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ALABAMA CDBG INTERGOVERNMENTAL  
POLICY LETTER NUMBER 22  
Revision 3

TO: Persons Interested in State  
CDBG Program

FROM: John D. Harrison  
Director

**Establishment of Low- and Moderate-Income (LMI) Benefit  
For Area Wide Projects**

With respect to LMI beneficiaries on area wide projects (both jurisdiction-wide and target area), the State will accept data from two sources.

First, LMI benefit may be established through the most recent HUD adjusted Census Data. Data is available specific to entire communities, census tracts, or blocks.

Second, the State will accept LMI benefit as determined through local income surveys so long as the following criteria are met:

Sample size and response rate must, at a minimum, be as outlined below:

<u>Universe</u>	<u>Sample Size</u>	<u>Response Rate</u>
0 – 50	100%	80%
50 - 100	50 + 80% of increase	80%
100 - 200	90 + 50% of increase	80%
200 - 400	140 + 25% of increase	80%
400 - 800	190 + 15% of increase	80%
800 - 1200	250 + 10% of increase	80%
1200 - 2700	290 + 6.5% of increase	80%
2700 +	400 +	80%

2. Households surveyed must be randomly selected with the method of selection detailed for review.
3. Survey instruments must include number of persons per household; number of disabled persons per household; the race, ethnicity, and gender of head of household; income status of household as very low, low, moderate or high by household size. Income limits must be shown on the instrument itself. Surveys must be signed and dated by the person conducting the interview. Each house must be numbered sequentially on the map with the survey instrument bearing the corresponding number. Both the occupant's name and the physical address of each unit must be given on each survey. The name of the person providing the information to the surveyor should also be included. Changes on responses must be initialed and dated by the person making the change. There should be a survey for every unit; occupied, vacant, or nonresidential.
4. In those instances where less than an 80 percent response rate is achieved, then the number of households needed to achieve an 80 percent response rate shall be assumed to be non-LMI and factored in the overall percentage.
5. The total number of beneficiaries and the number and percentage of LMI beneficiaries are calculated as follows:
  - a) Add the total number of beneficiaries from the 80 percent response to the survey. This is accomplished by adding the number of persons per household from each household that responded to the survey.
  - b) Divide the number you obtained from (a) by the number of households surveyed. This gives you the average number of persons per household.
  - c) Multiply the average number of persons per household (b) times the total number of occupied households in the project area. This gives you the total number of beneficiaries.
  - d) Add the very low-income beneficiaries, the low-income beneficiaries and the moderate-income beneficiaries.

- e) Divide the total from (d) by the total from (a) if an 80 percent response was achieved. The result is the percentage of beneficiaries that are LMI. In those instances where less than 80 percent response was achieved, divide the total from (d) by the total from (a) plus the number of households needed to achieve the 80 percent response, times the average number of persons per household (b).
  - f) Multiply the percentage of LMI (e) times the total number of beneficiaries (c). This gives you the number of LMI beneficiaries.
  - g) Ethnicity, race, disabled, and female heads of household beneficiaries are determined in a like manner.
6. In projects that have more than one distinct “stand alone” area, then each area must follow steps one through five with respect to sample size, response rate, and qualification for the 51 percent test.
  7. A community which is shown to be less than 51 percent LMI in the most recent Census Data provided by HUD, in the case of a community-wide project, can determine its eligibility as a predominantly LMI community (at least 51 percent LMI) by conducting an income survey of its residents. For this survey to be valid, the survey must, in addition to the 80 percent response rate for the randomly selected sample using the required instrument criteria, also identify each household by name and address.
  8. An applicant may utilize surveys conducted up to three years prior to the program year for which funds are being requested. Should your community choose to use a previous year’s survey, then the survey area must be re-examined and all changes incorporated. Additionally, new reporting criteria such as race and ethnicity must be provided to ADECA.
  9. The race and ethnicity questions must determine if 1) each household is Hispanic *or Latino* or not Hispanic *or Latino*, and 2) the race for each household. The categories for race must be White, Black/African American, Asian, American Indian/Alaskan Native, Native Hawaiian/Other Pacific Islander, American Indian/Native Alaskan and White, Asian and White, Black/African American and White, American Indian/Alaskan Native and Black/African American, and Other Multi-Racial.

Effective Date: This policy is effective beginning with the FY2003 CDBG applications.