



Maximizing Your CDBG-DR Funds: Navigating Eligible Activities and National Objectives

**Tuesday, May 7, 2024
2:30 pm.-4:00 p.m. CDT**



**2024 CDBG-DR Problem Solving Clinic
May 7-9, 2024 | St. Louis, MO**

Presenters



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Learning Objectives

- Attendees will understand national objective subcategories that apply to CDBG-DR funds.
- Attendees will be able to select the appropriate national objective per CDBG-DR eligible activity.
- Attendees will be able to design CDBG-DR activities to minimize the administrative burden.
- Attendees will learn to document compliance with national objectives.



Agenda

- Overview of CDBG-DR national objectives
- Documenting compliance with national objective subcategories
- Pairing eligible activities with allowable national objective subcategories
- Reducing administrative burden takeaways

A photograph of the St. Louis Gateway Arch and the city skyline, framed within a white, irregular hexagonal shape. The arch is a large, white, catenary-shaped structure. The skyline includes various skyscrapers and a flagpole with the American flag. The foreground shows a green field and some trees.

Overview of CDBG-DR National Objectives

CDBG-DR National Objectives

Low/Mod Income (LMI)

Area Benefit (LMA)

Limited Clientele (LMC)

Jobs (LMJ)

Housing (LMH)

Housing Incentives (LMHI)

Urgent Need (UN)

Urgent Need (UN)

Urgent Need Mitigation (UNM)*

Slum/Blight(SB)

Area Basis (SBA)

Spot Basis (SBC)


*only to be used with CDBG-MIT funds

Overall Benefit Test

- Seventy percent of a grantee's CDBG-DR allocation must meet the LMI national objective unless otherwise specified by the Federal Register Notice.
 - Activities that meet the urgent need and slum/blight national objectives do not count toward the 70% overall benefit test.
 - CDBG-DR funds spent on administration and planning are subtracted from the overall CDBG-DR grant award when performing the overall benefit test.
 - If a grantee generates program income, the amount of PI generated is added to the CDBG-DR grant award.

Selecting a National Objective: Key Considerations

- The grantee's CDBG-DR action plan must include the national objective(s) that will be met per program.
- The national objective subcategory must be allowable for the eligible activity.
- Documentation demonstrating compliance with the national objective must be collected and maintained.
- If an activity can meet multiple national objectives, the level of documentation required to demonstrate compliance with one national objective vs. another.

A photograph of the St. Louis Gateway Arch, a large stainless steel catenary arch, set against a backdrop of the St. Louis city skyline. The arch is the central focus, with various skyscrapers and the American flag visible in the background. The image is framed within a white, rounded hexagonal border.

Documenting Compliance with LMI National Objective Subcategories

Low-Mod Income (LMI) National Objective

- Activities that principally benefit low-to-moderate-income persons.
- Low-to-moderate-income is defined as at or below 80% of the area median income (see [HUD income limits](#)).
- Seventy percent of a grantee's CDBG-DR allocation must meet the LMI national objective unless otherwise specified by Federal Register Notice.
- LMI subcategories are based on the nature of the benefit an activity provides: area benefit, limited clientele, housing, jobs and housing incentive.

Low-Mod Income (LMI) National Objective

Area Benefit (LMA)

- CDBG-DR investment provides benefit to area that is inhabited predominantly by low/mod persons.
- Determined by census tracts and block groups or survey.

Direct Benefit (LMJ, LMC, LMH, LMHI)

- CDBG-DR investment provides benefit to an individual or household.
- Determined by collecting income documentation and performing income determinations.



Low/Mod Area Benefit (LMA)

Low-Mod Area Benefit (LMA)

- The service area must be primarily residential and at least 51% low- to moderate-income according to census or survey data.
- The activity must be open or available to all residents of the service area.
- LMA eligibility is based on where the beneficiaries live, NOT where the activity will physically take place.

LMA Service Area

- Before implementing the activity, the grantee/subrecipient must define the service area of the activity—the area the activity is expected to serve.
 - Service area is determined based on reasonable assumptions as to the area that will be serviced by the project.



Census vs. Survey

- There are two methods for determining if at least 51% of the residents in a service area are LMI persons.

Census Method

- Most common method

Survey Method

- Generally used when census method is not feasible



Census Method

- The census method can be used if the proposed activity's service area is generally aligned with the boundaries of the corresponding census tracts and/or block groups.
- LMI summary data (LMISD) census tract and block group data
 - <https://www.hudexchange.info/programs/cdbg/cdbg-low-moderate-income-data/>

Survey Method



- Income surveys are often used to determine LMI area in one of two instances:
 - If the LMISD does not indicate the service area contains at least 51% LMI persons, and a grantee decides it would be more appropriate to use a survey that is methodologically sound.
 - When the service area is not generally the same as the corresponding census tracts and/or block groups.
- [Notice CPD-14-013: Guidelines for Conducting Income Surveys to Determine the Percentage of LMI Persons in the Service Area of a CDBG-Funded Activity](#)

LMA Service Area

- HUD provides instructions on how to determine the service area and percentage of LMI households served on the HUD Exchange.




Resources and assistance to support HUD's community partners

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Home > Programs > FY 2023 ACS 5-Year 2011-2015 Low- and Moderate-Income Summary Data

FY 2023 ACS 5-Year 2011-2015 Low- and Moderate-Income Summary Data



Demonstrating Area Benefit to Low and Moderate Income Persons

This video provides an overview of Low- and Moderate-Income Summary Data and the methodologies used by CDBG grantees to determine if a CDBG-funded activity qualifies as an LMA activity.

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

<https://www.hudexchange.info/programs/acs-low-mod-summary-data/>

Overview

[CDBG Low- and Moderate-Income Data Documentation Process](#)

Data Sets

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

[Map Application](#)

[All Block Groups](#)

[Block Groups by Entitlement Grantee](#)

[Local Government Summary](#)



How Do I Define the LMA Service Area?

- Some activities have a predetermined service area:
 - Police stations – Patrol or precinct areas
 - Fire stations – Response coverage areas
 - Schools – Resident districts
- If there is no predetermined service area, the grantee must identify and document the area the activity will serve.
 - The service area can be census tracts, block groups, municipal boundaries or any other type of boundary as long as data is available that shows the LMI percentage.
 - Grantees must document the service area boundary and LMI percentage for each LMA activity.
 - The grantee's determination of the area served will usually be accepted by HUD unless there are indications that the grantee-defined area is clearly too small or too large.

Four Filters to Evaluate a Potential Service Area

1. Where are the expected project beneficiaries located?

- A project that is physically located in a non-LMA area but serves LMA residents is most likely eligible (assuming the project meets all other requirements).
- A project that is physically located in an LMA area but mostly serves residents of a non-LMA area or the entire jurisdiction is most likely NOT eligible.

2. What is the nature of the benefit?

- Is the activity CDBG-eligible and does it provide a benefit LMI individuals want or need?

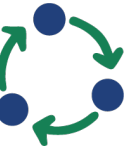
3. Can LMI residents reasonably access the project or are there barriers that may not be evident on an LMI map?

- Consider physical barriers as well as non-physical barriers such as expensive membership dues, opening and closing times, or language access.

4. Are there other projects nearby that provide a comparable benefit or is this project the only one of its kind in the area?

- A rare or unique project is likely to draw people from a broader area, which makes the service area much larger and more difficult to qualify as LMA.

Determining the LMI Population of the Service Area



- HUD's [Low-Mod Income Summary Data](#) (LMISD) includes a web-based mapping tool that allows users to draw their proposed service area boundaries on a map.
- The map automatically converts the drawn service area to the nearest census block group boundaries and shows the LMI percentage for the area.
- Users can also export LMI and total population data as a CSV file that can be opened in Excel.
- **Data directly from the census cannot be used because HUD data is based on census data tables that are not publicly available.**

Example 1: Grocery Store

Need:	A large neighborhood in the City needs a grocery store that is accessible to LMI residents.
Background:	Proposed site for the development of a grocery store is in a LMI census block group (over 51% LMI) but there are non-LMI block groups in the surrounding areas. The program aims to provide access to healthy and affordable food options in the community, promote economic development, and address food insecurity in the area.
Filters:	Apply the four filters to evaluate if the proposed activity qualifies as LMA.
Location:	In a low-mod census block group in a high-density neighborhood. However, neither the County nor the City itself is over 51% LMI.
Nature:	All proposed activities are eligible under CDBG regulations. The project would be located in a "food desert."
Accessibility:	Located in a highly populated neighborhood in the City that is easily accessible to surrounding neighborhoods and the County.
Comparable amenities:	There are other grocery stores in the City but none in this area. It can be concluded that this grocery store will primarily serve the surrounding neighborhood.
LMA Eligible:	Yes.

Example 2: Hardening of a Sports Complex

Need:	The County needs a recreational facility and emergency shelters that are accessible to persons with special needs.
Background:	Proposed regional park and recreation center is in an LMI census block group. The park includes eight athletic fields while the center will include four basketball courts and many event rooms. The building will also be used as a shelter during/post-disaster for persons with special needs.
Filters:	Apply the four filters to evaluate if the proposed activity qualifies as LMA.
Location:	In an LMI census block group in a high-density neighborhood.
Nature:	Both recreation and emergency shelters are eligible CDBG activities.
Accessibility:	Located in the densest part of county that is easily accessible to surrounding areas.
Comparable amenities:	There are no other comparable facilities in the county nor surrounding counties. Grantee-funded study showed that new facility will attract 260,000 tourists annually to the facility for sports tournaments.
LMA Eligible:	No. Although the activity is in an LMI area, it will not primarily benefit LMI individuals because the service area is the entire County and beyond.

LMA Documentation to Be Maintained



- Location of CDBG-DR investment and its beneficiaries.
 - For example: the location of the public facility or improvement.
- Map of service area boundaries and how the service area was determined.
- Service Area LMI percentage determination:
 - Census tract and block groups LMI percentage; or
 - Survey results demonstrating the service area contains at least 51% LMI persons.



Low/Mod Direct Benefit Activities (LMJ, LMC, LMH, LMHI)

Direct Benefit Documentation Requirements



- Each beneficiary receiving CDBG-DR assistance must submit documentation that demonstrates their household income for the purposes of determining compliance with the low/mod national objective.
- Income determinations must project a household's income over the upcoming 12-month period.
- Income determinations should be completed within 12 months of providing CDBG-DR assistance to the beneficiary.

Income Determination Methods

- There are three methods that can be used to document a household's income:
 - Part 5
 - IRS 1040
 - Self Certification
- Each method has its own level of risk and administrative burden.
- Grantee's must select one method per program and apply it uniformly to all beneficiaries of that program.

Income Methods

Part 5

IRS 1040

Self Certification

Lower Risk

Higher Risk

Higher Administrative Burden

Lower Administrative Burden

Income Methods: Part 5



- The Part 5 Method requires beneficiaries to submit documentation (such as pay stubs, tax forms, etc.) to document annual income for all adult members of the household.
- Household size and income should be compared to what was reported on the program intake form.
- This method is the lowest risk due to the number documents that must be collected, but for the same reason, has the highest administrative burden.

Income Methods: IRS 1040



- Households need only submit a copy of their most recent IRS 1040 tax form to demonstrate household income.
- Household size and income on the IRS 1040 tax form should be compared to what was reported on the program intake form, and if household composition differs, additional considerations should be made to project household income.
- This method has moderate risk because some income documents are collected, and for the same reason, has a moderate administrative burden.

Income Methods: Self Certification



- This method is typically limited to activities such as public service activities and requires beneficiaries to complete and sign a certification of household size income, with no further documentation requirements.
- This method is the highest risk since no other income documents must be collected, and for the same reason, has the lowest administrative burden.
- To reduce risk, grantees should limit the use of this method and/or request some form of income documentation to support the self certification form.

Best Practices



- Select an income method that considers risk and is appropriate for the CDBG-DR award amount the beneficiary receives.
- Maintain appropriate documentation for every person or household that is determined to be LMI for future HUD monitoring or HUD OIG audits.
- Use the CPD Income Calculator or similar forms and spreadsheets to calculate and document income.
- Ensure income determinations are completed within 12 months of providing CDBG-DR assistance to each beneficiary, using the applicable HUD income limits.

CPD Income Calculator



- The CPD Income Calculator is a tool designed to help a user calculate income in accordance with an allowable definition, but it does not *verify* income. The calculator does **not** replace the documentation that must be collected and retained by grantees.

ANNUAL INCOME

Type of Assistance

Beneficiary ID

Beneficiary Location

Income Determination Method

Beneficiary Income

Summary

The CPD Income Eligibility Calculator asks for "Member IDs" instead of "First Names" to help protect the privacy of applicants to CPD programs. Each Member ID you enter should be unique to an individual within the family or household associated with this Beneficiary ID. Printouts from the Calculator will include the Member IDs entered here along with a blank space in which the First Name of the associated individual can be written or otherwise inserted.

When creating the Member ID(s), DO NOT use any Personally Identifiable Information (PII) such as names, social security numbers, addresses, etc.

Each user is responsible for designing their own method for creating Member IDs, as well maintaining and adequately protecting their own auditable records which connect Member IDs to the associated individuals within the family or household whose income was determined (as appropriate and/or required under the rules of each CPD program.)

Income determinations are based on the gross income anticipated by all adults in the family or household in the next 12 months.

Please enter a Member ID for each member of the **123-452589** household and check **ALL** the boxes that apply for each member. Please note, you will not be able to continue until all Beneficiary Member IDs are populated.

Add Additional Member

	#1 <div>Delete</div>	#2 <div>Delete</div>
Beneficiary Member ID	<input type="text"/>	<input type="text"/>
This member is the head of household	<input type="checkbox"/>	<input type="checkbox"/>
This member is the co-head of household	<input type="checkbox"/>	<input type="checkbox"/>

<https://www.hudexchange.info/incomecalculator/dashboard/>



Low/Mod Clientele (LMC)

Limited Clientele (LMC)

- LMC activities benefit a specific group of individuals, rather than all the individuals in an area (i.e., services for seniors, homeless shelters, micro loan programs).
- At least 51% of the individuals served by an LMC activity must be low- to moderate-income as documented by one of the following four methods:
 - Verify the household income of all participants.
 - Verify that participants are enrolled in another program that verifies income according to HUD income limits (or more stringent income limits).
 - Verify that participants belong to a group presumed by HUD to be LMI (e.g., elderly, severely disabled adults, homeless persons, illiterate adults, migrant farm workers, abused children, persons with AIDS or battered spouses).
 - Document that the activity, based on its nature and location, will primarily serve LMI persons.

Documenting Compliance with LMC



One of the following five types of records should be kept:

1. Documentation showing that the activity is designed for exclusive use by a segment of the population presumed by HUD to be LMI persons
2. Documentation describing how the nature and the location of the activity establishes that it will be used predominantly by LMI persons
3. Data showing the family size and annual income of each person receiving the benefit
4. Data showing that barriers to mobility or accessibility have been removed and how the barrier removal was restricted to the extent feasible to one of the particular cases authorized under this category
5. Documentation showing that the activity qualifies under the special conditions regarding job services where less than 51% of the persons benefiting are LMI persons



Low/Mod Housing (LMH)

Low-Mod Housing (LMH)

- Appropriate for activities that provide or improve housing for LMI individuals and households.
 - Common activities: housing rehabilitation or homebuyer assistance
 - May also be used for buyout activities if used in conjunction with an activity that helps LMI households occupy a new residence.
- To meet the LMH national objective, housing units must be occupied by LMI households.

How to Document Compliance with LMH



- The following records should be maintained:
 - A written agreement with each landlord or developer receiving CDBG-DR assistance. The agreement must specify:
 - The total number of dwelling units in each multi-unit structure
 - The number of those units which will be occupied by LMI households after assistance
 - Total cost of the activity, including both CDBG and non CDBG funds
 - The household size and income eligibility for each of the LMI households occupying assisted units.\
- For rental housing:
 - The rent charged (or to be charged) after assistance for each dwelling unit in each assisted structure
 - Documentation of compliance with the locally established standards for housing that is “affordable to LMI households”

How to Document Compliance with LMH (Cont.)



- LMH national objective is satisfied by documenting occupancy.
 - If one-unit, must be occupied by LMI household. If two units, at least one must be LMI. If three or more units, at least 51% must be LMI.
- When assisting structures with less than 51% LMI occupants, documentation of qualification under the special conditions:
 - Number of units to be occupied by LMI households at an affordable rent.
 - Total development cost of new construction.
 - Amount of CDBG funds expended for activity.
- When aggregating scattered sites, documentation of the basis for aggregating scattered sites and considering them as a single structure.



Low/Mod Jobs (LMJ)

Low-Mod Jobs (LMJ)

- Appropriate for economic development activities that will create or retain jobs.
 - Typical activities: business loans or commercial facility rehabilitation.
- To meet LMJ national objective, activities must create or retain permanent jobs AND at least 51% of jobs created or retained must be held by or made available to LMI persons.
- Public benefit standards are waived for CDBG-DR activities, which under the regular CDBG program specifies how many jobs must be created or retained based on the amount of assistance provided.

Low-Mod Jobs (LMJ) (Cont.)

- For jobs created, 51% or more must be made available to or held by LMI persons.
- For jobs to be considered retained, it must be documented that the jobs would be lost without the CDBG-DR funding and the jobs:
 - Are currently held by LMI persons OR
 - Are expected to turn over in 2 years and will be filled by/available to LMI persons.
- Workers may qualify based on income, annual pay, or various presumptions.

Low-Mod Jobs (LMJ) (Cont.)

- For jobs to be considered held by LMI persons:
 - 51% of the actual FTE jobs filled must be held by LMI
 - Must document income of LMI persons hired, have evidence of a qualifying presumption, or annual pay if allowed by waiver
 - Must have a written agreement with the business
- For jobs to be considered available to LMI persons:
 - No special skills, training, or education required
 - LMI persons must receive first consideration
 - Must have a written agreement with the business

Low-Mod Jobs (LMJ) (Cont.)

- May be presumed LMI for jobs if:
 - Lives in census tract with 70% LMI
 - Lives in census tract area with poverty rate of 20% and no Central Business District (CBD) (unless 30% poverty) and evidences pervasive poverty and general distress
 - Business/job is in area with poverty rate of 20% and no CBD (unless 30% poverty) and evidences pervasive poverty and general distress

Documenting Compliance with LMJ



- The Consolidated Notice section II.D.2. provides a waiver and alternative requirement to identify the LMI jobs benefit by documenting, for each person employed, the name of the business, type of job, and the annual wages or salary of the job.
 - HUD will consider the person income-qualified if the annual wages or salary of the job is at or under the HUD-established income limit for a one-person family.
 - The new method streamlines the documentation process by allowing the collection of wage data for each position created or retained from the assisted businesses, rather than from each individual household.

Documenting Compliance with LMJ (Cont.)



- HUD has also waived existing public benefit standards for all economic development activities. Grantees that choose to take advantage of this waiver, however, must collect and maintain documentation in the project file on:
 - The creation and retention of total jobs.
 - The number of jobs within appropriate salary ranges, as determined by the grantee.
 - The average amount of assistance provided per job, by activity or program.
 - The types of jobs.
- Grantees must also report the total number of jobs created and retained and the applicable national objective in the DRGR system.



Low / Mod Housing Incentive (LMHI)

Low-Mod Housing Incentive (LMHI)

- Appropriate when providing a safe housing incentive to LMI households to relocate to a lower-risk area
- Often used in conjunction with buyout activities
- May be used to incentivize people to move or to provide or improve housing in a lower-risk area
- May be provided in addition to required relocation assistance
- May not be used to compensate for disaster losses or to induce the sale of second homes

Meeting the LMHI National Objective

- Must be tied to the voluntary acquisition of housing (including buyouts) owned by a qualifying LMI household; AND
- Made to induce a move outside of the affected floodplain or disaster risk reduction area to a lower-risk area or structure; OR
- Must be for the purpose of providing or improving residential structures that, upon completion, will be occupied by a qualifying LMI household and will be in a lower risk area (e.g., purchase of manufactured housing to be placed in a lower-risk area).

Documenting LMHI Compliance



- Grantees must maintain documentation demonstrating:
 - How the grantee determined the amount of assistance for the incentive was necessary and reasonable
 - How the incentive meets a national objective
 - That the incentives are in accordance with the grantee's approved action plan and published program design(s)

A photograph of the St. Louis skyline, including the Gateway Arch, viewed through a hexagonal frame with a white border. The background of the slide features green and blue geometric shapes.

Documenting Compliance with Urgent Need National Objective Subcategories



Urgent Need (UN)

Urgent Need (UN) National Objective

- Intended to address urgent needs of recent origin for which no other funding is available.
- Does not apply to CDBG-MIT grants—use urgent need mitigation (UNM) national objective for applicable mitigation activities.
- Does not qualify for 70% LMI overall benefit and should therefore be limited.
- Similar to urgent need in standard CDBG program, but the certification requirements at 24 CFR 570.483(d) are waived for 36 months per the Consolidated Notice.
 - After 36 months, if a grantee adds a new urgent need activity to its action plan, the grantee must certify the activity is designed to alleviate existing conditions which pose a serious and immediate threat to the health or welfare of the community which are of recent origin or recently became urgent (e.g, within the last 18 months), that the grantee is unable to finance the activity on its own, and that other sources of funding are not available.

Documenting the use of UN National Objective (first 36 months)



- Grantees must:
 - Describe in the impact and unmet needs assessment why specific needs have a particular urgency, including how the existing conditions pose a serious and immediate threat to the health or welfare of the community
 - Identify each program or activity in the action plan that will use the urgent need national objective—either through its initial action plan submission or through a substantial amendment submitted by the grantee within 36 months of the applicability date of the grantee's Allocation Announcement Notice
 - Document how each program and/or activity funded under the urgent need national objective in the action plan responds to the urgency, type, scale, and location of the disaster-related impact as described in the grantee's impact and unmet needs assessment



Urgent Need Mitigation (UNM)

Urgent Need Mitigation (UNM) National Objective

- May only be used for activities funded by CDBG-MIT.
 - Not applicable for the CDBG-DR mitigation set-aside funds.
- Should only be used if an activity is not eligible under one of the other national objectives
- To qualify under the UNM national objective, a project must:
 - Address the current and future risks as identified in the grantee's Mitigation Needs Assessment of most impacted and distressed areas; and
 - Result in a "measurable and verifiable reduction in the risk of loss of life and property."

Documenting UNM Compliance



- Grantees must reference in their action plan the risk identified in the Mitigation Needs Assessment that is addressed by the activity. Also document in files!
- Grantees must maintain documentation of the measurable and verifiable reduction in risk that will be achieved upon completion of the activity.

A photograph of the St. Louis Gateway Arch and the city skyline, framed within a white, irregular hexagonal shape with a drop shadow, set against a background of green and blue geometric shapes.

Documenting Compliance with Slum Blight National Objective Subcategories

Slum/Blight (SB) National Objective

- Activities that prevent or eliminate slums or blight.
- Two subcategories: Slum/Blight Area and Slum/Blight Spot.
- Does not qualify for 70% LMI overall benefit and should therefore be limited.
- Grantee must document the deteriorating physical conditions of the area or property in order to qualify an activity under the SB national objective.
- Slum/Blight is not eligible for CDBG-MIT grants unless a waiver is granted by HUD.



Slum/Blight Area Basis (SBA)

Slum/Blight (SB) Area Basis

- Activities designed to address deteriorated physical environment
 - Not based on income of residents
- Typical activities: code enforcement, infrastructure, commercial rehabilitation
- Must be defined area & meet definition of slum/blighted area under state or local law

Slum/Blight (SB) Area Basis

- Meet either (A) or (B) below:
 - (A) The public improvements in the area are in a general state of deterioration (must be at least two types of improvements in state of deterioration)
 - (B) At least 25% of properties throughout the area experience 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/industrial buildings
 - Significant declines in property values or abnormally low property values relative to other areas in community
 - Known or suspected environmental contamination

Documenting SB Area Basis Compliance



- Records to be maintained include:
 - Area designation (e.g., boundaries) and date of designation.
 - Documentation and description of blighted conditions (e.g., photographs, structural surveys, or development plans).
 - For residential rehabilitation:
 - Building qualification as substandard.
 - Pre-rehabilitation inspection report and work plan describing deficiencies.
 - Scope of work performed with documentation that substandard elements were addressed first.
 - Evidence that the activities undertaken address the conditions that contributed to the deterioration.
- The designation of an area as slum or blighted must be re-determined every 10 years for continued qualifications.



Slum / Blight Spot Basis (SBS)


Slum/Blight Spot Basis

- Activities that address specific conditions of blight, physical decay or environmental contamination not in slum/blight area.
- Activities limited: acquisition, clearance, relocation, historic preservation, remediation of environmentally contaminated properties, or building rehab.
 - Acquisition & relocation must be precursor to another eligible activity that addresses slum/blighted conditions.
 - Rehab limited to elimination of conditions detrimental to public health & safety.

Documenting SBS Compliance



- Records to be maintained include:
 - Description of condition addressed by activity,
 - Documentation of eligibility of activity under this category, and
 - For residential rehabilitation:
 - Building qualification as substandard,
 - Pre-rehabilitation inspection report and work plan describing deficiencies,
 - Scope of work performed with documentation that substandard elements were addressed first; and
 - Evidence that the activities undertaken address the conditions that contributed to the deterioration.

A photograph of the St. Louis Gateway Arch, a large stainless steel catenary arch, set against a backdrop of the St. Louis skyline. The arch is the central focus, with various city buildings visible behind it. The image is framed within a white, rounded hexagonal border.

Pairing Eligible Activities and Allowable National Objective Subcategories

Eligible Activities and National Objectives

- All CDBG-DR funds must be spent on eligible activities that meet a national objective.
 - Exception: administration and planning activities.
- Not every eligible activity can meet every national objective. For example:
 - Housing rehabilitation cannot meet the LMA national objective.
 - Homeownership assistance cannot meet the UN national objective.

National Objectives Based on End Use

- The national objective should be based on the end use.
- Example:
 - **Eligible activity: acquisition of real property.** If land is purchased using CDBG-DR funds to construct new affordable multifamily housing, the LMA national objective for the land purchase is not appropriate.
 - **National objective: LMH.** Instead, the LMH national objective is appropriate because the households that ultimately occupy the newly constructed housing units are the actual beneficiaries of the end use of the CDBG-DR investment.

Common Housing Eligible Activities

Eligible Activity	Statutory and Regulatory Citation
Housing Rehabilitation	HCD Act Section 105(a)(18)
Relocation Assistance	HCD Act Section 105(a)(11)
New Housing Construction	Consolidated Notice Waiver and Alternative Requirement
Buyout activities	Consolidated Notice Waiver and Alternative Requirement
Housing Incentives	Consolidated Notice Waiver and Alternative Requirement
Homeownership Assistance	Consolidated Notice Waiver and Alternative Requirement
Interim Mortgage Assistance	Consolidated Notice Waiver and Alternative Requirement

Common Housing Eligible Activities

Eligible Activity	LMA	LMC	LMH	LMHI	LMJ	SBA	SBS	UN	UNM
Housing Rehabilitation			Y			Y	Y	Y	Y
Relocation Assistance	Y	Y	Y		Y	Y	Y	Y	Y
New Housing Construction			Y			Y		Y	Y
Buyout activities	Y		Y						Y
Housing Incentives				Y					Y
Homeownership Assistance			Y						Y
Interim Mortgage Assistance	Y					Y	Y	Y	Y

Common Infrastructure and Public Facilities Eligible Activities

Eligible Activity	Statutory and Regulatory Citation
Acquisition of Real Property	HCD Act Section 105(a)(1)
Public Facility Improvements	HCD Act Section 105(a)(2), Section 105(a)(4)
Infrastructure Improvements	HCD Act Section 105(a)(2)
Architectural Barrier Removal	HCD Act Section 105(a)(5)
Non-federal Match	HCD Act Section 105(a)(9)

Common Infrastructure and Public Facilities Eligible Activities

Eligible Activity	LMA	LMC	LMH	LMHI	LMJ	SBA	SBS	UN	UNM
Acquisition of Real Property	Y						Y	Y	Y
Public Facility Improvements	Y	Y			Y	Y	Y	Y	Y
Infrastructure Improvements	Y	Y			Y	Y	Y	Y	Y
Architectural Barrier Removal	Y	Y			Y	Y	Y	Y	Y
Non-federal Match	Y	Y			Y	Y	Y	Y	Y

Common Economic Development Eligible Activities

Eligible Activity	Statutory and Regulatory Citation
Business Loans and/or Grants	HCD Act Section 105(a)(17)
Microenterprise assistance	HCD Act Section 105(a)(22)
Clearance, rehabilitation, reconstruction, and construction of buildings	HCD Act Section 105(a)(4)

Common Economic Development Eligible Activities

Eligible Activity	LMA	LMC	LMH	LMHI	LMJ	SBA	SBS	UN	UNM
Business Loans and/or Grants	Y				Y	Y		Y	Y
Microenterprise assistance	Y	Y			Y	Y		Y	Y
Clearance, rehabilitation, reconstruction, and construction of buildings	Y	Y			Y	Y	Y	Y	Y

Common Public Service Eligible Activities

Eligible Activity	Statutory and Regulatory Citation
Childcare Services	HCD Act Section 105(a)(8)
Legal Services	HCD Act Section 105(a)(8)
Housing Counseling	HCD Act Section 105(a)(8)
Tenant/Landlord Counseling	HCD Act Section 105(a)(8)

- As a reminder, grantees cannot spend more than 15% of their grant award on public service activities.
- Every activity should have tieback to the disaster event (except for exceptions for mitigation activities).
- Don't forget to check your applicable Federal Register notice for waivers and alternative requirements!

Common Public Service Eligible Activities

Eligible Activity	LMA	LMC	LMH	LMHI	LMJ	SBA	SBS	UN	UNM
Childcare Services		Y				Y		Y	Y
Legal Services	Y	Y				Y		Y	Y
Housing Counseling	Y	Y	Y		Y	Y	Y	Y	Y
Tenant/Landlord Counseling		Y				Y		Y	Y

Administration and Planning Eligible Activities

- Eligible administration and planning activities do not need to meet a national objective.
- As a reminder, grantees cannot spend more than:
 - Five percent of their grant award on administrative costs.
 - Fifteen percent of their grant award on planning activities.
- [CPD-2023-06: Allocating Costs between Program Administration Costs, Activity Delivery Costs, and Planning Costs](#)

A photograph of the St. Louis skyline, including the Gateway Arch and the Old Courthouse, framed within a white hexagonal border. The background of the slide features green and blue geometric shapes.

Reducing Administrative Burden Takeaways

Selecting a National Objective: Key Considerations

- Overall Benefit Test – Seventy percent of a grantee's CDBG-DR allocation must meet the LMI national objective unless otherwise specified by the Federal Register Notice.
- The grantee's CDBG-DR action plan must include the national objective(s) that will be met per program.
- The national objective subcategory must be allowable for the eligible activity.
- Documentation demonstrating compliance with the national objective must be collected and maintained.

Reducing Administrative Burden Takeaways



- National objectives with lower administrative burden:
 - Low/mod area benefit
 - Low/mod limited clientele (especially presumed benefit)
 - Urgent need
- National objectives must be based on end use and should serve populations identified in the Unmet Needs Analysis

Reducing Administrative Burden Takeaways



- Income determinations with lower administrative burden but higher risk:
 - Self certification
- Eligible activities with lower administrative burden:
 - Administration
 - Planning
 - Public services



Resources

- [CDBG-DR Consolidated Notice Interactive Guide](#)
- [Consolidated Notice Covered CDBG-DR Grantees \(2020, 2021, 2022, and 2023 Grantees\)](#)
- [CDBG-DR Laws, Regulations and Federal Register Notices](#)
- [Basically CDBG for States](#)
- [Basically CDBG for Entitlements](#)

Questions and Answers

A photograph of the St. Louis Gateway Arch and the city skyline is framed within a white, rounded hexagonal shape on the left side of the slide. The arch is a large, white, catenary-shaped structure that dominates the left side of the image. In the background, the city skyline of St. Louis is visible, including the Old Courthouse and other buildings. The American flag is also visible in the foreground.

Thank You!

If you have any questions, please feel free to send an email to ODR's Policy Division at ODRPolicyDivision@hud.gov.

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A photograph of the St. Louis Gateway Arch and the city skyline, framed within a white hexagonal border with a drop shadow.

Next Session

The next sessions will begin at XX:XX CDT

Session Name: Room

Session Name: Room