

Community Development Block Grant Program (CDBG)

National Objectives

Fact Sheet

In order to be eligible for funding, every CDBG-funded activity must meet one of the three national objectives of the program:

- Benefiting low-and-moderate income persons,
- Preventing or eliminating slums or blight, or
- Meeting 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 other financial resources are not available to meet such need. Note: This typically applies to natural disasters, such as earthquakes, floods, or tornadoes.

In addition, the statutes require that at least 70% of the funds expended over a one, two, or three year period (selected by the County) must be used for activities benefiting low-and-moderate income persons.

Benefit to Low-and-Moderate Income Persons (LMI)

Four categories can be used to meet the LMI national objective:

1. Area benefit activities (LMA)
2. Limited clientele activities (LMC)
3. Housing activities (LMH) or
4. Job creation or retention activities (LMJ)

Area Benefit Activities (LMA)

Activities that benefit all residents of a particular area, where at least 51 percent of the residents are LMI persons. HUD uses a special run of the Census tract block group data to identify these areas. HUD permits an exception to the LMI benefit area for certain entitlement communities. Dane County is allowed to qualify activities based on the "exception criteria" or "upper quartile". Currently, activities that benefit areas where at least 42.8% of the residents are LMI qualify as area benefit. Communities may also undertake surveys in areas using HUD approved survey instruments and methodology to determine the percentage of LMI in a service area.

Limited Clientele Activities (LMC)

Under this category 51% of the beneficiaries of activity have to be LMI persons. Activities must meet one of the following tests:

- Benefit a clientele that is generally presumed to be LMI. This presumption covers abused children, battered spouses, elderly persons, severely disabled adults, homeless persons, illiterate adults, persons living with AIDS, and migrant farm workers; or
- Require documentation on family size or income in order to show that at least 51% of the clientele are LMI; 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.

Housing Activities (LMH)

These are activities that are undertaken for the purpose of providing or improving permanent residential structures which, upon completion, will be occupied by LMI households. Structures with one unit must be occupied by LMI households.

Jobs Creation or Retention Activities (LMJ)

These are activities designed to create or retain permanent jobs, at least 51% of which (computed on a full-time equivalent basis) will be made available to or held by LMI persons.

Preventing or Eliminating Slums and Blight

There are three categories that can be used to qualify activities under this national objective:

1. Prevent or eliminate slums and blight on an area basis;
2. Prevent or eliminate slums and blight on a spot basis;
3. Be in an urban renewal area.

Slum and Blight Area Basis (SBA)

This category covers activities that aid in the prevention or elimination of slums or blight in a designated area. To qualify under this category, the area in which the activity occurs must be designated as slum or blighted. The following tests apply:

- The designated area in which the activity occurs must meet the definition of a slum, blighted, or deteriorated or deteriorating area under state or local law;
- Additionally, the area must meet either one of the two conditions described below:
 - Public improvements throughout the area are in a general state 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 rate 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.

The qualified activity must address the identified conditions that contributed to the slum and blight.

Slum and Blight Basis (SBS)

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. 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.

Urgent Needs

Use of the urgent needs national objective is rare. It is designed only for activities that alleviate emergency conditions. Qualified activities must meet the following criteria: The condition must pose a serious and immediate threat to the health and welfare of the community; the existing conditions are of recent origin or recently became urgent (generally within the past 18 months); other sources of funding are not available, and neither the municipality nor the County is able to finance the activity on its own. Natural disasters, such as earthquakes, floods, and tornadoes are examples of urgent needs.