



What Are the CDBG Program “Exception Criteria” and How Can I Use Them?

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EXECUTIVE SUMMARY

Does your Community Development Block Grant (CDBG) Program need help to qualify projects in areas that are not predominantly low-income?

Is your community growing or sparsely populated without large concentrations of low-income residents?

If the answer is “Yes,” your community may be eligible to use a sometimes-overlooked CDBG eligibility determination process known as “exception criteria.”

The CDBG regulations ordinarily require that area benefit projects (e.g., parks, sidewalks, infrastructure, and community centers) must serve geographic areas consisting of at least 51% low and moderate income residents. However, when CDBG grantees have fewer than one-quarter of their Census block groups with 51% or more low- and moderate income persons, HUD designates the localities as “exception grantees.”

In 2013, HUD listed 385 exception cities and counties with low- and moderate income percentages that ranged from 16.86% for the City of Johns Creek, Georgia to 50.99% for Sonoma County, California. A 2014 exception list had not been published at time this article was written.

Essentially, an “exception grantee” may use its minimum low- and moderate-income percentage calculated by HUD to qualify these types of projects. Using the examples above, the City of Johns Creek could carry out a park project serving an area with a 16.86% low and moderate population.

To find out if your community qualifies as an “exception grantee,” check the HUD website for designated cities and counties (www.hud.gov/offices/cpd/systems/census/lowmod/exception.cfm).



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Community Development Block Grant Program – Project Eligibility Determination

Does your Community Development Block Grant (CDBG) Program need help to qualify projects in areas that are not predominantly low-income?

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If the answer is “Yes,” your community may be eligible to use a sometimes-overlooked CDBG project qualification process known as “exception criteria.”

CDBG National Objectives and Exception Criteria

National Objectives

If you manage the Community Development Block Grant (CDBG) Program, you know that CDBG provides grants to cities, counties and states to carry out a wide variety of projects and activities. The amounts awarded are determined by a formula administered by the U.S. Department of Housing and Urban Development (HUD).

Any project that receives CDBG funds must address one of three National Objectives:

1. Principally benefit low- and moderate-income persons; or
2. Aid in the prevention or elimination of slums or blight; or
3. Meet a community development need having a particular urgency because existing conditions pose a serious and immediate threat to the health or welfare of the community and other financial resources are not available to meet that need.

Grantees often use the first of these national objectives, as it applies to a wide variety of conditions and types of projects. When a proposed project serves a specific geographic area where at least 51% of the residents are low- and moderate-income, the project generally meets the low- and moderate income principal benefit requirement for CDBG and is known as an “area benefit” project.

Exception Grantees/Exception Criteria

Although, CDBG regulations ordinarily require that area benefit projects (e.g., parks, sidewalks, infrastructure, and community centers) serve geographic areas consisting of at least 51% low and moderate income residents, when CDBG grantees have fewer than one-quarter of their Census block groups with 51% or more low- and moderate income persons, HUD designates the localities as “exception grantees.”

In 2013, HUD listed 385 exception cities and counties with low- and moderate income percentages that ranged from 16.86% for the City of Johns Creek, Georgia to 50.99% for Sonoma County, California. A 2014 exception list had not been published at time this article was written.

Essentially, an “exception grantee” may use its minimum low- and moderate-income percentage calculated by HUD to qualify these types of projects. Using the examples above, under its “exception criteria, the City of Johns Creek could carry out a park project serving an area with a 16.86% low and moderate population.

To find out if your community qualifies as an “exception grantee,” check the HUD website for designated cities and counties (www.hud.gov/offices/cpd/systems/census/lowmod/exception.cfm).

What Types of Communities Benefit from Using the “Exception Criteria”?

Communities that contain geographically separated low-income areas use the “exception criteria,” such as developing areas found in CDBG Urban Counties or in cities that have large land areas that are not densely populated.

How Will Residents of My Community React to “Exception Criteria Use”?

Local officials should carefully consider if these types of projects are consistent with the strategies and priorities identified in their Consolidated Plan and with their Citizen Participation Plan. Prevailing public perceptions might be that utilizing the “exception criteria,” does not result in the most effective use of grant dollars or reduces funding for projects in areas that are predominantly low/moderate income.

Where Do I Begin?

If your city or county is a HUD-designated “exception grantee” but has never utilized the data to qualify projects in your geographic areas, WFN Consulting recommends that you discuss potential projects with your HUD Field Office. Your HUD staff may have specific guidance on how they want you to document usage of “exception criteria” benefit percentages to qualify projects.

Does HUD Provide Additional Guidance?

More detailed information on using “exception criteria” is provided in Chapter 3 of HUD’s “Basically CDBG” training manual available from <https://www.onecpd.info/resources/documents/Basically-CDBG-Chapter-3-Nat-Obj.pdf>.

Need More Information?

If your community or organization wants more information about the Community Development Block Grant Program or about using the CDBG “exception criteria,” WFN Consulting has experienced practitioners who have been administering local CDBG Program grants since 1981. The WFN Consulting team may be reached by telephone 770.420.5634, by email mail@wfnconsulting.com or by visiting our website www.wfnconsulting.com.

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References

Housing and Community Development Act of 1974, as amended, Section 105(c) (2) (A) (ii), (P.L 93-483).

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U.S. Department of Housing and Urban Development, (July 2012) Basically CDBG, Pages 3-5 – 3-6.

U.S. Department of Housing and Urban Development Website, <http://www.hud.gov/offices/cpd/systems/census/lowmod/exception.cfm>.