of all areas in the recipient's jurisdiction in terms of the degree of concentration of such persons. HUD will determine the lowest proportion a recipient may use to qualify an area for this purpose.
- (2) An activity to develop, establish, and operate for up to two years after establishment a uniform emergency telephone number system serving an area having less than 51 percent low- and moderate-income residents, provided that prior HUD approval is obtained.
- (3) An activity for which the assistance to a public improvement that provides benefits to all residents of an area is limited to paying special assessments levied against residential properties owned and occupied by persons for low- and moderate-income.
- (4) An activity that creates or retains jobs either:
  - undertaken pursuant to a revitalization strategy covering an area that is either a Federally-designated Empowerment Zone or Enterprise Community or primarily residential and contains no less than 51 percent low- and moderate-income residents; or

- carried out by a Community Development Financial Institution in a primarily residential area consisting of at least 51 percent low- and moderate-income persons.

To determine that there is a sufficiently large percentage of low- and moderate-income persons residing in the service area, the most recently available decennial census information shall be used, together with the Section 8 income limits that would have applied at the time the income information was collected by the Census Bureau.

The percent of low- and moderate-income residents may be determined by conducting a current survey of the residents of the service area if the recipient believes that the census data does not reflect current relative income levels in an area, or where census boundaries do not coincide sufficiently well with the service area of an activity. The survey results must meet statistical reliability standards and be approved by HUD.

b) Limited clientele activities

- (1) An activity which benefits a limited clientele, at least 51% of whom are low- and moderate-income persons. The activity must meet one of the following qualifying criteria:
  - (a) The activity must benefit a clientele that is in one of the following categories, generally presumed to be principally low- and moderate-income: abused children, battered spouses, elderly persons, severely disabled adults, homeless persons, illiterate adults, persons living with AIDS, and migrant farm workers; or
  - (b) Information must be required on family size and income to document that at least 51% of the clientele are persons whose family income does not exceed Section 8 low- and moderate- income limits; or
  - (c) The activity must have eligibility requirements which limit the activity exclusively to low- and moderate-income persons; or
  - (d) The activities must be of such nature and in such location that it may be concluded that the activity's clientele will primarily be low- and moderate-income persons.
- (2) An activity that serves to remove material and architectural barriers to the mobility and accessibility of elderly or severely disabled persons to publicly- and privately-owned non-residential buildings, public facilities and improvements, and the common areas of residential structures containing more than one dwelling unit.

- (3) A microenterprise assistance activity carried out by low- and moderate-income owners or developers.
- (4) An activity designed to provide job training and placement and/or other employment support services which assists less than 51 percent low- and moderate-income persons may qualify if the proportion of the total cost of the project borne by CDBG funds is no greater than the proportion of the total number of low- and moderate-income persons assisted.

c) Housing activities

An activity carried out for the purpose of providing or improving permanent residential structures which, upon completion, will be occupied by low- and moderate-income households. Examples include: property acquisition or rehabilitation of property; conversion of non-residential structures; and new housing construction. The activity must meet the following qualifying criteria:

- (1) Two unit structures must have at least one unit occupied by low- and moderate-income households.
- (2) Structures containing more than two units must have at least 51% of the units occupied by low- and moderate-income households.
- (3) Rental buildings under common ownership and management which are located on the same or continuous properties may be considered as a single structure.
- (4) At least 51% of the units assisted, or to be assisted, by the Rental Rehabilitation Program must be for low- and moderate-income persons.
- (5) CDBG-funded housing services eligible under title II of the Cranston-Gonzalez National Affordable Housing Act are considered to benefit low- and moderate-income persons if the housing units are HOME-assisted.
- (6) If less than 51 percent of the units in a structure will be occupied by low- and moderate-income households, CDBG assistance may only be provided for the new construction of a multi-family, non-elderly rental housing project in which at least 20% of the units will be occupied by low- and moderate-income households at affordable rents. The CDBG portion of the total development costs may not be greater than the portion of units occupied by low- and moderate-income households.

d) Job creation or retention activities

An activity designed to create or retain permanent jobs where at least 51% of which, computed on a full time equivalent basis, involve the employment of low- and moderate-income persons. The activity must meet the following qualifying criteria:

- (1) Documentation that at least 51 percent of the jobs created by an activity will be held by, or will be available to, low- and moderate-income persons.
- (2) Documentation that the jobs retained by an activity would actually be lost without the CDBG assistance and that at the time CDBG assistance is provided at least 51 percent of the jobs are held by low- or moderate-income persons or can reasonably be expected to be filled by, or made available to, low- or moderate-income persons within two years.
- (3) Jobs not held or filled by low- or moderate-income persons may be considered to be available to low- or moderate-income persons if special skills that can only be acquired with substantial training or work experience or education beyond high school are not a prerequisite to fill such jobs, or the business agrees to hire unqualified persons and provide training; and if the grantee and the assisted business take actions to ensure that low- and moderate-income persons receive first consideration for filling such jobs.
- (4) Persons are presumed to be low- or moderate-income if they reside within a census tract that has at least 70 percent low- and moderate-income residents or that is part either of a Federally-designated Empowerment Zone or Enterprise Community or that has a poverty rate of at least 20 percent, or that includes a portion of a central business district and has a poverty rate of at least 30 percent, or that evidences pervasive poverty and general distress.

2. Activities which aid in the prevention or elimination of slums or blight

a) Activities to address slums or blight on an area basis

An activity which aids in the prevention or elimination of slums or blight in a designated area. The activity must meet all of the following qualifying criteria:

- (1) The area, delineated by the grantee, must meet a definition of a slum, blighted, deteriorated or deteriorating area under State or local law.
- (2) There must be a substantial number of deteriorated or deteriorating buildings or public improvements throughout the area.
- (3) Documentation must be maintained on the boundaries of the area and the condition which qualified the area at the time of its designation.

- (4) The activity must address one or more of the conditions which contributed to the deterioration of the area.
- (4) If rehabilitation of residential buildings not occupied by low- and moderate-income persons is undertaken, each such building rehabilitated must be considered substandard under local definition before rehabilitation, and all deficiencies making a building substandard must be corrected before less critical work on the building may be undertaken.

b) Activities to address slums or blight on a spot basis

An activity which eliminate specific conditions of blight or physical decay on a spot basis outside of a slum or blighted area. The activity must be limited to acquisition; clearance; relocation; historic preservation; and rehabilitation of buildings only to the extent necessary to eliminate specific conditions detrimental to public health and safety.

(c) Activities to address slums or blight in an urban renewal area

An activity which aids in the elimination or prevention of slums or blight in an urban renewal area. The activity must meet the following qualifying criteria:

- (1) The activity must be located within an urban renewal project area or Neighborhood Development Project (NDP) action area; and,
- (2) The activity must be necessary to complete the urban renewal plan, as then in effect, including *initial* land redevelopment permitted by the plan.

3. Activities designed to meet community development needs having a particular urgency

An activity designed to alleviate existing conditions that have a particular urgency. Examples include major catastrophes or emergencies. The activity must meet the following qualifying criteria:

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

4. Additional Criteria

- a. The final determination of whether acquisition of real property addresses a national objective shall be based on the actual use of the property.
- b. Relocation assistance that the recipient is required to provide shall be considered to address the same national objective as is addressed by the displacing activity. Where the relocation assistance is voluntary on the part of the grantee it may be qualified either on the basis of the national objective addressed by the displacing activity or on the basis that the recipients of the relocation assistance are low- and moderate-income persons.
- c. Where the activity undertaken for the purpose of creating or retaining jobs is a public improvement and the area served is primarily residential, the requirements for area benefit activities and for job creation or retention activities must be met in order to qualify as benefiting low- and moderate-income persons.
- d. CDBG funds expended for planning and administrative costs will be considered to address the national objectives.
- e. Where a HUD-approved area revitalization strategy has been prepared:
  - activities for the purpose of creating or retaining jobs may be considered to meet area benefit requirements if the area covered by the strategy is either a Federally-designated Empowerment Zone or Enterprise Community or primarily residential and contains no less than 51 percent low- and moderate-income residents.
  - all CDBG-assisted housing activities in the area may be considered to be a single structure for purposes of meeting the criteria for determining benefit to low- and moderate-income persons.
- f. Where CDBG-assisted activities are carried out by a Community Development Financial Institution whose charter limits its investment area to a primarily residential area consisting of at least 51 percent low- and moderate-income persons:
  - activities carried out for the purpose of creating or retaining jobs may be considered to meet the criteria for area benefit activities.
  - all housing activities may be considered to be a single structure for purposes of meeting the criteria for determining benefit to low- and moderate-income persons.
- g. Economic development activities undertaken pursuant to an area revitalization strategy or carried out by a Community Development Financial Institution in a predominantly low- and moderate-income residential area for the purpose of creating or retaining jobs may qualify either under the area benefit criteria or under the job aggregation criteria. The activities must meet one or more of the following criteria:

- provides jobs exclusively for unemployed persons or participants in the JTPA, JOBS, or AFDC programs;
- provides jobs predominantly for residents of public and Indian housing units;
- provides jobs predominantly for homeless persons;
- provides jobs predominantly for low-skilled, low- and moderate-income persons, where the business agrees to provide clear opportunities for promotion and economic advancement, such as through the provision of training;
- provides jobs predominantly for persons residing within a census tract that has at least 20 percent of its residents who are in poverty;
- provides assistance to businesses that operate within census tracts that has at least 20 percent of its residents who are in poverty;
- stabilizes or revitalizes a neighborhood that has at least 70 percent low- and moderate-income residents;
- provides assistance to a Community Development Financial Institution that serves a predominantly low- and moderate-income area;
- provides assistance to a Community-Based Development Organization that serves a predominantly low- and moderate-income area;
- provides employment opportunities that are an integral component of a project designed to promote spatial deconcentration of low- and moderate-income and minority persons;
- with prior HUD approval, provides substantial benefit to low-income persons through other innovative approaches;
- provides services to the residents of an area pursuant to a HUD-approved revitalization strategy;
- creates or retains jobs through businesses assisted in an area pursuant to a HUD-approved revitalization strategy.

Note:

The majority of activities funded as a part of Oakland' CDBG Program are designed to meet Objective No. 1--benefit to low- and moderate-income persons. Some activities may be designed to meet Objective No. 2--aid in the prevention or elimination of slums and blight. Since activities designed to meet Objective No.3--community development needs having a particular urgency--would be funded only under special circumstances, the necessary documentation format will be developed as needed.