

CDBG "Limited Clientele Activities"

October 2, 1991

Honorable Barney Frank
Member, United States
House of Representatives
437 Cherry Street
West Newton, MA 02165

Dear Mr. Franks:

Thank you for your letter dated September 4, 1991 requesting specific information about a provision in the Community Development Block Grant (CDBG) regulations regarding "limited clientele activities" (24 CFR Section 570.208).

As your letter indicates, the program regulations establish certain criteria to determine whether an activity meets the statutory national objective of benefiting low- and moderate-income persons. Under the criteria for "limited clientele activities," an activity must benefit a clientele at least 51 percent of whom are low- or moderate-income persons.

The provision in the regulations of concern to you states that, for certain purposes, the elderly may be presumed to be low and moderate income. It was initiated by the Department in the 1970s. At that time, based on its analysis of 1970 national census data, HUD determined that both the elderly and the handicapped were each primarily low and moderate income as a group. The concept of presuming their income status was seen as a way of saving grantees the expense of checking income levels of elderly or handicapped beneficiaries, and maintaining records of their status, for an income that was generally predictable. Under the limited clientele criteria, a grantee is not required to maintain the specific income records for individual beneficiaries if they fall into specified categories, and for certain kinds of activities, as they would otherwise have to do. Other categories of beneficiaries, such as the homeless, abused children, and battered spouses, were added to the list of presumed income status in 1988.

The presumption does not carry with it the proposition that all elderly persons are low or moderate income or that every elderly person benefiting from a CDBG assisted activity under the limited clientele criteria is low or moderate income. Rather, it assumes that at least 51 percent of the elderly beneficiaries of an activity designed to serve the elderly are lower income persons. By using the presumed income approach, grantees are considered to be benefiting principally low- and moderate-income persons in their elderly projects, absent evidence to the contrary.

It has been a number of years since the national income statistics for the elderly were last analyzed. The Department plans to review its policy of presuming income for the elderly next year when the income figures become available from the 1990 census.

Thank you for your interest in the Department's programs.

Very sincerely yours,

(signed J. Broughman)

Ivan A. Ransopher
Assistant Secretary (Acting)