



2017 COMMUNITY DEVELOPMENT BLOCK GRANT SUB-RECIPIENT APPLICATIONS



City of Moline
Community Development Block Grant (CDBG)
Application Form

City Program Year – FY 2017
Federal Funding – FY 2017

April 18, 2016

RE: 2017 Community Development Block Grant (CDBG) Applications

Dear Applicant:

CDBG funding is made available by the U. S. Department of Housing and Urban Development. As with most programs, CDBG funds have been reduced over the years. The City of Moline has seen a \$400,000 plus reduction over the years. As a result, funds for our programs have seen a decrease. However, the City of Moline continues to receive a reduced amount to provide additional assistance to community needs. Our funding for CDBG applicants is anticipated to be around \$40,000 for 2017. All grant requests must be for a minimum of \$10,000.

Applications for year 2017 of the City of Moline CDBG program are due **May 20, 2016, 4:30 p.m. Late applications will not be considered for funding.** Interested applicants shall complete the attached forms and submit them to: **Planning and Development, City of Moline, Attention: K. J. Whitley, 619 16th Street Moline, IL 61265.** Applicants are advised to read the application instructions before completing the attached forms. The applications must be completed in full, including, all requested attachments.

There will be a *pre-application (submittal) meeting* held on May 9, 2016 (beginning at 2:00 p.m. at City Hall 2nd Floor Council Chambers (619 16 Street). Attendance is not required but strongly encouraged to assist you through the application process. Applications may be electronically submitted to kwhitley@moline.il.us, USPS (postmarked no later than May 20, 2016), or dropped off at the above location by the due date and time.

All applicants who submit a completed application will have an opportunity to verbally speak on the application directly to CACUP for consideration at the June 1, 2016, 4:30 p.m. CACUP meeting. CACUP has the discretion to recommend an award of less than \$10,000 to a Subrecipient. All Subrecipients are required to have a DUNS number and active Sam's registration within thirty days of CACUP recommendations to the Moline City Council.

If there is a need for technical assistance or questions pertaining to the application, please contact K. J. Whitley, Community Development Program Manager at (309) 524-2044-o or (309) 781-5551-c or Jeff Anderson, City Planner at (309) 524-2038.

Very truly yours,

A handwritten signature in blue ink that reads "K. J. Whitley".

K. J. Whitley
Community Development Program Manager

CITY OF MOLINE
COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM

BACKGROUND

The Community Development Block Grant (CDBG) is a U.S. Department of Housing and Urban Development (HUD) program that provides funds annually to all entitlement jurisdictions. **CDBG funds are used for community development and affordable housing activities that benefit low-income households and persons with special needs as well as public service needs, infrastructure improvements and economic development activities.**

The following describes the application process for funding of community development projects.

Community Development Activities: Applications for CDBG-funding of community development projects, including but not limited to, public improvements such as streets, sidewalks, drainage, parks, youth and child care centers, health centers, etc., are accepted once a year. The attached “Application for Community Organizations” is to be used by community organizations requesting CDBG funds for community development projects.

HUD requires that all sub-recipients obtain a DUNS # and an active System for Award Management (SAM’s) registration in order to receive federal funds. If the application does not include a DUNS and SAM’s registration, the applicant will have thirty days from CACUP recommendations to the Moline City Council to obtain them or forfeit the award. These numbers can be obtained from the following websites

Duns & Bradstreet: <http://fedgov.dnb.com/webform>

Central Contracting Registration: <https://www.sam.gov/portal/SAM/#1>

Applications must be received no later than 4:30 p.m. on Friday, May 20, 2016. Late applications will not be considered.

Submit application to: City of Moline
 Planning and Development Division
 Attn: K. J. Whitley
 619 16th Street
 Moline, IL 61265

If you have questions about this application, the CDBG Program, or other Planning and Development Division programs, please call (309) 524-2044.

APPLICATION INSTRUCTIONS

Application Overview

The enclosed application includes a **Project Summary Form**, **application questions**, **tables or budgets**, and **attachments** included for your information.

A complete application will include the following items and be presented in the following sequence:

1. Part I - Project Summary Form
2. Part II – Project Narrative (**not to exceed one single-spaced page**), plus budget form(s)
3. Part III – Agency Information (**not to exceed one, single-spaced page**)
4. Part IV – Documentation:
 - a. Letters of commitment from collaborating agencies, if applicable;
 - b. Summary of applicant's current year General Operating Budget;
 - c. List of Board of Directors;
 - d. Articles of Incorporation and Bylaws; and
 - e. Proof of existing non-profit status including EIN #

Specific Application Instructions

- DUNS and Sam's
- Please describe your project in detail.
- **All forms need to be submitted in a typed format.**
- **Applications shall be for a minimum of \$10,000. CACUP may reduce the awarded amount at their discretion.**
- Please submit one copy of the application for each proposed project. However, only one copy of part IV – Required Documentation is required (application must include original signature of authorized signatory.)
- Letters from collaborating agencies or other funding sources should clearly specify their role in the project or the contribution (financial or in-kind) that they will make.
- **If your organization is submitting more than one application, please prioritize each project by placing a number in the upper right hand corner of the Application Summary Form.**

Attachments

The following Attachments are included for your information:

- A. Guidelines for the Preparation of Goals and Objectives
- B. Statement of City of Moline Community Development Objectives
- C. CDBG Program Strategy
- D. Application Review Process
- E. Project Eligibility
- F. Highlights of Federal Labor Standards Provisions

**COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG)
APPLICATION FOR COMMUNITY ORGANIZATIONS**

PART I – APPLICATION SUMMARY (Please type or print)

A. PROJECT TITLE: _____

B. APPLICANT: _____

Name and Title of Applicant: _____

Name of Organization: _____

Address: _____

Contact Person: _____ Title: _____

Office: _____ Cell: _____

E-mail: _____

Date: _____

Signature of Applicant: _____

DUNS # _____ SAM's Active Yes _____

C. PROPOSAL

1. Community in which project is located: _____

2. Specific use of requested CDBG funds: _____

3. CDBG Funds Requested \$ _____

4. Total project Cost \$ _____

5. What percentage of this request will serve residents of Moline? _____

6. Which CDBG National Objective does your project meet? (See Attachment E) _____

PART II - PROJECT NARRATIVE (Not to exceed **ONE** typed single spaced page)

A. Statement of Problem/Need: Describe the problem or need that the proposed activity is intended to address.

B. Target Population: Describe the characteristics of the population to be served (i.e.; youth, seniors, persons with disabilities, etc.) and the geographic area to be benefited. **It is important to also attach a map showing the project location and a line on the map showing the boundaries of the geographic area served.**

C. Project Goals and Objectives: State the overall goal of the project and list objectives. Please follow the attached guidelines for writing goals and objectives (Attachment A).

D. Project Description:

1. Describe the proposed project (work to be performed, activities to be undertaken, or services to be provided), and specifically describe the use of the CDBG funds requested.

2. Describe project location in as much detail as possible, including street address, cross streets, and Assessor Parcel Number. If project is on a rural road, provide Assessor Parcel Map or indicate distance from intersection to locate site. For proposals involving property acquisition, describe any site selection activities to date and plans for identifying and securing a property.

3. For limited clientele activities (See Attachment E), indicate the number of unduplicated clients who will be served, the number who are low/moderate income, and the number who are residents of the City of Moline.

4. For limited clientele activities (See Attachment E), describe procedures for documenting program participation including ethnic and income characteristics of participants.

5. **Describe the relationship of the proposed activity** to other local community facilities and services addressing the same or similar problem.

6. Provide a detailed time line for the implementation of the proposed project, assuming the availability of CDBG funds in January 2016. **CDBG requests must be limited to activities that can be implemented and CDBG funds spent within 12 months.**

7. Describe any discretionary land use permits or approvals that are required prior to implementation of the proposed project.

8. If this is a collaborative project, name the organizations involved and explain their involvement. Provide letters of intent from each participating agency specifying the agency's role and contribution to the project.

9. Previous Accomplishments: **For those agencies that have previously received City of Moline CDBG funding, describe the accomplishments achieved. Include the degree to which the objectives were met. If there were difficulties in achieving the objectives, describe how that will be overcome in the future.** If the project has not previously received City of Moline funding, describe accomplishments achieved through other funding sources.

10. Finances:

a. Describe how the project will be funded.

b. Include letters of commitment from other funding sources, if applicable (attach to application).

c. Discuss plans for maintaining the project beyond the period supported by CDBG funds.

- d. Submit the **attached Table I. Project Development Budget Summary Form** for **capital projects**, and include a detailed line item budget, or submit *Table II. Project Operating Budget Form* for **service projects**, whichever is applicable to the proposed project. Include all other funding sources, and indicate: a) if funding is committed, b) if funding has been applied for, or c) if funding will be applied for. Also, indicate when these funds will be available.

- e. **For public improvement construction projects, be sure to consider the Davis-Bacon prevailing wage requirements in the project budget and indicate the source of the project cost estimates. (See Attachment F)**

- f. Include a copy of a summary of the agency's current General Operating Budget.

PART III - AGENCY INFORMATION (Not to exceed **ONE** single spaced typed page)

A. Background

1. Describe the purpose of the agency and sources of funding.
2. Indicate the length of time the agency has been in operation, and include the date of incorporation.
3. Describe the type of services currently provided by the agency, and include the number and characteristics of clients served.

B. Qualifications

1. Discuss the agency's capability to develop, implement and administer the proposed project.
2. Describe the agency's existing staff positions and qualifications.

C. **Financial: Briefly describe the agency's fiscal management, including financial reporting, record keeping, accounting systems, payment procedures, and audit requirements.**

PART IV – REQUIRED DOCUMENTATION

1. Letters of commitment from collaborating agencies, if applicable;
2. Summary of agency's current General Operating Budget;
3. List of Agency's Board of Directors;
4. Articles of Incorporation and Bylaws;
5. Proof of existing non-profit/tax-exempt status (Letters from the Federal Internal Revenue Service) and;
6. Statement identifying which CDBG National Objective(s) the project will meet (see Attachment E)

**GUIDELINES FOR THE PREPARATION OF
GOALS AND OBJECTIVES**

GOALS

A goal is a general statement of how a system, organization, community, or group of individuals will be different as a result of your project. The statement describes who/what will be affected, in what respect they will be changed/improved, and how this change will be accomplished.

OBJECTIVES

An objective is a specific statement of what will be done to accomplish the goal. It answers the basic questions of who, what, how, and when. Objectives are specific, measurable and time limited. Often a single goal has multiple objectives.

**COMMUNITY DEVELOPMENT BLOCK GRANT
STATEMENT OF COMMUNITY DEVELOPMENT OBJECTIVES**

1. Provide for the orderly development of neighborhoods, recognizing priorities of the City and the Citizen Advisory Council on Urban Policy (CACUP).
2. Provide affordable, long-term housing opportunities for eligible low and moderate income residents of the City of Moline, with emphasis on low-income residents, in accordance with the City of Moline Consolidated Plan.
3. Aid in the rehabilitation of housing stock with preference to projects within designated low to moderate income Census Tracts.
4. Stimulate economic development and community reinvestment.
5. Provide public services or facilities necessary for the direct support of housing or neighborhood revitalization activities, as opposed to social services not directly related to those activities.

Attachment C

CDBG PROGRAM STRATEGY

City of Moline Community Development Block Grant (CDBG) funds will be allocated within Neighborhood Areas, to implement the following activities:

- Affordable Housing Development
- Residential Rehabilitation
- Public Improvements
- Economic Development
- Public Services
- Planning Activities
- Program Administration

1. Affordable Housing Development

CDBG funds may be used for property acquisition, rehabilitation, and site improvements, to stimulate housing development for lower-income persons.

2. Residential Rehabilitation

CDBG funds may be used for a Residential Rehabilitation Program within the City, including low interest amortized and deferred loans. Preference will be provided to projects, which eliminate health and safety violations and promote energy conservation, and eliminate slum and blight.

3. Public Improvements

CDBG funds may be used for eligible public improvements, such as parks, streets, community centers, drainage structures, etc. Feasibility studies and public improvements designed to support proposed low to median income housing development projects may also be funded.

In the City area, when feasible, the following guidelines will be used when allocating funds to public improvements: 1) 65% to Neighborhood Facilities, e.g., parks, senior, youth and community centers, libraries; 2) 25% to Public Health and Safety Facilities, e.g., fire protection, flood control, health facilities, sewer/water improvements; and 3) 10% to Sidewalks and Streets.

4. Economic Development

CDBG funds may be used for eligible development projects that create jobs for low-income persons, aid small businesses, and strengthen the fiscal base of a Neighborhood.

Economic development goals may also be accomplished through the funding of economic revitalization plans that identify strategies and actions that assist local business communities and residents they serve.

5. Public Services

CDBG funds may be used for public services, which directly relate to and support

physical community revitalization or housing development activities, as opposed to social services not directly related to those activities.

6. Planning Activities

CDBG funds may be used for planning activities, which may include preparation of economic revitalization plans, or assessments of facilities and housing needs.

7. Program Administration

A portion of the CDBG entitlement will be set aside for community development planning, development of housing programs, program administration, and contingency reserves.

Attachment D

CDBG APPLICATION PROCESS

The following review and recommendation process will be used for preparation of the Community Development Block Grant Program funding of community development projects:

1. Assigned City staff will annually solicit community development proposals within the Metropolitan Statistical Area (MSA) through community meetings, mailings and media releases.
2. Staff will review all community development proposal materials submitted for compliance with federal grant eligibility requirements, obtaining additional information from the applicants as required, to determine:
 - a. Whether the proposed project appropriately addresses the identified problem;
 - b. Whether the proposed project complies with existing state and City laws, ordinances, regulations and policies;
 - c. Whether, if funded, implementation of the proposal would be delayed by the application for and processing of required discretionary land use permits;
 - d. Feasibility of timely implementation of the project;
 - e. Accurate cost estimates; and,
 - f. Departmental priority recommendations.
3. Following the review of community development proposals, including consideration of all relevant information available, staff will develop a listing of all community development proposals received. **The listing shall be presented to the Citizen Advisory Council on Urban Policy (CACUP) for consideration during scheduled meetings in which each applicant will be allowed to present on behalf of their request.**
4. CACUP decides on allocation of funds to approved applicants. The approved applications are presented to City Council for final approval. Applicants that are approved for funding will receive a notification of their award and award amount.
5. Upon approval of the City's Consolidated Annual Action Plan by The Department of Housing and Urban Development (HUD) and receipt of funds, each approved applicant will receive a packet containing the Subrecipient Agreement and attached addendums. The Subrecipient Agreement is a binding contract between the City of Moline and the agency that has been approved to receive CDBG funds. **To receive awarded funds the Subrecipient Agreement must be signed by the appropriate person(s) and returned to the City of Moline. Failure to comply will result in a delay of allocation.**

Attachment E

PROJECT ELIGIBILITY

Projects must be a CDBG-eligible activity and must meet at least one of the following CDBG national objectives:

1. Predominate benefit to low or moderate income (under 80% of the area median income) persons or households. This is the most commonly used qualifier. Documentation of the benefit to low/moderate income persons is required of every project funded under this objective. Limited clientele activities, i.e., those that benefit a specific sector of the community, such as youth centers, health clinics, etc., must benefit a minimum of 51% low and moderate-income persons.
2. Aid in the elimination of slum or blight conditions. HUD has strict guidelines to define these conditions. Please contact Community Development staff to determine if your project is eligible under this objective.
3. Meet an urgent community need. Generally, this objective is used in the case of serious natural disasters (e.g. earthquake, flooding, etc.)

Applicants awarded CDBG funding for their respective projects must be able to document and demonstrate that said projects are in compliance with Federal, State and Local fair housing laws.

**HIGHLIGHTS OF FEDERAL LABOR STANDARDS PROVISIONS
(DAVIS-BACON ACT)**

- **Applies to any construction, rehabilitation, alteration, or repair, including painting, flooring, and decoration, in an amount of \$2,000 or more, any part of which is federal money.**
- The prevailing federal wage rates and fringe benefits are effective as of the date of the advertisement for bids. (Davis-Bacon wage rate schedule is available on the Internet at: <http://www.access.gpo.gov/davisbacon/>).
- Workers must be paid weekly and certified payrolls submitted weekly in the prescribed format. The payrolls must include details of each worker's job classification, hours worked, and wages and benefits paid. Certified payrolls must be reviewed as soon as they are received and compared to the appropriate federal wage decision. Any discrepancies must be resolved immediately.
- Workers must be interviewed on the job site regarding appropriate job classification, wages and benefits received. Employee interviews must be compared to the appropriate federal wage decision. Any discrepancies must be resolved immediately.
- Contractor and subrecipient must maintain all records for a minimum of four years of the completion of the project.

Information for 2016 HUD Annual Action Plan

Please provide the number of people (or housing units, businesses, etc.) anticipated to be served if awarded your grant request. Check the type of accomplishment, which most closely matches your project of program. Please, check only one type of accomplishment.

Type of Accomplishment (Check only one)	<input checked="" type="checkbox"/> 	Number
People (General)		
Youth		
Elderly		
Households		
Elderly Households		
Businesses		
Organizations		
Housing Units		
Public Facilities		
Square Feet of Public Facilities		

Attachment H

SUPPLEMENTARY STANDARD QUESTIONS

1. Should your agency not receive CDBG funds, how would this affect your program operation?

2. Is your agency reliant on City of Moline CDBG funds for program survival?

3. If yes, how many years do you expect your agency to be reliant on CDBG funding to support your program operation in the future should your agency receive funds?

4. Should your agency not receive full funding, please tell us if it is practical to continue program operations and what would be your service levels at 75 percent, 50 percent, and 25 percent of your current request?

Attachment I

Performance Outcome Measurement

The three program performance categories listed below are required under the CDBG program by the U.S. Department of Housing and Urban Development (HUD). Please check one or more boxes under the following program performance categories that apply to your proposal.

1. Availability/Accessibility

This category applies to proposals that make services, infrastructure, housing, shelter or jobs available or accessible to low and moderate income people, including persons with disabilities.

- Enhances the living Environment through New/Improved Accessibility
- Creates Decent Housing with New/Improved Availability
- Promotes Economic Opportunity through New/Improved Accessibility

2. Affordability

This category applies to proposals which provide affordability in a variety of ways in the lives of low- and moderate-income people.

- Enhances the Living Environment through New/Improved Affordability
- Creates Decent Housing with New/Improved Affordability
- Promotes Economic Opportunity Through New/Improved Affordability

3. Sustainability

This category applies to proposals that are aimed at improving a community or neighborhood by helping to make it more livable or viable by providing a benefit to principally low-and moderate-income people or by removing or eliminating slums or blighted areas.

- Enhances the Living Environment through New/Improved Sustainability
- Creates Decent Housing with New/Improved Sustainability
- Promotes Economic Opportunity Through New/Improved Sustainability

4. Please provide a brief explanation on how your proposal will address the selected program performance category. Describe the anticipated quantifiable results of your proposal for the selected category.

CITY OF MOLINE 2017 CDBG PROGRAM

Project Budget

Project Development/Services Budget Summary Form

Project Title: _____ Applicant: _____

Budget Categories	Project Cost Estimates	Sources of Funds									
		CDBG Funds		Applicant's Funds		1.		2.		3.	
		Amount	Status*	Amount	Status*	Amount	Status*	Amount	Status*	Amount	Status*
Acquisition											
Design											
New Construction											
Rehabilitation **											
Youth Services											
Senior Services											
Community Services											
Transportation Svcs.											
Handicapped Services											
Equipment											
Other: Specify											
<i>Source Total</i>											

**Public Facilities/Improvements

Total
Project

*C=Committed Funds; P=Funds that have been applied for & decision is pending; N=Funds that have not yet been requested.

CHAPTER 3: NATIONAL OBJECTIVES

CHAPTER PURPOSE & CONTENTS

This chapter provides a summary of the three national objectives of the program, the category for meeting the three national objectives as well as selecting and documenting the appropriate national objective for activities funded by grantees.

SECTION	TOPIC
3.1	Introduction to National Objectives
3.2	Benefit to LMI Persons
3.3	Elimination of Slum and Blight
3.4	Urgent Need
3.5	LMI Benefit Expenditure
3.6	Choosing the Right National Objective
3.7	Documenting National Objectives

3.1 Introduction to National Objectives

This section provides general background on the national objectives and an overview of the possible approaches.

Key Topics in This Section: Overview of the three national objectives

Regulatory/Statutory Citations: Section 101(c), Section 104(b)(3), 105(c), 570.208

Other Reference Materials on This Topic: Guide to National Objectives and Eligible Activities for Entitlement Communities Chapter 3: Meeting a National Objective

The authorizing statute of the CDBG program requires that each activity funded except for program administration and planning activities must meet one of three national objectives. The three national objectives are:

- Benefit to low- and moderate- income (LMI) persons;
- Aid in the prevention or elimination of slums or blight; and
- Meet a need having a particular urgency (referred to as urgent need).

An activity that does not meet a national objective is not compliant with CDBG requirements and may be subject to remedial actions.

Each national objective and the categories are discussed in further detail in the following sections of this chapter.

This chapter will also explore the strategic decisions grantees can make when qualifying an eligible activity under a national objective. It is possible for an activity to qualify under more than one national objective, although only one national objective may be selected for an activity. Additionally, activities can qualify under more than one category. This chapter will discuss considerations for making a decision regarding which category works best for an eligible activity.

Chapter 3: National Objectives

HUD has developed a matrix of the national objectives, eligible activities and IDIS matrix codes. Grantees may wish to refer to this matrix when selecting national objectives. A copy is attached to the IDIS chapter of this manual.

3.2 Benefit to Low and Moderate Income Persons or Households

This section describes each of the possible LMI national objectives.

Key Topics in This Section: Overview of the primary objective and associated expenditure cap; Area benefit activities (LMA); Limited Clientele Activities (LMC); Housing Activities (LMH); Job Creation and Retention Activities (LMJ)

Regulatory/Statutory Citations: Section 101(c), Section 104(b), 570.1, 570.200(a)(3), 570.208(a)

Other Reference Materials on This Topic: Guide to National Objectives and Eligible Activities for Entitlement Communities: Chapter 3: Meeting a National Objective; Chapter 4: Overall Expenditure Level –Benefit to LMI Persons; Appendix D: Determining Service Areas; CPD Notice 05-06: US HUD Suggested Survey Methodology to Determine the Percentage of LMI Persons in the Service Area of a Community Development Block Grant-Funded Activity

The LMI national objective is often referred to as the “primary” national objective because the statute requires that recipients expend 70 percent of their CDBG funds to meet the LMI national objective.

Additional information on how to meet the 70 percent test and certification to HUD is located later in this chapter.

In addition to meeting the 70 percent test, applicants must ensure that the activities proposed, when taken as a whole, will not benefit moderate-income persons to the exclusion of low-income persons. This does not mean that each activity has to include both low- and moderate income beneficiaries, but it further ensures that the CDBG program will primarily benefit low-income persons.

This section covers the four categories that can be used to meet the LMI national objective:

Area benefit activities;

Limited clientele activities;

Housing activities; or

Job creation or retention activities

3.2.1 Low Mod Area Benefit (LMA)

The area benefit category is the most commonly used national objective for activities that benefit a residential neighborhood. An area benefit activity is one that benefits all residents in a particular area, where at least 51 percent of the residents are LMI persons.

Chapter 3: National Objectives

Examples of area benefit activities may include the following when they are located in a predominately LMI neighborhood:

- Acquisition of land to be used as a neighborhood park;
- Construction of a health clinic;
- Improvements to public infrastructure like the installation of gutters and sidewalks; and
- Development of a community center.

The activities listed above benefit all LMI residents in a service area and thus are the type of activities that may qualify under the LMI area benefit category for the purposes of meeting a national objective.

Grantees are responsible for determining the service area of an activity. HUD will generally accept a grantee's determination as long as it is reasonable.

The factors that should be considered in making a determination regarding the service area include:

The nature of the activity:

In general the size and the equipment associated with the activity should be taken into consideration. A small park with a limited number of slides and benches would not be expected to serve the entire neighborhood. In the same way, a larger park that can accommodate a considerable number of people would not be expected to service just the immediately adjacent properties. The same applies to improvements or assistance to an alleyway versus a small two-lane street versus an arterial four-lane street within the same neighborhood. The service area for each of these infrastructure projects will be different in size and population.

The location of the activity:

In general, the immediate area surrounding a facility is expected to be included in the service area. Additionally, when a facility is located near the boundary of a particular neighborhood, its service area could likely include portions of the adjacent neighborhood as well as the one in which it is located.

Accessibility issues:

Geographic barriers can separate and preclude persons residing in a nearby area from taking advantage of a facility. Other limits to accessibility can include access fees, language barriers, time or duration that an activity is available, access to transportation and parking, etc.

The availability of comparable activities:

Comparable activities within the service area should be taken into account so that the service area does not overlap with the service area of another comparable activity.

Chapter 3: National Objectives

Boundaries for facilities and public services:

The service area for some public facilities and services are determined based on specified and established boundaries or districts. Examples of such services and facilities are police precincts, fire stations, and schools.

If the service area has not already been identified for an activity, the grantee has to determine the service area before CDBG assistance can be provided under the LMI Area Benefit category.

An area is considered to meet the test of being LMI if there is a sufficiently large percentage (51 percent) of LMI persons residing in the service area as determined by:

The most recently available decennial Census information, together with the Section 8 income limits that would have applied at the time the income information was collected by the Census Bureau; or

A current survey of the residents of the service area.

With respect to using Census information to document that the service area qualifies, grantees can obtain the following data:

A listing of all census tracts and block groups in the community's jurisdiction;

The number of persons that resided in each such tract/block group at the time of the last census; and

The percentage of such persons who were LMI (based on the CDBG definition) at that time.

The above data is available directly from HUD online at:
<http://www.hud.gov/offices/cpd/systems/census/lowmod/sc/index.cfm>.

IDIS calculates this information for grantees.

If the proposed activity's service area is generally the same as a census tract or block group, then the Census data may be used to justify the income characteristics of the area served.

Additionally, grantees can compute the percentage of LMI persons in multiple census tracts and block groups because the data includes both the total number of persons as well as the number of LMI persons within a tract and block group.

HUD permits an exception to the LMI area benefit requirement that an area contain 51 percent LMI residents. This exception applies to entitlement communities that have few, if any, areas within their jurisdiction that have 51 percent or more LMI residents. These communities are allowed to use a percentage less than 51 percent to qualify activities under the LMI Benefit category.

This exception is referred to as the "exception criteria" or the "upper quartile".

A grantee qualifies for this exception when fewer than one quarter of the populated block groups in its jurisdictions contain 51 percent or more LMI persons.

Chapter 3: National Objectives

In such communities, activities must serve an area which contains a percentage of LMI residents that is within the upper quartile of all Census block groups within its jurisdiction in terms of the degree of concentration of LMI residents.

HUD assesses each grantee's census block groups to determine whether a grantee qualifies to use this exception and identifies the alternative percentage the grantee may use instead of 51 percent for the purpose of qualifying activities under the LMI Benefit Area category.

HUD determines the lowest proportion a grantee may use to qualify an area for this purpose and advises the grantee accordingly.

HUD uses the following steps in computing the upper quartile for a given community:

Identifies the total number of block groups in the grantee's jurisdiction;

Subtracts the block groups with zero persons to determine the net number of block groups in the jurisdiction;

Arranges the remaining block groups in descending order, based on LMI residents in the block group;

Computes the last block group in the upper quartile by multiplying the net number of block groups by 25 percent; and

Applies the "exception criteria" if the percentage of LMI persons in the last census block group in the top quartile is less than 51 percent.

Grantees which qualify for the exception criteria may use CDBG funds for area benefit activities in any service area, whether or not located in a block group in the highest quartile, if the percentage of LMI persons in the service area is equal to or exceeds the upper quartile percentage.

If the grantee will use the exception criteria, the percentage of LMI persons in the service area must be determined by use of the Census data provided by HUD.

This is because the "upper quartile" was determined using Census data collected at the point in time of the use of CDBG funds.

Income surveys are often used to determine LMI area in one of two instances:

If HUD data does not indicate the service area contains at least 51 percent LMI persons, and if a grantee has a compelling reason to believe the data is incorrect, then the grantee may conduct household surveys based on a change in either population or income of the area since the census.

Also, when the service area is not generally the same as a census tract or block group, then the grantee should conduct household surveys to determine the LMI percentage for the service area.

The survey instrument and methodology must be approved by HUD for the purpose of establishing the percentage of LMI persons in a service area.

Chapter 3: National Objectives

A survey must meet standards of statistical reliability that are comparable to that of the Decennial Census data for areas of similar size.

Additional guidance is available in CPD Notice 05-06.

Finally, the service area of the activity must be primarily residential and the activity must meet the identified needs of LMI persons.

An activity with a service 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 service area and 51 percent of the residents are LMI persons.

This requirement does not apply to the location of the activity itself but rather the service area of the activity. As such it does not mean that activities located in commercial districts cannot be qualified under the LMI area benefit category on the virtue of their geography. The primarily residential test is applied to the service area of the activity.

For example, activities that support the infrastructure of a commercial district composed of institutions and firms that serve a national and international clientele will not qualify under LMI area benefit.

In contrast, if the commercial district is composed of stores and businesses that serve local customers such that the service area boundaries of the commercial district is around a primarily residential area with the requisite percentage of LMI residents, the activity qualifies under the LMI area benefit category.

Activities under Public Facilities and Improvements and some Public Service activities (e.g. police or fire services) tend to provide benefits to all residents in the service area. Additionally, public schools can be qualified under LMI area benefit because of the affect a school may have on the value of the residential property in the area. Public Schools are considered to benefit all the residents of the service area and may qualify under this category.

There are activities and facilities that are located in a service area but are designed to meet special needs. These activities cannot be qualified under this category. For example, a senior center would qualify under the LMI limited clientele category and not the LMI area benefit category.

With respect to exceptions and special situations, the statute allows two kinds of area benefit activities to meet the national objective of benefit to LMI persons even when the general requirements of the area benefit category cannot be met. The two kinds of area benefit activities are described below:

911 Systems (§ 570.208(a)(1)(iii))

With prior HUD approval, a grantee may develop, establish and operate for up to two years after the establishment of a uniform emergency telephone number system serving an area having less than the percentage of LMI persons otherwise required.

Special Assessments (§ 570.208(a)(1)(iv))

The use of CDBG funds to pay special assessments levied against residential properties that are owned and occupied by LMI persons will qualify under the LMI area

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benefit category provided that this is the only use of CDBG funds in the financing of a public improvement. The activity will qualify even if the public improvement provides a benefit to all the residents of an area.

Finally, there are two special situations that can meet the national objective of benefiting LMI persons under either the area benefit category or the job creation or retention category, at the option of the grantee.

1. Activities undertaken pursuant to a HUD approved Neighborhood Revitalization Strategy Area (NRSA) for the purpose of creating or retaining jobs, and
2. Activities carried out for the purpose of creating or retaining jobs by a Community Development Financial Institution (CDFI) whose charter limits its investment area to a primarily residential area consisting of at least 51 percent LMI persons.

3.2.2 Low Mod Limited Clientele (LMC)

The limited clientele category is a second way to qualify specific activities under the LMI benefit national objective. Under this category, 51 percent of the beneficiaries of an activity have to be LMI persons.

In contrast to the area benefit category, it is not the LMI concentration of the service area of the activity that determines whether the activity will qualify or not, but rather the actual number of LMI persons that benefit from the activity.

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.

Examples of activities that qualify under the limited clientele category include:

Acquisition of a building to be converted into a shelter for the homeless;

Rehabilitation of a center for training severely disabled persons to enable them to live independently;

Clearance of a structure from the future site of an neighborhood center that will exclusively serve the elderly; and

Public services activities like the provision of health services.

The listed examples qualify under the limited clientele category because the beneficiaries can be identified as LMI residents.

With respect to determining the beneficiaries of activities as LMI and qualifying under the limited clientele category, activities must meet one of the following tests:

Benefit a clientele that is generally presumed to be principally LMI. This presumption covers abused children, battered spouses, elderly persons, severely disabled adults (see the box below), homeless persons, illiterate adults, persons living with AIDS and migrant farm workers; or

Require documentation on family size and income in order to show that at least 51 percent of the clientele are LMI; or

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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. An example is a day care center that is designed to serve residents of a public housing complex.

In addition, the following activities may qualify under the limited clientele national objective:

Removal of architectural barriers to mobility for elderly persons or the severely disabled will be presumed to qualify under this category if it is restricted, to the extent practicable, to the removal of such barriers by assisting

The reconstruction of a public facility or improvement, or portion thereof that does not qualify under the area benefit category;

The rehabilitation of a privately owned nonresidential building or improvement that goes not qualify under area benefit or job creation or retention category: or

The rehabilitation of common areas in a residential structure that contains more than one dwelling unit and that does not qualify under housing activities category for meeting national objectives.

Microenterprise activities carried out in accordance with the HUD regulations when the person owning or developing the microenterprise is LMI; or

Activities that provide training and other employment support services when the percentage of persons assisted is less than 51 percent LMI may qualify if: the proportion of total cost borne by CDBG is no greater than the proportion of LMI persons assisted; and when the service assists businesses, CDBG is only used in the project to pay for the job training and/or supportive services.

There are two sets of activities that are precluded from qualifying under this category based on statutory limitations:

Acquisition, construction, or rehabilitation of property for housing, including homeownership assistance must qualify under the housing national objective which will be discussed below in further detail.

Creation or retention of jobs generally qualify under the jobs or the area benefit category of the LMI benefit national objective.

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Definition of Severely Disabled

Persons are considered severely disabled if they:

Use a wheelchair or another special aid for 6 months or longer;

Are unable to perform one or more functional activities (seeing, hearing, having one's speech understood, lifting and carrying, walking up a flight of stairs and walking);

Need assistance with activities of daily living (getting around inside the home, getting in or out of bed or a chair, bathing, dressing, eating and toileting) or instrumental activities or daily living (going outside the home, keeping track of money or bills, preparing meals, doing light housework and using the telephone);

Are prevented from working at a job or doing housework;

Have a selected condition including autism, cerebral palsy, Alzheimer's disease, senility or dementia or mental retardation; or

Are under 65 years of age and are covered by Medicare or receive Supplemental Security Income (SSI).

3.2.3 Low Mod Housing Activities (LMH)

The housing category of LMI benefit national objective qualifies activities that are undertaken for the purpose of providing or improving permanent residential structures which, upon completion, will be occupied by LMI households.

Examples of eligible activities include, but are not limited to:

Acquisition of an apartment house to provide dwelling units to LMI households at affordable rents, where at least 51 percent of the units will be occupied by LMI households;

Site improvements on publicly-owned land to serve a new apartment structure to be rented to LMI households at affordable rents;

Housing rehabilitation for single family units;

Conversion of an abandoned warehouse to be reconfigured into new apartments, where at least 51 percent of the units will be occupied by LMI households at affordable rents.

In order to meet the housing LMI national objective, structures with one unit must be occupied by a LMI household. If the structure contains two units, at least one unit must be LMI occupied. Structures with three or more units must have at least 51 percent occupied by LMI households.

Rental buildings under common ownership and management that are located on the same or contiguous properties may be considered as a single structure.

For rental housing, occupancy by LMI households must be at affordable rents, consistent with standards adopted and publicized by the grantee.

Under the following limited circumstances, structures with less than 51 percent LMI occupants may be assisted:

Assistance is for an eligible activity that reduces the development cost of new construction of non-elderly, multi-family rental housing; and

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At least 20 percent of the units will be occupied by LMI households at an affordable rent; and
The proportion of cost borne by CDBG funds is no greater than the proportion to be occupied by LMI households.

When housing activities are conducted by a community development financial institution (CDFI) or as part of an approved NRSA, multiple units (e.g. scattered site housing) may be aggregated for the purposes of meeting the LMI housing national objective.

NOTE: This flexibility does not apply to activities under the Direct Homeownership Assistance eligibility category (570.201(n)).

Please refer to the chapter on Revitalization Areas more information.

There are a number of activities that generally do not qualify under the LMI Housing national objective. These include code enforcement, interim assistance, microenterprise assistance, public services, and special economic development activities.

3.2.4 Low Mod Job Creation or Retention Activities (LMJ)

The job creation and retention LMI benefit national objective addresses activities designed to create or retain permanent jobs, at least 51 percent of which (computed on a full-time equivalent basis) will be made available to or held by LMI persons.

Some examples of activities that qualify when at least 51 percent of jobs created/retained will be for LMI persons include:

- Clearance activities on a site slated for a new business;

- Rehabilitation activity that will correct code violations and enable a business to survive and retain jobs;

- Financial assistance to a manufacturer for the expansion of its facilities that is expected to create permanent jobs; and

- Assistance to expand a small house cleaning service with four employees that agrees to hire three additional LMI employees.

The following requirements must be met for jobs to be considered created or retained.

If grantees fund activities that *create* jobs, there must be documentation indicating that at least 51 percent of the jobs will be held by, or made available to, LMI persons.

For funded activities that *retain* jobs, there must be sufficient information documenting that the jobs would have been lost without the CDBG assistance and that one or both of the following applies to at least 51 percent of the jobs:

- The job is held by a LMI person; or

- The job can reasonably be expected to turn over within the following two years and steps will be taken to ensure that the job will be filled by, or made available to, a LMI person.

The following requirements apply for jobs to be considered available to or held by LMI persons.

Created or retained jobs are only considered to be *available to* LMI persons when:

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Special skills that can only be acquired with substantial training or work experience or education beyond high school are *not* a prerequisite to fill such jobs, or the business agrees to hire unqualified persons and provide training; and

The grantee and the assisted business take actions to ensure that LMI persons receive first consideration for filling such jobs.

Created or retained jobs are only considered to be *held by* LMI persons when the job is actually held by a LMI person.

For the purpose of determining if the preceding requirements are met, a person may be presumed to be LMI if:

He/she resides in a Census tract/block numbering area that has a 20 percent poverty rate (30 percent poverty rate if the area includes the central business district); and the area evidences pervasive poverty and general distress; or

He/she lives in an area that is part of a Federally-designated Empowerment Zone (EZ) or Enterprise Community (EC); or

He/she resides in a Census tract/block numbering area where at least 70 percent of the residents are LMI.

Jobs created or retained by assisted businesses may also be presumed to be LMI if the job and business are located in an area that:

Has a 20 percent poverty rate (30 percent poverty rate if the area includes the central business district) *and* the area evidences pervasive poverty and general distress; or

Is part of a Federally-designated EZ or EC.

To determine if an area evidences pervasive poverty and general distress, the following standards are applicable

All block groups in the census tract have poverty rates of at least 20 percent;

The specific activity being undertaken is located in a block group that has a poverty rate of at least 20 percent; or

Upon the written request of the grantee, HUD determines that the census tract exhibits other objectively determinable signs of general distress such as high incidence of crime, narcotics use, homelessness, abandoned housing, and deteriorated infrastructure or substantial population decline.

As a general rule, each assisted business shall be considered to be a separate activity for purposes of determining whether the activity qualifies under the job creation and retention category for meeting a national objective.

However, in certain cases, such as where CDBG funds are used to acquire, develop or improve a real property (e.g., a business incubator or an industrial park), the requirement may be met by measuring jobs in the aggregate for all the businesses that locate on the property, provided such businesses are not otherwise assisted by CDBG funds.

Additionally, where CDBG funds are used to pay for the staff and overhead costs of an entity making loans to businesses from non-CDBG funds, this requirement may be met by aggregating the jobs created by all of the businesses receiving loans during any program year.

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As mentioned under the area benefit category, certain job creation or retention activities carried out by a CDFI or under a Neighborhood Revitalization Strategy can meet the national objective of benefiting LMI persons under either category. In these instances, the grantee will decide which category it will use to qualify the activity and record the decision in program files so that HUD will know which category is being applied.

3.3 Elimination of Slums and Blight

This section highlights the national objectives related to the elimination of slums and blight.

Key Topics in This Section: Overview of elimination of slum and blight; Area basis (SBA); Spot basis (SBS); Urban renewal (SBR)

Regulatory/Statutory Citations: Section 101(c), Section 104(b)(3), Section 105(c), 570.208(b)

Other Reference Materials on This Topic: Guide to National Objectives and Eligible Activities for Entitlement Communities, Chapter 3: Meeting a National Objective

Activities under this national objective are carried out to address one or more of the conditions which have contributed to the deterioration of an area designated as a slum or blighted area.

The focus of activities under this national objectives 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 slum and blight national objective, determining the extent of and physical conditions that contribute to blight is central to qualifying an activity.

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

- Prevent or eliminate slums and blight on an area basis;
- Prevent or eliminate slum and blight on a spot basis; or
- Be in an urban renewal area.

3.3.1 Slum Blight Area Basis (SBA)

This category covers activities that aid in the prevention or elimination of slums or blight in a designated area. Examples of activities that qualify when they are located within the slum or blighted area include

- Rehabilitation of substandard housing located in a designated blighted area and where the housing is expected to be brought to standard condition;
- Infrastructure improvements in a deteriorated area; and
- Economic development assistance in the form of a low-interest loan to a business as an inducement to locate a branch store in a redeveloping blighted area.

To qualify under this category, the area in which the activity occurs must be designated as slum or blighted. The following tests apply:

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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 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 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.

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.

As stated above, qualified activities must address the identified conditions that contributed to the slum and blight.

NOTE: When undertaking residential rehab in a slum/blight area, the building must be considered substandard under local definition and all deficiencies making the building substandard must be eliminated before less critical work is undertaken.

3.3.2 Slum Blight Spot 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. Examples include:

Acquisition and demolition of a dilapidated property;

Rehabilitation of a decayed community center that eliminates code violations that are detrimental to the health and safety of potential occupants like faulty wiring, falling plaster, or other similar conditions;

Preservation of a deteriorated building of historic significance; and

Financial assistance to a business to demolish a decayed structure and construct a new building on the site.

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.

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3.3.3 Slum Blight Urban Renewal Area (SBR)

These are activities located within an Urban Renewal project area or Neighborhood Development Program (NDP) action area that are necessary to complete an Urban Renewal Plan.

A copy of the Urban Renewal Plan in effect at the time the CDBG activity is carried out, including maps and supporting documentation, must be maintained for record keeping purposes.

This national objective category is rarely used as there are only a handful of communities with open Urban Renewal Plans.

3.4 Urgent Need (URG)

This section describes the urgent need national objective.

Key Topics in This Section: Overview of urgent need

Regulatory/Statutory Citations: Section 101(c), 104(b)(3), 105(c), 570.208(c)

Other Reference Materials on This Topic: Guide to National Objectives and Eligible Activities for Entitlement Communities, Chapter 3: Meeting a National Objective

Use of the urgent need national objective category is rare. It is designed only for activities that alleviate emergency conditions. Examples include:

- Acquisition of property located in a flood plain that was severely damaged by a recent flood;

- Public facility improvements like the reconstruction of a publicly-owned hospital that was severely damaged by a tornado;

- Demolition structures that are severely damaged by a major earthquake;

- Public services like additional police protection to prevent looting in an area damaged by a recent hurricane;

- Interim assistance such as emergency treatment of health problems cause by a flood; and

- Special economic development assistance to a grocery store that was damaged by an earthquake.

Urgent need qualified activities must meet the following criteria:

- The existing conditions must pose a serious and immediate threat to the health or welfare of the community;

- The existing conditions are of recent origin or recently became urgent (generally, within the past 18 months);

- The grantee is unable to finance the activity on its own; and

- Other sources of funding are **not** available.

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3.5 LMI Benefit Expenditures

Grantees are required to expend a substantial portion of their funds in order to benefit LMI persons. This section describes the calculation of LMI benefit.

Key Topics in This Section: Expenditure requirement, Meeting the requirement, Excluded expenditures, Activities that meet the requirement

Regulatory/Statutory Citations: Section 101(c), Section 104(b), 105(c), 570.200(a)(3)

Other Reference Materials on This Topic: Guide to National Objectives and Eligible Activities for Entitlement Communities, Chapter 4: Overall Expenditures Level – Benefit to L/M Income Persons

The primary national objective of the CDBG Program is the development of viable urban communities principally for LMI persons.

To meet the primary national objective, the CDBG regulations require that grantees expend not less than 70 percent of CDBG funds for activities that benefit LMI persons.

Planning and administrative costs are excluded from the LMI benefit calculation.

Activities meeting this requirement are those which qualify under one of the four LMI benefit national objective category:

- Area basis;
- Limited clientele;
- Housing activities; or
- Job creation or retention.

The percentage calculation is based on aggregate CDBG expenditures over a period specified by the grantee (up to three years) in a certification to HUD. The certification must be included in grantee's annual Consolidated Plan action plan submission.

LMI Calculation Example

Total entitlement grant amount: \$1,000,000

Less actual planning and admin (up to 20 percent): (200,000)

Equals amount subject to LMI calculation: \$800,000

Multiplied by 70 percent: x 0.70

Equals minimum to benefit LMI: \$560,000

Amount subject to LMI calculation: \$800,000

Less LMI minimum: (560,000)

Equals maximum slum/blight and urgent needs allowable activities: \$240,000

* NOTE: This example is for illustrative purposes only. It does not demonstrate the calculation for grantees on a multi-year certification cycle, and does not take into account program income.

Due to the 70 percent LMI benefit standard, grantees **must** limit expenditures under the Slum/Blight and Urgent Need national objectives in order to meet the LMI expenditure requirement.

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Under housing activities, the expended funds that count towards the 70 percent requirement may be limited depending on number of LMI units in the housing structure and the amount of the CDBG funds expended on the structure.

To determine the amount expended under housing activities that counts towards the 70 percent requirement, grantees should take the following steps:

Divide the number of units in an assisted structure that is occupied by LMI households by the total number of units to determine the percentage of units that are occupied by LMI households;

Multiply the total costs of the assisted activity (including those paid for with CDBG and non-CDBG funds) by the percentage of units that are occupied by LMI households; and

Exclude the amount of CDBG funds expended for the assisted structure that is in excess of the amount calculated in the above step.

Excluded Housing Activity Expenditures Example

Number of units occupied by LMI households: 4

Total number of units in assisted structure: 6

Divide number of units occupied by LMI households by total number of units in assisted structure and multiple by 100: $(4/6) * 100$

Equals percent of LMI units in structure: 67%

Total cost of the housing activity (all sources of funds): \$300,000

Multiplied by percent of LMI units in structure

(i.e. proportion of housing costs attributed to LMI units): \$200,000

CDBG assistance to the structure: \$250,000

Excess CDBG funds that have to be excluded from LM expenditures: \$50,000

* NOTE: This example is for illustrative purposes only.

3.6 Choosing the Right National Objective

Grantees may have options regarding which national objective is used for a particular activity. This section provides tips on selecting the right national objective.

Key Topics in This Section: Activities that meet more than one national objective, Selecting the most appropriate national objective

Regulatory/Statutory Citations: 570.200(a)(3), 570.208

Other Reference Materials on This Topic: Guide to National Objectives and Eligible Activities for Entitlement Communities, Chapter 3: National Objectives

Activities may qualify for more than one national objective category. If an activity meets the LMI benefit national objective, then the best decision for most grantees will be to use the LMI Benefit national objective because of the 70 percent requirement associated with that national objective.

For the activities that meet more than one national objective, grantees may find it useful to document compliance with all the applicable national objectives, especially if there is some uncertainty regarding the ability of an activity to meet the chosen national objective upon completion.

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For example, grantees may have concern that an activity qualifying on the basis of creating jobs may not meet the test that at least 51 percent of the jobs created will benefit LMI persons. If the activity could also qualify under the slum/blight area category, the grantee may be best served by documenting compliance with both national objectives. This way, if the activity does not meet the LMI job creation criteria the grantee can switch the activity to the slum/blight area national objective rather than have the activity in non-compliance with CDBG rules. Note that switching the activity from LMI benefit to slum/blight area may affect the grantees certification that 70 percent of expenditures are associated with the LMI benefit national objective, so grantees should proceed with precaution.

3.7 Documenting National Objectives

It is critical that grantees document the results of their activity and the related national objective. This section highlights that required national objective documentation.

Key Topics in This Section, Timing of documentation activities, Documenting LMI Benefit national objective, Documenting Prevention/Elimination of Slums or Blight, Documenting Urgent Need

Regulatory/Statutory Citations: 570.208, 570.506(b)

Other Reference Materials on This Topic, Guide to National Objectives and Eligible Activities for Entitlement Communities, Chapter 3: National Objectives

Grantees must maintain records that funded activities meet one of the national objectives. The records depend on the national objective category. This section walks grantees through the documentation requirements under the associated national objective categories.

The Performance Measurement, Reporting, Recording Keeping and Monitoring chapter in this manual, Chapter 13, has more details regarding records that must be maintained to document compliance with CDBG regulations, including records on meeting national objectives.

The timing of documentation for activities is an important consideration. Compliance with national objectives can be documented upfront for a number of the categories. For example, compliance documentation for the following national objectives can be established upfront:

Under the national objective of benefit to LMI persons, the LMI area benefit;

Under the national objective of elimination of slums or blight, all three categories (area basis, spot basis, and urban renewal); and

The urgent need national objective.

Some national objectives have to be documented over time. For example, it is likely that the future occupants of a rental rehabilitation activity cannot be identified up-front. Compliance with the LMI Housing requirement that 51 percent of the occupants have to be LMI households, will require collecting documentation demonstrating compliance during the lease-up period.

In the same way, future hires of created jobs cannot be identified and documentation of compliance cannot be obtained upfront. Rather, hires by the assisted business have to be monitored over a period of time.

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3.7.1 Benefit to LMI Persons

LMI Area Benefit

The following records will demonstrate compliance under this national objective category:

- Boundaries of service area;
- Percentage of LMI persons that reside in the service area; and
- The data used for determining percentage of LMI persons.

LMI Limited Clientele

One of the following five types of records must 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; or
2. Documentation describing how the nature and the location of the activity establishes that it will be used predominantly by LMI persons; or
3. Data showing the family size and annual income of each person receiving the benefit; or
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; or
5. Documentation showing that the activity qualifies under the special conditions regarding job services where less than 51 percent of the persons benefiting are LMI persons.

LMI Housing

The following records must be maintained:

A written agreement with each landlord or developer receiving CDBG assistance. The agreement must specify

The total number of dwelling units in each multi-unit structure, and

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; and

Documentation of compliance with the locally established standards for housing that is "affordable to LMI households".

When assisting structures with less than 51 percent 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; and

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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.

When assisting with the delivery costs of HOME assisted projects and assistance, evidence that housing projects and/or tenant based rental assistance achieves HOME income targeting requirements.

While compliance with the housing national objective is based on the initial occupancy of the housing following completion of the CDBG-assisted activity, grantees are urged to establish their own requirements for replacing such households with other LMI households whenever the assisted unit becomes vacant within a period of time following completion that is commensurate with the amount of CDBG financial assistance that was provided to the developer.

Another consideration when document compliance is that occupancy of the unit may not be for some time after the completion of the activity. For example, there may be a time lag between the acquisition or land clearing activity subsidized by CDBG funds and the development of the housing units. It is not sufficient to document the intention to comply. The grantee is responsible for documenting that the housing units are constructed and that the appropriate number of units are initially occupied by LMI households.

LMI Job Creation and Retention

Record keeping requirements in this category relate to both the status of the business, the jobs created or retained, and the LMI persons benefiting from the activity. The following is an outline of the documents that have to be maintained by grantees:

Written agreement with the business in which the following is specified:

A commitment from the assisted business to hire or retain LMI persons;

The type of job and whether the job will be full- or part- time, and

The actions that the business will take to ensure that at least 51 percent of the hires or retainees will be LMI persons.

Compliance with the written agreement must be documented as follows:

The jobs that were actually created and/or retained;

Whether each such job was held by or made available to a LMI person, and

The full-time equivalency status of the jobs.

For created jobs that will be held by LMI persons, the records must demonstrate:

Listing by job title of the jobs created;

Listing by job title of the jobs filled;

The name and income status of the person who filled each position; and

The full-time equivalency status of the jobs.

For created jobs that will be made available to LMI persons but are not taken by LMI persons:

The title and description of the jobs made available;

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The full-time equivalency status of the job;

The prerequisites for the job; special skills or education required for the job, if any; and the business commitment to provide needed training for such jobs; and

How first consideration was given to LMI persons for the job can be recorded as follows:

The name(s) of person(s) interviewed for the job and the date of the interview(s), and

The income status of the person(s) interviewed.

For retained jobs that would otherwise be lost:

Specific evidence that the jobs would be lost without the CDBG assistance.

If the retained job is held by a LMI person:

A listing by job title of permanent jobs retained;

The jobs that are known to be held by LMI persons at the time of assistance;

The full time equivalency status of each job; and

Family size and annual income of each LMI person.

For retained jobs that are projected to turnover to LMI persons:

A listing of the retained jobs that are projected to become available within two years of assistance;

The basis of the determination that the job is likely to turnover within two years of assistance;

The actual turnover date;

The name and income status of the person who filled the vacancy;

If the person who took the job was not a LMI person, records to demonstrate that the job was made available to LMI persons:

The name(s) of person(s) interviewed for the job and the date of the interview(s) and

The income status of the person(s) interviewed

Information on the family size and annual income of each LMI person hired.

There are five options for documenting the LMI status of an applicant or employee:

1. Referrals from an agency that has agreed to refer individuals who are determined to be LMI based on HUD's category. These agencies must maintain records, which must be available to the grantee or federal inspection, showing the basis upon which they determined that the person was LMI; or
2. A written self certification by the employee or applicant of his/her family size and total income that is signed and dated. Certification can either include actual size and income of family or can contain a statement that the annual family income is below the Section 8 low-income limit for the applicable family size; or
3. Qualification of employee or application for assistance under another program with income qualification that are as restrictive as those used by the CDBG program.

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Examples include referrals from Public Housing, Welfare Agency, or the JTPA Program, with the exception of the JTPA Title III program for dislocated workers; or

4. Evidence that the individual is homeless; or
5. Evidence that the individual may be presumed to be LMI by way of residence address and poverty rates of applicable census tract or documentation of area designation as EZ or EC.

The grantee can use any combination of documenting income status for the persons benefiting from a job creation or retention activity.

When documenting income, the income status of an individual is made at the time the CDBG assistance is provided. This may have an affect on the retention of high-paying unskilled jobs counting as eligible except for turnover purposes. This is because a person who occupies a high-paying but low-skilled job may not qualify as a LMI person. Whereas a LMI person may fill the job at a lower pay rate if it were created or if it became available through turnover.

3.7.2 Prevention/Elimination of Slums or Blight

Under the categories of Area Basis and Spot Blight, the presence of blight has to be evidenced in record keeping. In documenting the presence of blight, the use of pictures is encouraged.

Area Basis

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; and

Evidence that the activities undertaken address the conditions that contributed to the deterioration.

Spot Blight

Grantee files should include the following:

Description of condition addressed by activity,

Documentation of eligibility of activity under this category, and

Records required for residential rehabilitation as listed above under Area Basis.

Urban Renewal Area

Records must contain:

A copy of the Urban Renewal Plan, and

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Documentation that activity was required to meet the goals outlined in the renewal plan.

3.7.3 Urgent Need

Files should include:

Documentation of urgency of need and timing; and

Certification that other financing resources were unavailable and CDBG had to be used.

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CHAPTER PURPOSE & CONTENTS

This chapter covers the CDBG-eligible and ineligible public service activities as well as guidance on how to determine the appropriate national objective category for public services, and how to document compliance with the national objective. In addition, this chapter provides information on other Federal requirements for compliance as it relates to public services. This chapter also provides grantees with useful public service program design and project implementation information.

SECTION	TOPIC
7.1	Eligible and Ineligible Public Service Activities
7.2	Public Services Cap
7.3	Documenting National Objectives

7.1 Eligible and Ineligible Public Service Activities

This section outlines activities that are eligible and ineligible public services under the CDBG program. The following is a summary of the topics in this section, applicable statutory and regulatory citations, and other reference materials available from HUD.

Key Topics in This Section: Eligible Public Services Activities, Ineligible Activities

Regulatory/Statutory Citations: Section 105(a)(8), 570.201(e), 570.207

Other Reference Materials on This Topic CDBG Guide to National Objectives and Eligible Activities, Chapter 2

7.1.1 Eligible Public Service Activities

The CDBG regulations allow the use of grant funds for a wide range of public service activities, including, but not limited to:

- Employment services (e.g., job training);
- Crime prevention and public safety;
- Child care;
- Health services;
- Substance abuse services (e.g., counseling and treatment);
- Fair housing counseling;
- Education programs;
- Energy conservation;
- Services for senior citizens;
- Services for homeless persons;

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Welfare services (excluding income payments);
Down payment assistance (also refer to Chapter 4); and
Recreational services.

CDBG funds may be used to pay for labor, supplies, and material as well as to operate and/or maintain the portion of a facility in which the public service is located. This includes the lease of a facility, equipment, and other property needed for the public service.

To utilize CDBG funds for a public service, the service must be either:

A new service; or

A quantifiable increase in the level of an existing service which has been provided by the grantee or another entity on its behalf through State or local government funds in the 12 months preceding the submission of the grantee's Consolidated Plan Annual Action Plan to HUD.

An exception to this requirement may be made if HUD determines that any decrease in the level of a service was the result of events not within the control of the local government.

This provision was put into place to ensure that localities did not use CDBG funds to replace local or state monies to fund essential services typically offered by the local government entity.

Specifically, the public services provision applies in the following manner:

If a service is new, it may be funded.

If a service is existing, determine whether it was provided by or on behalf of the unit of local government with local or state funding.

If it was not provided by or on behalf of the local government with funding from the local government, it may be funded,

If it was provided by or on behalf of the local government with funding from the local government, grantees must determine whether the proposed service will be a quantifiable increase in the level of service. If it can be documented that the service is a quantifiable increase in the level of service, it may be funded.

The regulations do not prohibit a grantee from continuing to provide funding to a CDBG-funded public service at the same or decreased level in subsequent program years.

7.1.2 Ineligible Public Service Activities

The provision of "income payments" is an ineligible CDBG activity if these payments are provided as a grant.

Income payments are payments to an individual or family, which are used to provide basic services such as food, shelter (including payment for rent, mortgage, and/or utilities) or clothing.

However, such expenditures are eligible under the following conditions:

The income payments do not exceed three consecutive months; and

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The payments are made directly to the provider of such services on behalf of an individual or family.

Income payments that are provided as a loan are permissible within the public services cap.

Political activities are ineligible.

7.2 Public Services Cap

The following is a summary of the topics in this section, applicable statutory and regulatory citations, and other reference materials available from HUD.

Key Topics in This Section: The public services cap, Public services cap exceptions

Regulatory/Statutory Citations: 570.201(e), 570.207

Other Reference Materials on This Topic: CDBG Guide to National Objectives and Eligible Activities, Chapter 2

The total amount of CDBG funds **obligated** for public services activities must not exceed 15 percent of the annual grant allocation **plus** 15 percent of program income received during the prior year.

The only exception to this rule is for grantees that obligated more than 15 percent of their fiscal year 1982 or 1983 funds for public services.

Public services carried out by subrecipients **are subject to** the 15 percent public services cap.

Because the public services category covers numerous important activities but is limited by the 15 percent cap, grantees should make efforts to see if a service type activity meets another CDBG eligibility category. For example, removing graffiti from public buildings is a public service. However assisting private properties with graffiti removal may be better categorized as eligible property rehabilitation activities.

In addition, the CDBG regulations offer flexibility in using CDBG for certain public services, particularly services designed to increase employment opportunities, **outside** of the 15 percent cap. The eligibility options include:

Provision of assistance to microenterprises as a separate eligible activity. This includes technical assistance, business support services, and other similar services to owners of microenterprises or persons developing microenterprises;

Certain job training and job placement services are considered to be an activity delivery cost if provided in connection with eligible economic development projects under 570.203;

Job training, job placement and other employment support services that are carried out by a qualified Community-Based Development Organization (CBDO), as part of certain types of projects, and which are specifically designed to increase economic opportunities including peer support programs, child care, counseling, transportation and other similar services; and

Any type of services carried out by a qualified CBDO, as part of certain types of projects, pursuant to a strategy as part in a HUD-approved NRSA.

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Economic development services carried out *in connection with* special economic development activities also do *not* count against the 15 percent cap. These services include:

- Outreach efforts to market available assistance;
- Screening of applicants;
- Reviewing and underwriting applications for assistance;
- Preparation of all necessary agreements;
- Management of assisted activities; and
- Screening/referral/placement of applicants for jobs generated by CDBG-eligible economic development activities, including training for those persons filling positions.

Public Services Cap Calculation Example

CDBG Entitlement grant amount	\$1,000,000	
Plus program income (prior year)	<u>+ 100,000</u>	
Equals amount subject to cap	\$1,100,000	
Multiplied by 15%	<u>x 0.15</u>	
Equals maximum funds that can be obligated for public services		\$165,000

7.3 Documenting National Objectives

The following is a summary of the topics in this section, applicable statutory and regulatory citations, and other reference materials available from HUD.

Key Topics in This Section: LMI Benefit National Objective, Slum/Blight National Objective
Urgent Needs National Objective

Regulatory/Statutory Citations: Section 101(c), Section 104(b), Section 105(c), 570.208

Other Reference Materials on This Topic CDBG Guide to National Objectives and Eligible Activities, Chapter 3

7.3.1 National Objective Summary Chart

The following chart summarizes the national objective options related to public services. The text below provides additional details. For a complete copy of the matrix codes and national objectives chart, please see the IDIS chapter of this manual.

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National Objective Codes (N = Not Allowed)									
HUD Matrix Code	Activity	LMA	LMC	LMH	LMJ	SBA	SBS	SBR	URG
5	Public Services (General)			N	N		N	N	
05A	Senior Services	N		N	N		N	N	
05B	Handicapped Services	N		N	N		N	N	
05C	Legal Services			N	N		N	N	
05D	Youth Services	N		N	N		N	N	
05E	Transportation Services			N	N		N	N	
05F	Substance Abuse Services			N	N		N	N	
05G	Battered and Abused Spouses	N		N	N		N	N	
05H	Employment Training			N	N		N	N	
05I	Crime Awareness			N	N		N	N	
05J	Fair Housing Activities (Subject to Pub. Services Cap)			N	N		N	N	
05K	Tenant/Landlord Counseling	N		N	N		N	N	
05L	Child Care Services	N		N	N		N	N	
05M	Health Services			N	N		N	N	
05N	Abused and Neglected Children	N		N	N		N	N	
05O	Mental Health Services			N	N		N	N	
05P	Screening for Lead Based Paint/Lead Hazards	N		N	N		N	N	
05Q	Subsistence Payments	N		N	N		N	N	
05R	Homeownership Assistance (not direct)	N	N		N		N	N	
05S	Rental Housing Subsidies	N	N		N		N	N	
05T	Security Deposits	N	N		N		N	N	
05U	Housing Counseling	N		N	N	N	N	N	N

7.3.2 LMI Benefit National Objective

CDBG-funded public service activities are typically categorized under the LMI Benefit National Objective as either Area Benefit or Limited Clientele activities. As shown in exhibit 7-1 below, the distinguishing factor between the two categories is whether the service will be offered to **all** residents of a particular LMI income area **or** to a particular group of LMI residents in the entire community.

Under the Area Benefit criteria, the public service must be offered to **all** residents of an area where at least 51 percent of the residents are LMI. The area must be clearly delineated by the grantee and must be primarily residential.

To document qualification of public service activities under this objective:

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Maintain records of the boundaries of the service area;

Document that the area is primarily residential (e.g., zoning map); and

Document the income characteristics of households in the service area (i.e., Census data).

Limited Clientele activities benefit a specific targeted group of persons of which at least 51 percent must be LMI. In order to meet the LMI Limited Clientele criteria, the activity must:

Serve at least 51 percent LMI, as evidenced by documentation and data concerning beneficiary family size and income;

Have income-eligibility requirements which limit the service to persons meeting the LMI income requirement, as evidenced by the administering agency's procedures, intake/application forms, income limits, and other sources of documentation;

Serve a group primarily presumed to be LMI such as abused children, battered spouses, elderly persons, severely disabled adults, homeless persons, illiterate adults, persons living with AIDS and migrant farm workers; or

Be of such a nature and in a location that it may be concluded that the activity's clientele are LMI.

Exhibit 7-1 Determining if a Public Service Activity Qualifies As an Area Benefit or Limited Clientele Activity

Issue for Consideration	If an Area Benefit Activity...	If a Limited Clientele Activity...
Who will the service be provided to?	All residents of a LMI area (i.e., area with at least 51 percent LMI residents)	A limited group of persons, either LMI or presumed to be LMI, regardless of where they live
Where will the service be provided?	In a particular neighborhood	Not specific; could be offered to more than one neighborhood or city- or county-wide
What are the income levels in the area where the service will be delivered?	At least 51 percent LMI residents in area	Not applicable; eligibility based on clients served (but generally at least 51% must be LMI)

7.3.3 Slum/Blight National Objective

Public service activities that aid in the prevention or elimination of slums or blight in a designated area may qualify under the Slum/Blight National Objective (Area Basis). However, this category is rarely used for public service activities due to the fact that the activity must meet the following qualifying criteria:

The area in which the activity occurs must be designated as slum or blighted. The following tests apply:

The delineated area in which the activity occurs must meet a definition of a slum, blighted, deteriorated or deteriorating area under state or local law;

The area must also meet either one of the two conditions specified below:

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At least 25 percent of the properties throughout the area exhibit the following:

- (a) Physical deterioration of buildings/improvements;
- (b) Abandonment of properties;
- (c) Chronic high occupancy turnover rates or chronic high vacancy rates in commercial or industrial buildings;
- (d) Significant declines in property values or abnormally low property values relative to other areas in the community; or
- (e) Known or suspected environmental contamination.

Public improvements throughout the area are in a general state of deterioration.

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

7.3.4 Urgent Needs

It is possible for public services activities to qualify under this National Objective if the public service is designed to alleviate existing conditions that pose a serious and immediate threat the health or welfare of the community and following conditions are met:

The conditions are of recent origin or recently became urgent; and

The grantee is unable to secure other funds to support the activity.

General Instructions for Registering in DUNS / SAM

If you have not previously registered in **DUNS** or **SAM**, read all instructions below before you register in these systems.

IMPORTANT FACTS

1. All organization/entity information **MUST BE IDENTICAL IN BOTH DUNS and SAM**.
 - You cannot enter one address for DUNS and then a different address for SAM. This will cause a system error and result in significant delays.
 - You cannot have unequal spacing between words in the primary contact information fields. Be very precise when entering all data.
2. Certain internet browsers work better than others for navigating the SAM system. If you have technical difficulties, read “Browser Settings for Optimal Use of SAM”:
<https://inside.fws.gov/media/FinancialAssistance/Documents/Browser%20Use%20of%20SAM.pdf>
3. Obtaining a CAGE or NCAGE code is an important first step in this process. Please scroll to the “Definitions” section below for further information.
4. For SAM Customer Service, contact:
 - Federal Service Desk: www.fsd.gov
 - US Calls: 1-866-606-8220
 - International Calls: 334-206-7828
 - You may also contact your DIC point of contact
5. There is no registration fee for DUNS or SAM for any organization that is a (or is applying for) financial assistance recipient of the US government, including contracts, grants, and cooperative agreements. There are businesses that will assist in registration for a fee, but you are not required to make payment to any DUNS representatives for purposes of contracts, grants, or cooperative agreements.

SAM INSTRUCTIONS TO READ PRIOR TO REGISTRATION

1. Go to www.sam.gov
2. Click on the “Help” Tab.
3. Click on the “FAQs” Tab, read the “SAM User Help” information.
4. Click on the “User Guides” tab, then the “Quick User Guides” tab below.
5. Read the “Quick Start Guide for Entities Interested in Being Eligible for Grants.”
https://www.sam.gov/sam/transcript/Quick_Guide_for_Grants_Registrations.pdf
6. Click on “Full User Guide” and download full instructions for completing SAM registration. This guide contains step-by-step screen shots to assist in the registration process.
7. Also under the “User Guides” tab are “Demonstration Videos:”
 - SAM Overview Video
 - Register a New Entity in SAM to be Eligible for Grants and Other Federal Assistance
 - Migrating Your Legacy System Roles
8. For SAM frequently asked questions (FAQs), go to: <https://www.sam.gov/portal/public/SAM/>
9. Once you have read through the formal instructions on the SAM website, you can use the instructions below for basic reference when entering SAM organizational information.
10. If you are awaiting an assistance award from DIC, please email your Grant Specialist once you have completed SAM registration.

BASIC INSTRUCTIONS FOR COMPLETING SAM ENTITY REGISTRATION

1. First, complete DUNS registration for your organization. See below for DUNS information.

2. Create a Personal Account and Login
3. Click "Register New Entity" under "Manage Entity" on your "My SAM" page
4. Select your Entity type
5. Select "NO" to "Do you wish to bid on contracts?"
6. Select "YES" to "Do you want to be eligible for grants and other federal assistance?"
7. Complete "Core Data"
 - Validate your DUNS
 - Enter Business Information
 - Enter CAGE code if you have one. If not, one will be assigned to you after you have completed your registration. Non-domestic registrants must enter NCAGE code.
 - Enter General Information (business type, etc.)
 - Financial Info (EFT)
 - Proceedings detail
8. Complete "Point of Contact"
9. The entity's registration should be active in 3-5 business days (10 business days for manual validations.)

DEFINITIONS

DUNS Number

Dun & Bradstreet (D&B) provides a DUNS Number (a unique nine-digit identification number) for each physical location of your business. DUNS Number assignment is FREE for all businesses required to register with the US Federal government for contracts or grants.

If your organization does not have a valid DUNS number, you must request one using one of the methods below. Regardless of the method used, requesting the DUNS number for the first time is free of charge. Please be aware that requesting and renewing a DUNS number may take up to 30 business days.

- Via the DUNS website at <http://fedgov.dnb.com/webform>
 - The DUNS website has information available in English only. Requesting a DUNS number is free of charge.
- Via an international DUNS office:
<http://www.dandb.com/international/>
http://www.dnblatam.com/DUNSRequest/ESP_Contacts.asp

If your organization already has a DUNS number, please verify that it is valid. The DUNS number must be renewed on an annual basis by either of the two methods below:

- Directly through the DUNS website. No fee is charged.
- Contacting the international DUNS office in your country. A fee is charged depending on locality and urgency of request. Contact information can be found here: <http://www.dandb.com/international/>
http://www.dnblatam.com/DUNSRequest/ESP_Contacts.asp

CAGE and NCAGE Code in SAM

The Commercial And Government Entity (CAGE) Code is a five-character ID number used extensively within the U.S. federal government, assigned by the Department of Defense's Defense Logistics Agency (DLA). The CAGE code provides a standardized method of identifying a given facility at a specific location. CAGE codes for entities located outside the United States are called NATO Commercial and Government Entity (NCAGE) codes. NCAGE codes are assigned internationally as part of the NATO Codification System (NCS), and are required for all foreign entities or the registration will be considered incomplete.

A CAGE code or NCAGE code will be automatically assigned to you as a part of your entity's registration in SAM. NCAGE is required for all foreign entities or the registration will be considered incomplete. Information on how to obtain NCAGE codes may be found at http://www.dlis.dla.mil/Forms/Form_AC135.asp.

The DLA is the government agency responsible for administering CAGE codes. You should email or call the DLA Customer Interaction Center to clarify the error. Agents are available 24 hours a day, 7 days a week, including holidays. Once the error is cleared then you can go back in SAM and resubmit your registration.

- Toll Free: 1-877-352-2255
- Commercial: 1-269-961-7766
- Email: dlacontactcenter@dlamail.mil

To research or cross reference what is registered on a recipient's CAGE or NCAGE code account you can visit the DLA's website (http://www.logisticsinformationservice.dla.mil/BINCS/begin_search.aspx) and search by "DUNS" or the "Name" of the entity to see CAGE or NCAGE code registration information.

SWIFT Code

SWIFT code is a standard format of Bank Identifier Codes (BIC) and it is a unique identification code for a particular bank. These codes are used when transferring money between banks, particularly for international wire transfers. Banks also used the codes for exchanging other messages between them. The SWIFT code consists of 8 or 11 characters. When 8-digits code is given, it refers to the primary office.

- First 4 characters - bank code (only letters)
- Next 2 characters - ISO 3166-1 alpha-2 country code (only letters)
- Next 2 characters - location code (letters and digits) (passive participant will have "1" in the second character)
- Last 3 characters - branch code, optional ('XXX' for primary office) (letters and digits)

Currently, there are over 7,500 "live" SWIFT codes. The "live" codes are for the partners who are actively connected to the SWIFT network. On top of that, there are more than 10,000 additional codes, which are used for manual transactions. These additional codes are for the passive participants. The registrations of SWIFT Codes are handled by Society for Worldwide Interbank Financial Telecommunication ("SWIFT") and their headquarters is located in La Hulpe, Belgium.

NAICS

The North American Industry Classification System (NAICS) is the standard used by Federal statistical agencies in classifying business establishments for the purpose of collecting, analyzing, and publishing statistical data related to the U.S. business economy. **You DO NOT need a NAICS code if you are a non-governmental organization applying for a grant.**