

# National Objective Determination

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NCDA REGION I SPRING MEETING

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# Introduction

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- Process and timing - the nexus between National Objectives and eligible activities
- Documenting national objective compliance
  - LMA
  - LMC
  - LMH
  - LMJ
  - Slum/Blight

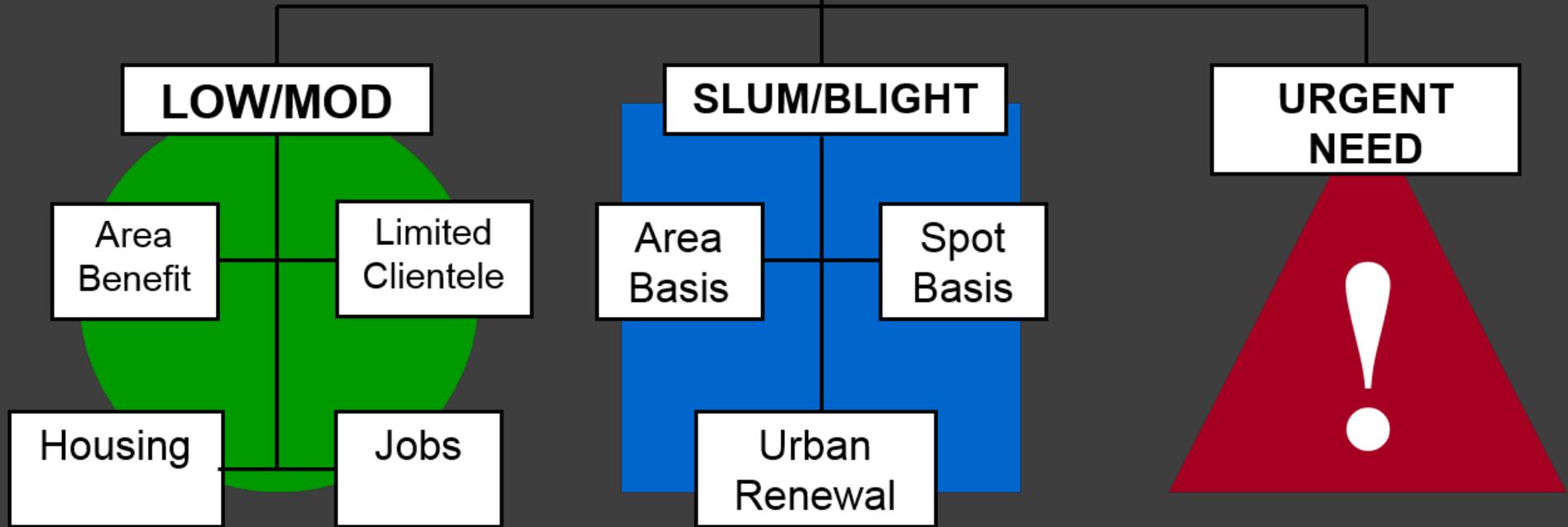
# National Objective Process and Timing

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- CDBG authorizing statute requires that each activity funded with the exception of planning and admin. activities must meet one of three national objectives.
- An activity that does not meet a national objective is not compliant with CDBG requirements and may be subject to remedial actions.
- So, what comes first – the activity or the national objective?

**NATIONAL OBJECTIVES**



# Documenting National Objective Compliance – LMA

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- An area benefit activity is one that benefits all residents in a primarily residential service area, where at least 51% of the residents are LMI persons.
- Grantees are responsible for determining the service area of an activity.
- Factors that should be considered in making a determination regarding the service area include:
  - The nature of the activity;
  - The location of the activity;
  - Current use and planned users;
  - Accessibility issues;
  - The availability of comparable activities; and
  - The boundaries for facilities and public services.

# LMA Cont.

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- Census data
  - Upper quartile
- Surveys
  - CPD Notice 05-06 – an exhausting review of survey procedures
- Documenting LMA certification
  - Maps
  - Data

# Documenting National Objective Compliance – LMC

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- Activities in this category provide benefits to a specific group of persons rather than everyone in an area.
- It may benefit particular persons without regard to their residence or it may be an activity that provides a benefit to only particular persons within a specific area.
- Activities must meet one of the following tests to meet LMC national objective:
  - Benefit clientele that is generally presumed to be principally LMI;
  - Require documentation on family size and income in order to show that at least 51% of the clientele are low/mod income;
  - Have income eligibility requirements limiting the activity to low/mod income; or
  - Be of such a nature and in such a location that it can be concluded that clients are primarily low/mod income.

# LMC Cont.

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- Documenting LMC certification
  - Self-certification
  - Common mistakes

# Documenting National Objective Compliance – LMH

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- This national objective is used for activities that are undertaken for the purpose of providing or improving permanent residential structures which, upon completion, will be occupied by LMI households.
- In order to meet the LMH national objective:
  - Structures with one unit must be occupied by a LMI household;
  - In structures with two units, at least one unit must be occupied by an LMI household; or
  - In structures with three or more units, at least 51% of the units occupied by LMI households.

# Documenting National Objective Compliance – LMH

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- Determine which definition of income to use– 3 options for CDBG
  - 24 CFR Part 5 Annual Income
  - IRS Form 1040 Adjusted Gross Income
  - American Community Survey (ACS)
- Establish standard income verification procedures, including acceptable forms of source documents/third party verification
- Make sure you are using the current income limits:  
<https://www.hudexchange.info/resource/5334/cdbg-income-limits/>
- Documenting LMH certification
  - Certifying income eligibility
  - Common mistakes

# Documenting National Objective Compliance – LMJ

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- Low/Moderate Income Job (LMJ) – activities that create or retain permanent jobs for at least 51% of which will be made available to, held by or retained by LMI persons.
- Documenting LMJ certification
  - “available to”, “held by”, and “retained” all have different requirements.
  - Job creation agreements
  - Self-certification
  - Common mistakes

# Documenting National Objective Compliance – Slum/Blight

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- The focus of activities under Slum/Blight 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.
- This difference in focus has an impact on the information that is required to assess the qualifications of an activity.
  - Under the LMI benefit national objective, determining the number of LMI persons that actually or could potentially benefit from an activity is central to qualifying the activity.
  - Under the elimination of slums and blight national objective, determining the extent of and physical conditions that contribute to blight is central to qualifying an activity.

# Slum/Blight Area

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- 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, deteriorated or deteriorating area under state or local law;
  - Additionally, the area must meet either one of the two conditions specified on the next slide:

# Slum/Blight Area cont.

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- 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.

# Slum/Blight Area cont.

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- Documentation must be maintained by the grantee on the boundaries of the area and the conditions that qualified the area at the time of its designation.
- The designation of an area as slum or blighted must be re-determined every 10 years for continued qualifications.
- Eligible activities must address one or more of the identified conditions that contributed to the deterioration of the area.

# Slum/Blight Spot

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- 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.
- Work is limited to the extent necessary to eliminate a specific condition detrimental to public health and safety.
- Document the specific condition detrimental to public health and safety.

# Conclusions

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- Between 2012-2017 Boston CPD Field Office wrote up 33 CDBG findings related to national objective issues.
- Over 51% Low/Mod communities are particularly prone to falling back to LMA to meet a national objective.
- National objective certification and documentation should be part of every activity grantees undertake.
- When preparing for a monitoring visit grantees should have national objective documentation readily available for review.