To be eligible for CDBG funding, projects must meet one of the three National Objectives. These national objectives are 1) Benefit to low-to-moderate income (LMI) persons; 2) Aid in the prevention of slums and blight; and 3) Meet a need having a particular urgency.

For the CDBG-Infrastructure (CDBG-I) program, each project must benefit low-to- moderate-income (LMI) persons (either indirectly or directly). This is done using the Low Mod Area Benefit (LMA) data. This is the most common national objectives used for activities that benefit all residents in a defined geographic area. Thus, applicants must demonstrate that the population of the project (service) area where they propose to undertake CDBG-funded activities is at least 51% LMI.

Applicants must document and report the LMI and beneficiaries of each proposed application activity (except for administration) included in a funding application (i.e., public water improvements, public sewer improvements, limited housing rehab-water connections, limited housing rehab-sewer connections).

In the CDBG-I Program Priority Rating System and Guidance, under Category 1: Project Purpose, the types of LMI eligibility documentation for each purpose is stated. The project purpose must be determined before moving onto determining the project (benefit area) and its associated LMI.

This appendix will explain how an applicant will determine and document their project's LMI.

# Contents

# Low-and Moderate-Income Area Benefit (LMA) – Requirements

For an activity to qualify under the LMA category, the service (project) area of the activity must be primarily residential and benefit at least 51.00% LMI persons (not 50.99%). An activity with a project 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 project area and the residents are primarily LMI persons.

It is critical to determine both the persons to be served by an activity and their income relative to the county's Median Family Income (MFI) - families with reported income no greater than 80% of the county MFI are considered low- and moderate-income persons.

## Identify and Determine the Project Area and Benefiting Population

Before an applicant can determine the LMI beneficiaries, the project (benefit) area must first be established. The project area must be clearly defined and delineated, and the low- and moderate-income percentage must be at least fifty-one percent (51.00%) low- and moderate-income for that area.

Projects using the LMA can either have an area-wide benefit or a targeted area benefit.

- Area-wide meaning - that an entire city, town, village, county, census tract, and/or block group would benefit from the proposed project.

- Target-area meaning - that the project would only benefit a portion of the city, town, village, county, census tract, etc. A project may not be designed to benefit moderate-income persons to the exclusion of low-income persons.

For CDBG-I projects, the project area may be determined by who is connected to the infrastructure, or who is served by the infrastructure. All the residents in the project area must be served in some way by the project.

The project area may be described using streets or roads as boundaries, or even topographic features such as streams or hills. A map is required of the project area, with the project area boundaries, street names, and house numbers if the project provides direct benefit to residents.

## Determining the LMI of the Identified Project (Benefit Area)

Once an applicant has identified the project area of a proposed activity(ies) [project purpose], there are several acceptable methods (area-wide LMI data and income surveys) that may be used to document the total beneficiaries, the number and percentage of LMI beneficiaries.

The use of income surveys and Low- and Moderate-Income Summary Data (LMISD), or referred to as area-wide HUD data, cannot be combined in any circumstance. The combination of income survey data and LMISD has been determined by HUD to not be methodologically sound and as such is not an acceptable method of documenting beneficiaries. In instances where the service area (project area) of a project extends beyond the boundaries of a census designated geographic area but does not substantially encompass adjacent geographic areas, an income survey of the ENTIRE service area would be required per HUD.

### HUD Low- and Moderate-Income Summary Data (LMISD)

In June 2024, HUD published a new community planning and development (CPD) notice with Low- and Moderate-Income Summary Data Update (CPD-24-04, effective 8/1/24). This notice updates Notices CPD-14-10, CPD-14-11, CPD-15-05 and CPF-19-02.

All funding applications must use the most recent LMISD based on the American Community Survey 20156-2020 5-year estimates (2020 ACS) if they are claiming LMI based on area-wide data.

Per CPD Notice 24-04, if the applicant cites a block group or block groups in the project area, the entire block group or groups must be served by the project.

- See CPD Notice 24-04 on how to calculate the LMI of multiple block groups or other levels of LMISD data to compile a service area (project area).

If the available LMISD geographies do not match the project area, or if the applicant considers the LMISD data for the area to be incorrect, the applicant must carry out an income survey. LMISD and income survey data cannot be used in conjunction to qualify for LMI area activities.

- For additional information on LMISD, see CPD Notice 24-04.

Applicants proposing project activities for project areas with boundaries that are not contiguous with standard census geographic areas (place, census tracts, block groups, or blocks) must use the survey method to document the beneficiaries of the project.

**If a project has multiple targeted project areas, each targeted area must contain a population that is at least 51% LMI to be eligible for CDBG funds**.

## Income Survey Types

For the CDBG-I Program, CDBG regulations at 24 CFR 570.483(b)(1)(i) require that applicants conduct income surveys that are methodologically sound to determine the percentage of LMI persons in the targeted project (service) area of a CDBG-funded activity.

With all the benefiting population identified, an applicant must determine the type of survey. There are two types of surveys that can be done: census surveys and random-sample surveys. Regardless of the survey type or method of surveying, consideration must be given to the needs of LEP residents, as well as residents with visual, hearing, or speech impairments/disabilities.

## Census Surveys (or 100% solicitation surveys)

Census surveys are surveys in which every address in the project area is surveyed. Census surveys are generally the most accurate type of income surveys and should be conducted when the number of addresses in your project area is fewer than 100.

You are required to survey an area when the project area is smaller than the municipal boundaries, or smaller than the entire area of a census tract (called target area).

If a project has multiple targeted areas (e.g., rehab/replacing drinking water lines on two streets in the west quadrant of town and five streets in north quadrant of town), each targeted area must contain a population that is at least 51% LMI to be eligible for CDBG funds. The applicant shall enter the highest calculated LMI of the multiple targeted areas in the scorecard.

1. Businesses and institutions are not counted in the survey.
2. All individual residences, no matter their occupancy (renter or owner), must have a completed (error-free), signed and dated income survey.
3. The income survey form must be completed (error-free), signed, and dated by both the surveyor/interviewer and an adult member/surveyee of the residential dwelling.
4. If the project area has a Public Housing Authority (PHA)complex, see that section of this appendix for further information.

## Random-Sample Surveys (RSS)

If there are 100 or more addresses to survey, you may conduct a statistically sound random-sample survey (RSS).

In RSS surveys, you select a subsample of the total number of addresses in your project area, using a carefully planned procedure. That subsample is then assumed to represent the characteristics of the larger population. The steps to select that subsample are outlined below:

1. Get a list of all the residential addresses in the project area, and number them one through however many residential addresses exist in the project area. Remember to treat apartments in an apartment building as separate addresses, not as one address. Therefore, you would list out “3200 Main Street, Apt. 24”, and 3200 Main Street, Apt. 26”, etc., as separate addresses.

2. Pull down the HUD CDBG Guidebook for Conducting Local Income Surveys and follow the step-by-step instructions for Sampling (Section 4 of Guidebook).

3. Submit with the LMI Documentation the following for RSS:
   - The total number of addresses in the project size,
   - The sample size needed for randomized sampling,
   - The confidence interval,
   - The list of addresses you sampled from with the ordinal number assigned to it (i.e., 1,2,3,4, etc.), and
   - The randomized numbers table you used, with your starting number circled, and an arrow to indicate he direction you moved in the table,
   - Include copies of all the surveys (see census survey requirements above) .

4. We must receive all six of the above to be able to accept a randomized sample for your application. If we do not receive all six documents related to the development of the survey, the application will be considered incomplete. (see example narrative for documenting a randomized sample survey on last page).

## Margin of Error

Applicants must conduct a methodologically sound local income survey. The CDBG Income Survey Toolkit provides guidance on how to do this. To assist applicants, HUD published the margin of error (MOE) data for all block groups and all places in the 2020 ACS LMISD. The MOE does not provide an expanded range for compliance.

- 100% (census) of households included in survey (less than 100 households).
  - Data is collected for each household benefitting (indirectly and/or directly) from the proposed project, therefore surveys using this method have an MOE of 0% and are compliant with HUD’s requirement.

- Random-Sample Surveys (RSS) of Place Geographies.
  - Before beginning a survey of a place geography using RSS methodology, an applicant must check the MOE in the current LMISD to ensure that the survey will meet HUD’s requirement. If an applicant’s LMISD has an MOE of less than 4%, they MUST contact Division for additional guidance.

## Income Survey Method(s) Allowed

We will allow four methods of gathering income surveys, instead of the previous one method of going door-to-door, to ensure the health and safety of all persons. These methods are discussed briefly below and in more detail (advantages and disadvantages) in HUD Notice CPD-14-013.

Regardless of the method of surveying used for determining LMI beneficiaries, consideration must be given to the needs of LEP residents, as well as residents with visual, hearing, or speech impairments/disabilities.

### Door-to-Door (Face-to-Face) Interviews

1. This is the most common and successful method for an interviewer to ask questions of the surveyee in a face-to-face encounter at the surveyee' s place of residence.

2. The interviewer must have copies of the income survey and instructions in English and Spanish at each residence.

3. The income survey is filled out either by the interviewer asking each question or giving the survey and instructions to the individuals at the residence to read and complete.
4. <u>Both the interviewer and surveyee must sign and date the survey. In addition, the interviewer should review survey before leaving to ensure all edits/corrections are initialed by both parties.</u>

### Mail-In (Self-Administered)

1. This method involves mailing the survey form, a letter of explanation and a self-addressed stamped envelope to each household within the project area for completion and returning of the survey.

2. Since the surveyee/respondent will be expected to complete the survey and return it, surveyors must create a plan for contacting and/or follow-up with households that do not respond to the survey.

3. Be mindful of response rate and valid surveys requirements. Thus, follow-up letters, telephone calls, or going door-to-door may be necessary to obtain the adequate response rate.

4. These surveys must be reviewed carefully, signed and dated by the reviewer and the surveyee. If there are errors, the reviewer must call the surveyee to get permission to correct the survey. In that case, document the call with date and surveyee's name and reviewer's initials on the survey form.

## Web-Based Surveys

1. A web-based survey is administrated online through Google Forms, Survey Monkey, or another online surveying method. The survey must ask the same questions as a door-to-door or mail survey.

2. Written notification to households within the project area must be done and why they need to respond to the survey. Also, post-notifications in the project area to ensure individuals are aware of the on-line surveys.

3. A Spanish version of the web-based survey must be available.

4. Surveyors using web-based surveys, must create a plan for contacting and/or follow-up with households without internet.

5. The surveyor, or the person administering the web-based survey, will fill out a survey form, using the submitted data, for each household in the project area. The survey form should have "collected by web-based survey" or something similar and sign and date the survey and when the data came in via the internet.
6. Be aware if the necessary response rate is not met via web-based surveys, another method will be needed.

## Telephone Surveys

1. A telephone interview with each household in the project area to gather the necessary data to fill out the income survey form. The surveyor/interviewer must ensure the surveyee/interviewee is someone from the household in question who is competent and knowledgeable enough to answer the questions on the survey form.

2. Written notification to households within the project area must be done and why they need to respond to the survey. Also, post-notifications in the project area to ensure individuals are aware of the telephone surveys.

3. The surveyor/interviewer will fill in the survey form with the information received over the phone, for each household in the project area. The survey form should have "collected by telephone survey" or something similar and sign and date the survey to reflect when the telephone call was done.

4. As with web-based surveying, surveyors need to create a plan for contacting those households without telephones or have unlisted numbers.

5. Be aware if the necessary response rate is not met via telephone surveys, another method will be needed.

## Conduct the Survey and Complete the Required Survey Form

The Division has provided sample survey forms and instructions in English and Spanish on our website.

The sample surveys must be slightly modified to include the most current income limits for the county the applicant resides in (e.g., use Pitt County income limits for the Applicant: Town of Ayden)

Be mindful that individuals may be hesitant to disclose their household's income, so a thorough explanation as to why this information is being requested is crucial.

It is strongly encouraged that the applicant notifies the project area's beneficiaries either through public notices in the local newspaper, signs or flyers within the project area or within their utility statements, public meetings within the project area. The outreach should convey why their information is important.

**All provided income information is confidential, and not part of public records. Please read and follow the survey instruction posted online.**

### Valid Surveys

**Income Limits.** Surveys are good (valid) for eighteen (18) months prior to the application submission deadline and the applicant must use the most current HUD Income limits OR the released HUD income limits in place within the eighteen (18) months prior to the application.

- For example, September 2024 round applicants must use 2024 Income limits, or 2023 Income limits if the applicant completed the Income Surveys before the most updated 2024 Income limits have been released by HUD.

Applicants must ensure the most current and accurate income limits are placed in the survey templates. HUD provides updated income limits annually, between April and July. Visit the HUD website to pull down the most current income limits for the county in which the project is located. Applicants must use the most recent income limits. The limits are:

- Extremely Low (<30% of county MHI),
- Very Low (30% to 505 of county MHI),
- Low (Moderate) (50% to 80% of county MHI) and
- Above (>80% of county MHI)

**Completeness.** On the survey form(s), each question must be answered. If not applicable, the answer must be N/A or Zero (0) for questions inquiring a number for answer.

- If an incorrect number of persons or income level was circled, a correction will be valid only if both the surveyor and the person providing the information write their initials and date by the corrections made.

- If the answer is not legible or has multiple circles on the table, the survey will be considered over income, and the average per household will be used for that specific area impacting the applicant calculated LMI.

- Do not make unnecessary marks or changes to the survey forms, doing so may render the form invalid if there are no initials and dates.

The survey must have the date on the first page and last page and both signatures must be included, interviewer and the surveyee providing the information.

- If the form is missing a date or a signature, the survey will be considered over income, and the average household size will be used for that specific area impacting the applicant calculated LMI.
    - The most recent data profile from the American Community Survey (ACS) for the applicant's community will be used to determine the average household size. This information can be found at: https://www.census.gov/acs/www/data/data-tables-and-tools/data-profiles/ .

## Direct Beneficiaries (New Connections)

If the proposed project will connect residences to a public system, there must be valid income surveys (completed, with no errors, signed and dated) for those residences. If awarded a grant, additional income verification documentation will be required for these new connections prior to connection.

## Response Rate

If the applicant determined the LMI percentage of the project area through surveys, read the description of how the survey was conducted to determine whether a "census survey" (a door-to-door survey covering 100% of the residents in a project area) was conducted, or whether an RSS was conducted.

A RSS selects a sample size depending on the confidence interval and the confidence level set by HUD in CPD-24-04, and using a randomized numbers table, selects residents to survey, using a random numbers table.

- For census (100%) surveys, there must be at least an 80% response rate. Per HUD, a non-response rate greater than 20% may affect the validity of the survey (HUD CPD-14-013). The application is ineligible for further consideration due to invalid surveys.

- For RSS, there must be a 100% response rate, based on the sample size. If an applicant using the randomized survey technique encounters a non-responsive residence, they may choose a replacement, using the same random numbers table to select a replacement sample. If there is not a 100% response rate in the RSS survey, then the application is ineligible for further consideration.

**No Responses**. Addresses where there is no answer/response (no one comes to the door or denies a response) are now considered no responses and not above income (per HUD 9/2024). Therefore, they will impact the overall response rate, not the LMI percentage.

If RSS surveys are used, the applicant must follow the sampling guidance provided by HUD in their **CDBG income Survey Guidebook: Conducting Local Income Surveys**.

### Vacant Residential Units and Property/Parcels

The vacancy rates will be considered during the application review. For example: Line rehabilitation work on Maple Street. The street has five homes, one home is LMI, and four homes are vacant, indicating 100 % LMI, 100 % response rate, and 80% vacant rate.

Vacant properties are not counted in the LMI calculation. However, the application must list and show the vacancies in the survey summary/tabulation sheet and on the project area map. Also, provide there must be a survey form for that address with “vacant” at the top of form. If there are questions whether an address is vacant or not, find documentation for public sources (local water department, post office, etc.) to make the determination and include it in Tab 3.

## Income Survey Summary Tabulation Spreadsheet

Once all the income surveys are complete, the data must be placed in a comprehensive Summary Tabulation Sheet (Income Survey Summary). If applicable, the PHA complex data from a PHA must be inserted into the Summary Tabulation Spreadsheet. The PHA and letter must be included in the LMI Documentation to support what is in the Summary Tabulation Spreadsheet, along with all other required documentation.

The Income Survey Summary should have landscape layout, no less than 11 × 17 or a size that can be readable (**no smaller than 11 font**). Unused columns can be hidden or deleted to make table readable.

All surveys must be numbered (either via address and/or a numbering system) to match the tabulation sheet (Income Survey Summary). The residential addresses (or numbering system) shall be in the same order as the attached income surveys. An example can be found at the Division website under Additional Resources.

## Required LMI Documentation for Funding Application

Both the electronic application (the official application) and the hardcopy application (required by HUD and DOC) must have the following documentation to be complete and eligible. The Division will not look for documentation in the hardcopy if it is missing from the electronic application. If the electronic application, which is the official application, is missing LMI documentation the application will be deemed incomplete and ineligible.

### Required LMI Documentation

1. Survey methodology – a narrative and support documentation- used to survey the project area to ensure a sound statistical approach was used in obtaining the LMI. The survey methodology should include:
   - Narrative stating the survey type (census or randomized) and method(s) used, margin of error, response rate, etc.
   - A copy of online survey form, if applicable.
   - A copy of survey notifications, if applicable.
   - Random-Sample Survey documentation as noted in that section, if applicable.

The applicant must have included a methodology statement or summary of what they did to show statistically sound data. If this is missing, it is not deemed incomplete or ineligible but would be an award condition; unless the reviewers cannot determine how income surveys were completed, then it is marked incomplete.

2. Copies (not originals) of all surveys (both sides of form) must be included –completed (error-free – no markups without initials/dates), signed and dated (need survey forms for all responses, vacant, and non-responses). A survey that is only one-sided will not be accepted.

3. The tabulation sheet (Income Survey Summary Tabulation Spreadsheet) should be in landscape layout (11x17) or a size that can be readable **(no less than 11-point font)**. Unused columns can be hidden or deleted to make table readable.

   - All surveys must be numbered (either via address and/or a numbering system) to match the tabulation sheet. The residential addresses (or numbering system) shall be in the same order as the attached income surveys.

4. LMI persons residing in PHA complexes are to be documented by the required documentation outlined in the Section "**Public Housing (Public Housing Authority) Residential Units Within LMA.**"

5. If applicable, a copy of the most current ACS 2020 LMISD for the applicant.

### Required Low Mod Area Benefit (Project Area Map with LMI data) Map

Each funding application must have a Low Mod Area Benefit (LMA) map that shows the following requirements:

1. At a readable scale;
2. With geographic coordinates;
3. Project area boundaries clearly marked (i.e., bold line) - with the project area boundaries, waterbodies names (if applicable), and street/road names.
4. If project area is a subarea of a town or county, street names must be clearly visible;
5. All surveyed occupied residential units, vacant units, and non-responses must be marked (i.e., different colored dots/circles for LMI, above, vacant, non-responses) on the map to ensure all residences were account for; and
6. If there are direct beneficiaries (new connections), indicate those residences with either a different color or shape so it is clear where those are located within project area.

## Public Housing (Public Housing Authority/PHA) Residential Units within LMA

If the project area includes a Public Housing Authority (PHA) residential complex (multi-family dwellings), the following must be included in the application for the PHA LMI information to be considered:

1. The PHA Director/Manager must provide a list of each unit (address) and indicate the number of people, their income, as well as the gender, race, and whether there are any elderly or disabled residents or any female-headed households in each unit.
2. A letter from the PHA Director/Manager must also be included, where they attest the provided data is true and accurate.

3. The PHA data must be inserted into the Summary Tabulation Spreadsheet (Income Survey Summary).

4. Must submit the PHA data and letter in the LMI Documentation (Tab 3) to support what is in the Summary Tabulation Spreadsheet.

Income Surveys will be required for individual, single-family dwellings (individual residences). HUD-provided data or PHA data (as mentioned above) is not acceptable for income surveys for individual residences. All individual residences must have a completed, signed, and dated income survey by the survey taker and an adult occupant to be valid.

# Definitions of CDBG Regularly Terms

## Family

Pursuant to 24 CFR 5.403, family includes but not limited to the following, regardless of actual or perceived sexual orientation, gender identity, or marital status:

1. A single person, who may be an elderly person, displaced person, nearly-elderly person, or any other single person;

2. Unrelated individuals shall be considered as one-person families; or

3. A group of persons residing together, and such group includes, but not limited to:
    a. A family with or without children (the temporary absence of a child from the home due to placement in foster care shall not be considered in determining family composition and family size).

    b. An elderly family—a family whose head (co-head), spouse, or sole member is a person who is at least 62 years of age. It may include two or more persons who are at least 62 years of age living with one or more live-in aides. (A live- in aide is a person who resides with one or more elderly persons or near- elderly persons, or persons with disabilities).

    c. A near-elderly family—a family whose head (co-head), spouse, or sole member is a person who is at least 50 years of age but below the age of 62, living together; or one or more persons who are at least 50 years of age but below the age of 62 living with one or more live-in aides.

4. Disabled family—a family whose head (including co-head), spouse, or sole member is a person

with disabilities. It may include two or more persons with disabilities living together, or one or more persons with disabilities living with one or more live-in aides.

5. A displaced family—a family in which each member, or whose sole member, is a person displaced by governmental action, or a person whose dwelling has been extensively damaged or destroyed because of a disaster declared or otherwise formally recognized pursuant to Federal disaster relief laws.

6. The remaining member of a tenant family.

7. A single person who is not an elderly or displaced person, or a person with disabilities, or the remaining member of a tenant family.

## Household

Pursuant to 24 CFR 570.3, household means all persons who occupy a housing unit. A household may consist of persons living together or any other group of related or unrelated persons who share living arrangements, regardless of actual or perceived sexual orientation, gender identity, or marital status.

## LMI (Low-Mod-Income) Person

An LMI person is defined as having an income less than or equal to 80 percent area median income.

## Income

**"**Income" is a family's total adjusted gross income; total adjusted gross income should be based off the previous year's tax returns. Any individual that makes up an LMI classified family, will be considered an LMI individual. Annual income limits are available on the HUD website. If HUD has not published the applicable years income limits, then the primary applicant may use the previous year.

Income exclusions: Federal Register: Federally Mandated Exclusions From Income-Updated Listing

## Seasonal Residents

Seasonal (or part-time) residents (e.g., migrant farmers who reside in manufactured homes) may not participate in an income survey if their benefit of a service or an activity is incidental. For example, the use of a library or senior center by seasonal residents would be considered an incidental benefit. Seasonal residents may participate in income surveys for CDBG-funded activities such as installation of sewer lines and sewage treatment plants, etc.

The ACS defines residency in terms of "current residence" – a unit is defined as the current residence of a household if the household is living in the unit for at least two months upon receipt of the survey, even if the household lives somewhere else for most of the year. In contrast, the long form uses a "usual residence" rule, i.e., the place where a person lives and sleeps most of the time. The differences in the definition of residence have consequences for vacancy and homeownership estimates.

For seasonal homes, the seasonal residents must answer the survey, in the case of no response, the survey will be considered above income, and it cannot be count as a vacant property.
See Notice CPD-14-013 - Issued: September 23, 2014