

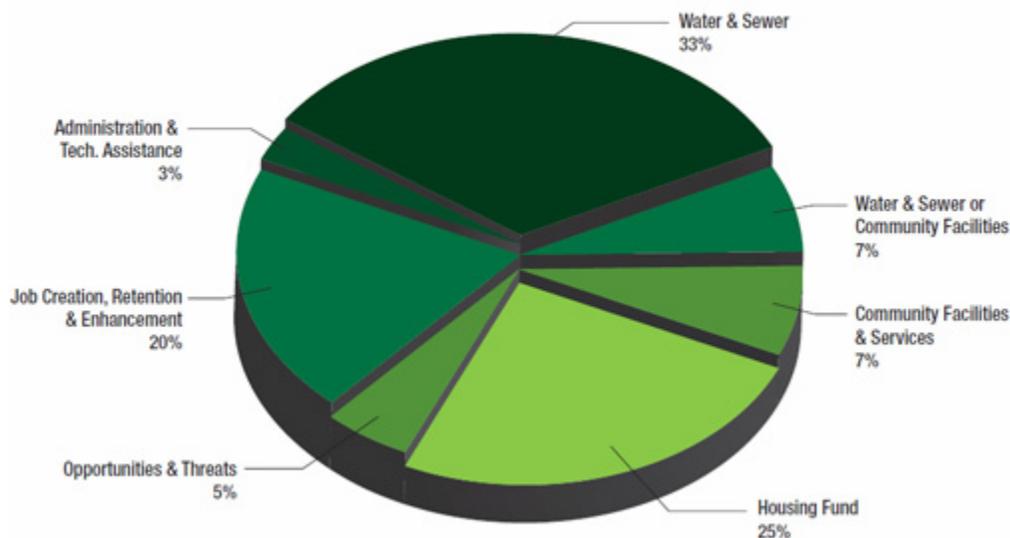
Developing Iowa's Communities

As outlined in Title I of the Housing and Community Development Act, the primary goal of the CDBG program is “the development of viable communities, by providing decent housing and suitable living environment and expanding economic opportunities, principally for persons of low and moderate incomes.” In addition to the national program goals and objectives outlined by this Act, the State designs its CDBG program to do the following:

- to be flexible enough to address community priorities;
- to ensure neutrality and fairness in the treatment of all applications;
- to promote the proper maintenance of owner-occupied housing;
- to assist communities to preserve and develop, in a sustainable manner, basic infrastructure;
- to support economic development activities that principally benefit low- and moderate-income persons through job training and job creation.

All incorporated cities and all counties in the State, except those designated as HUD entitlement areas, are eligible to apply for and receive funds under this program. Those activities outlined as eligible under Title I, Section 105, of the Housing and Community Development Act of 1974, as amended, are considered eligible under Iowa’s CDBG program. Eligible activities include public facilities (such as water and sewer facilities, and community buildings), housing rehabilitation, economic development and job training. State administrative rules for the program contain a complete listing of eligible activities. At least 70 percent of CDBG funds allocated to local governments will be used for activities that principally benefit low- and moderate-income persons. For these purposes, low and moderate-income persons means they have incomes at or below 80 percent of the area median income defined by HUD annually in March.

IOWA CDBG PROGRAM (PROPOSED ALLOCATION OF 2012 FUNDS)



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

1. Benefit to low- and moderate- income (LMI) persons. 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. There are four subcategories that can be used to meet the LMI national objective:

- A. Area benefit activities (Low Mod Area or LMA): An area benefit activity is one that benefits all residents in a particular area (primarily residential), where at least 51 percent of the residents are LMI persons.

Programs that use this National Objective: Water and Sewer Fund, Community Facilities and Services Fund, and/or opportunities and threats fund which serve an area.

- B. Limited clientele activities (Low Mod Limited Clientele or LMC): Under this category, 51 percent of the beneficiaries of an activity have to be LMI persons. Activities in this category provide benefits to a specific group of persons rather than everyone in an area. Benefit a clientele that is generally presumed to be principally LMI such as:

- abused children,
- battered spouses,
- elderly persons,
- severely disabled adults
- homeless persons,
- illiterate adults, p
- persons living with AIDS and migrant farm workers;

or have income eligibility requirements limiting the activity to LMI persons only; or be of such a nature and in such a location that it can be concluded that clients are primarily LMI.

Programs that use this National Objective: Community Facilities and Services Fund benefiting a certain clientele like Senior Centers and Child Care Centers.

- C. Housing activities (Low Mod Housing Activities or 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.

Programs that use this National Objective: Housing Fund

- D. Job creation or retention activities (Low Mod Job creation or retention activities or 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.

Programs that use this National Objective: Job creation, Retention, and Enhancement Fund

2. Aid in the prevention or elimination of slums or blight. 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. 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 two categories that can be used to qualify activities under this national objective:

A. Prevent or eliminate slums and blight on an area basis (SBA): This category covers activities that aid in the prevention or elimination of slums or blight in a designated area. 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.

Programs that use this National Objective: Downtown Revitalization Fund and/or opportunities and threats fund

B. Prevent or eliminate slum and blight on a 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.

Programs that use this National Objective: Downtown Revitalization Fund and/or Opportunities and Threats Fund

3. Meet a need having a particular urgency (referred to as urgent need). Use of the urgent need national objective category is rare. It is designed only for activities that alleviate emergency conditions.

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.

Programs that use this National Objective: Opportunities and Threats Fund