



Community Services Division
Office of Community Development
77 South High Street, Columbus Ohio 43215 U.S.A.
Phone: (614) 466-2285
Fax: (614) 752-4575

Replaces Program Policy Notice OCD 17-02

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

ISSUED: April 1, 2019

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

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 which comprise a benefit area

ACS: American Community Survey 5-Year 2011-2015 Low- and Moderate-Income Summary Data. This data is used to qualify area benefit projects.

Household: One or more persons occupying a housing unit

Household size: Total number of persons residing in the housing unit

Housing: Single family and multifamily structures, including manufactured housing, transitional housing, single person occupancy housing and group homes.

Housing does not include emergency shelters or facilities such as nursing homes, convalescent homes, hospitals, residential treatment facilities, correctional facilities and student dormitories.

ATTACHMENTS

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

NOTE: Low-and Moderate-Income Survey Sample Size Requirements were revised for projects funded after PY 2018

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 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 two geographical categories: 1) Place and 2) Census Tract/Block Group. Both data sets are available on the Ohio Development Services Agency's (ODSA) Office of Community Development Technical Assistance Data [web page](#).

To qualify an area benefit project, applicants should:

- determine the project's service area;
- determine whether the proposed project can be qualified using ACS Place or Census Tract/Block Group data and which geographical data set is most appropriate;
- collect documentation to support the service area and ACS data set determination; and
- contact your community development representative to confirm national objective compliance

If the service area matches a Place or Census Tract/Block Group in its entirety, ACS data for that Place or Census Tract/Block Group may be used to qualify the project. Cities and villages, or townships may be combined to form a service area. Census Tracts and/or Block Groups may be combined to form a service area. Cities and villages may not be combined with townships, nor may cities, villages, or townships be combined with Census Tracts and/or Block Groups to form a service area. These combinations result in overlapping geographies and double-count residents.

A service area is not required to be coterminous with a Place, Census Tract or Block Group to qualify a project using ACS data. The applicant may qualify a partial Place, Census Tract or Block Group with ACS data representing the entire Place, Census Tract or Block Group. The applicant should use the combined LMI percent of the Place(s) or Census Tract(s) or Block Group(s) benefitting to calculate the service area's LMI percent. OCD no longer requires a Net Effect Certification to document that the partial Place, Census Tract or Block Group service area demographics are consistent with the entire Place or Census Tract and/or Block Group.

When combining multiple geographies to form a service area, applicants should not average the LMI percent of those geographies. The correct calculation is as follows:

Service Area LMI Percent = (Geography A LMI Persons + Geography B LMI Persons + Geography C LMI Persons) / (Geography A LMI Universe + Geography B LMI Universe + Geography C LMI Universe)

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.

Applicants are encouraged to review national objective compliance with their OCD program representative prior to application submission

If the service area cannot be qualified as at least 51 percent LMI with the ACS data, the applicant may conduct an income survey. The income survey must be conducted in accordance with the requirements outlined in this policy notice.

Income Survey Requirements

Income surveys may be conducted for identified service areas that are not at least 51 percent LMI by ACS data. At a minimum, OCD requires the applicant to submit an **Income Survey Summary** for each survey-qualified project. Applicants should refer to the current program year Annual Action Plan and application guidelines for additional survey documentation requirements.

If less than 41 percent of the service area residents are LMI according to the ACS data, the applicant must consult with OCD prior to conducting an income survey and submit additional documentation to justify the determination the ACS data does not reflect the service area demographics.

Income surveys are valid for five years from the completion date, or until OCD provides an updated ACS data set. The current data set is the 2015 Low/Moderate Income Summary Data (LMISD), which was derived from the ACS concluded on December 31, 2015. Income surveys conducted after January 1, 2016 are valid if conducted in accordance with the updated requirements provided in this policy notice.

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 a six month-period.

New Requirements

The ACS includes margin of error (MOE) data for places and block groups. OCD will no longer permit jurisdictions with ACS data with less than a five percent MOE to conduct an income survey to qualify the entirety of the jurisdiction. These jurisdictions will still be permitted to conduct income surveys to qualify partial places or block groups. Jurisdictions with ACS data with at least a five percent MOE may conduct income surveys in accordance with OCD policy. OCD's Low- and Moderate-Income Survey Sample Size Requirements ensure surveys are conducted with less than a five percent MOE at the 90 percent confidence interval.

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 LMI persons?
- For small service areas, OCD requires census surveys in which each household in the service area is surveyed. 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:
Number of LMI persons in the service area ÷ Total number of persons in the service area
- For larger service areas, applicants may conduct a randomized survey of 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 sample size based on OCD's **Sample Size Requirements** (see attached)
 - Start at the top of the spreadsheet list and survey the number of households required to meet the sample size
 - After three unsuccessful attempts, replace any non-responsive household with the next available address on the spreadsheet

After obtaining the 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:
(Total number of persons surveyed ÷ Total number of households surveyed) x Total number of households in the service area
- Calculate the LMI percent of the service area:
Total number of LMI persons ÷ total number of persons

NOTE: If an applicant is unable to obtain the required 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.

NOTE: **A valid survey cannot include more responses than the required sample size. If a survey results in additional responses, the applicant is required to order the responses in accordance with the randomized address list spreadsheet and remove any responses after the required sample size.**

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 on the Office of Community Development's Technical Assistance Data [web page](#).

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 Elected Officer (CEO) or CEO of the benefitting Place's 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 the Office of Community Development's Technical Assistance Data [web page](#). 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) Reasonable assumption that the project's nature and location will be used primarily by 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 each person's family size and annual income that receive 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 slum 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	
Margin of Error	%

1. Number of non-LMI households interviewed	<input style="width: 80%;" type="text"/>
2. Number of LMI households interviewed	<input style="width: 80%;" type="text"/>
3. Total Number of Households Interviewed	<input style="width: 80%; background-color: #cccccc;" type="text"/>
4. Number of persons in non-LMI households interviewed	<input style="width: 80%;" type="text"/>
5. Number of persons in LMI households interviewed	<input style="width: 80%;" type="text"/>
6. Total number of persons in households interviewed	<input style="width: 80%; background-color: #cccccc;" type="text"/>
7. Estimated total population of Benefit Area (Line 6/Line 3 x # of households in Benefit Area)	<input style="width: 80%; background-color: #cccccc;" type="text"/>
8. Estimated percentage of LMI households in Benefit Area (Line 5/Line 6)	<input style="text-align: center; font-size: small; font-weight: bold; width: 50px; height: 20px;" type="text" value="%"/>

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 19-02 "Qualifying Community Development and Residential Public Infrastructure Projects using Community Development Block Grant National Objectives."

Chief Elected Official: _____
(Name and Community) _____

Print Name	Signature	Date
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Surveyor Agreement Form

Community: _____

County: _____

Benefit Area: _____

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 (LMI)
SAMPLE SIZE REQUIREMENTS**

Households*	Sample Size**	Households*	Sample Size**	Households*	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	15	53	47	91	74
16	16	54	48	92	75
17	17	55	48	93	75
18	18	56	49	94	76
19	19	57	50	95	77
20	20	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		

*Number of households in service area

**Required number of households surveyed for valid sample: Margin of error \leq 5% at 90% confidence level

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"/>

For Local Community Development Block Grant Administrators Use Only

Survey Date: _____
 Surveyor Name: _____

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 Office of Community Development's Technical Assistance web page, under Grant Administration, and Data.
- *** A good faith effort must be made to collect information from the "no response" household.