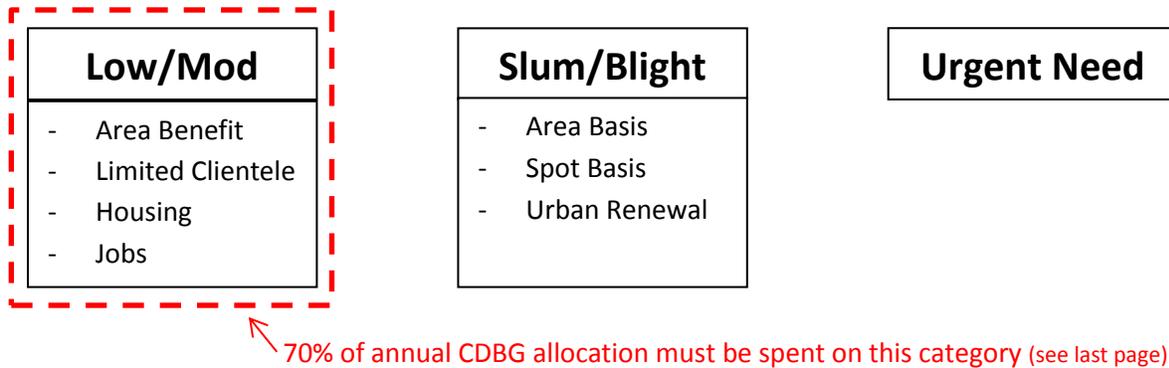


Community Development Block Grant Program

Summary of National Objectives and Eligible Expenditure Categories

Each activity funded, except for program administration and planning activities, must meet one of three national objectives. The three national objectives are:

- Benefit to low- and moderate- income (LMI) persons;
- Aid in the prevention or elimination of slums or blight; and
- Meet a need having a particular urgency (referred to as urgent need).



Low/Mod – Area Benefit

An area benefit activity is one that benefits all residents in a particular area where at least 51 percent of the residents are LMI persons. Examples include the following:

- Construction of a health clinic;
- Improvements to public infrastructure like the installation of gutters, sidewalks, water/sewer lines;
- Construction of a community center;
- Acquisition of land to be used as a neighborhood park.

Ways in which an area of benefit can be determined are:

- 51% or more of residents in a block group/census tract are LMI, as determined by HUD using the 2010 census.
- If 51% or more of residents in the service area are LMI as determined by a current income survey. The survey form is provided by Clermont County, but the survey must be completed by the applicant.

The service area of the activity must be primarily residential and the activity must meet the identified needs of LMI persons. An activity with a service area that is not primarily residential may not qualify under the LMI area benefit category even if the activity provides benefits to all residents in the service area and 51 percent of the residents are LMI persons. This requirement does not apply to the location of the activity itself but rather the service area of the activity.

Examples of this policy include:

- Activities that support the infrastructure of a commercial district composed of institutions and firms that serve a national and international clientele will not qualify under LMI area benefit.
- In contrast, if the commercial district is composed of stores and businesses that serve local customers such that the service area boundaries of the commercial district is around a primarily residential area with the requisite percentage of LMI residents, the activity qualifies under the LMI area benefit category.

Low/Mod – Limited Clientele

Under this category, 51 percent of the beneficiaries of an activity have to be LMI persons, as opposed to concentration of LMI residents in a geographic area in the Area Benefit category. Activities in this group provide benefits to a specific group of persons rather than everyone in the area.

Examples of activities that qualify under the Limited Clientele category include:

- Acquisition of a building to be converted into a shelter for the homeless;
- Rehabilitation of a center for training severely disabled persons to enable them to live independently;
- Clearance of a structure from the future site of an neighborhood center that will exclusively serve the elderly; and
- Public service activities like the provision of health services.

To determine if the beneficiaries of activities are LMI and qualify under the limited clientele category, activities must meet one of the following tests:

- Benefit a clientele that is generally presumed to be principally LMI. This presumption covers abused children, battered spouses, elderly persons, severely disabled adults (see the box below), homeless persons, illiterate adults, persons living with AIDS and migrant farm workers; or
- Have income eligibility requirements limiting the activity to LMI persons only; or
- Be of such a nature and in such a location that it can be concluded that clients are primarily LMI. An example is a day care center that is designed to serve residents of a public housing complex.

Low/Mod – Housing

The housing category of LMI benefit national objective qualifies activities that are undertaken for the purpose of providing or improving permanent residential structures which, upon completion, will be occupied by LMI households.

Examples of eligible activities include:

- Acquisition of an apartment house to provide dwelling units to LMI households at affordable rents, where at least 51 percent of the units will be occupied by LMI households;
- Site improvements on publicly-owned land to serve a new apartment structure to be rented to LMI households at affordable rents;
- Housing rehabilitation for single family units;
- Conversion of an abandoned warehouse to be reconfigured into new apartments, where at least 51 percent of the units will be occupied by LMI households at affordable rents.

Low/Mod – Jobs

The job creation and retention LMI benefit national objective addresses activities designed to create or retain permanent jobs, at least 51 percent of which (computed on a full-time equivalent basis) will be made available to or held by LMI persons.

If grantees fund activities that create jobs, there must be documentation indicating that at least 51 percent of the jobs will be held by, or made available to, LMI persons.

For funded activities that retain jobs, there must be sufficient information documenting that the jobs would have been lost without the CDBG assistance and that one or both of the following applies to at least 51 percent of the jobs:

- The job is held by a LMI person; or
- The job can reasonably be expected to turn over within the following two years and steps will be taken to ensure that the job will be filled by, or made available to, a LMI person.

The following requirements apply for jobs to be considered available to or held by LMI persons.

- Created or retained jobs are only considered to be available to LMI persons when:
 - 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
 - The grantee and the assisted business take actions to ensure that LMI persons receive first consideration for filling such jobs.

- Created or retained jobs are only considered to be held by LMI persons when the job is actually held by a LMI person.

For the purpose of determining if the preceding requirements are met, a person may be presumed to be LMI if:

- He/she resides in a Census tract/block numbering area that has a 20 percent poverty rate (30 percent poverty rate if the area includes the central business district); and the area evidences pervasive poverty and general distress; or
- He/she resides in a Census tract/block numbering area where at least 70 percent of the residents are LMI.

Elimination of Slum and Blight vs. LMI Benefit

The focus of activities under the Slum/Blight objective is a change in the physical environment of a deteriorating area. This contrasts with the LMI benefit national objective where the goal is to ensure that funded activities benefit LMI persons.

Slum/Blight – Area Basis

This category covers activities that aid in the prevention or elimination of slums or blight in a designated area. Examples of activities that qualify when they are located within the slum or blighted area include:

- Rehabilitation of substandard housing located in a designated blighted area when the housing is brought to standard condition;
- Infrastructure improvements in a deteriorated area; and
- Economic development assistance in the form of a low-interest loan to a business as an inducement to locate a branch store in a redeveloping blighted area.

To qualify for this category of funding, an area must be designated as slum or blighted and the activity must address at least one of the identified conditions. A community can designate an area as slum and blighted if one of the following conditions apply:

- Public improvements throughout the area are in a general state of deterioration. For this purpose, it would be insufficient for only one type of public improvement, such as a sewer system, to be in a state of deterioration; rather, the public improvements taken as a whole must clearly exhibit signs of deterioration. Or;
- At least 25 percent of the properties throughout the area exhibit one or more of the following:
 - Physical deterioration of buildings/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.
- An ordinance or resolution from the local jurisdiction declaring the area or spot a slum and blight per ORC 1.08 (or a designation of unsafe or unsecure structures from a chief building official, fire department, or health department may also meet this burden in some cases if the code violations are severe). Documentation should include :
 - Inspection reports of designated buildings/properties
 - Maps identifying the location
 - Photos of designated buildings/properties

Slum/Blight – Spot Basis

These are activities that eliminate specific conditions of blight or physical decay on a spot basis and are not located in a slum or blighted area. Examples include:

- Acquisition and demolition of a dilapidated property;
- Rehabilitation of a decayed community center that eliminates code violations that are detrimental to the health and safety of potential occupants like faulty wiring, falling plaster, or other similar conditions;
- Preservation of a deteriorated building of historic significance; and
- Financial assistance to a business to demolish a decayed structure.
- An ordinance or resolution from the local jurisdiction declaring the spot a slum and blight per ORC 1.08 (or a designation of unsafe or unsecure structures from a chief building official, fire department, or health department may also meet this burden in some cases if the code violations are severe). Documentation should include :
 - Inspection reports of designated building or property
 - A map identifying the location
 - Photos of designated building or property

Activities under this category are limited to acquisition, clearance, relocation, historic preservation, remediation of environmentally contaminated properties, and building rehabilitation activities. Furthermore, rehabilitation is limited to the extent necessary to eliminate a specific condition detrimental to public health and safety.

Slum/Blight – Urban Renewal Area

These are activities located within an Urban Renewal project area or Neighborhood Development Program (NDP) action area that are necessary to complete an Urban Renewal Plan. A copy of the Urban Renewal Plan in effect at the time the CDBG activity is carried out; including maps and supporting documentation must be maintained for record keeping purposes. This national objective category is rarely used as there are only a handful of communities with open Urban Renewal Plans.

Urgent Need

Use of the urgent need national objective category is rare. It is designed only for activities that alleviate emergency conditions. Examples include:

- Acquisition of property located in a flood plain that was severely damaged by a recent flood;
- Public facility improvements like the reconstruction of a publicly-owned hospital that was severely damaged by a tornado;
- Demolition of structures that are severely damaged by a major earthquake;
- Public services like additional police protection to prevent looting in an area damaged by a recent hurricane;
- Interim assistance such as emergency treatment of health problems caused by a flood; and
- Special economic development assistance to a grocery store that was damaged by an earthquake.

Urgent need qualified activities must meet the following 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 grantee is unable to finance the activity on its own; and
- Other sources of funding are not available.

LMI Calculation Example	
Total entitlement grant amount	\$988,727.00 *
Less planning & admin (up to 20%)	(197,745.00)
Equals amount subject to LMI calculation	\$790,982.00
Multiplied by 70 percent	<u>x 0.70</u>
Equals minimum to benefit LMI	\$553,687.00
Amount subject to LMI calculation	\$790,982.00
Less LMI minimum	<u>(553,687.00)</u>
Equals maximum allowable for slum/blight & urgent needs activities	\$237,295.00

*Clermont County FY2018 allocation; Grant amounts for FY2019 are approximately the same – a slight decrease in funding is likely however funding decisions have yet to be made.

Due to the 70 percent LMI benefit standard, grantees must limit expenditures under the Slum/Blight and Urgent Need objective in order to meet the LMI expenditure requirement.