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| --- | --- | --- | --- |
| **Guide for Review of Eligibility and National Objectives:**  **Economic Development Supplement** | | | |
| **Name of Program Participant:** | | | |
| **Staff Consulted:** | | | |
| **Name(s) of Reviewer(s)** |  | **Date** |  |

**NOTE:** All questions that address requirements contain the citation for the source of the requirement (statute, regulation, NOFA, or grant agreement). If the requirement is not met, HUD must make a finding of noncompliance. All other questions (questions that do not contain the citation for the requirement) do not address requirements, but are included to assist the reviewer in understanding the participant's program more fully and/or to identify issues that, if not properly addressed, could result in deficient performance. Negative conclusions to these questions may result in a "concern" being raised, but not a **"finding.**"

**Instructions:** This Exhibit should be used in conjunction with Exhibit 4-1. It is divided into four sections: Creation/Retention of Jobs (LMI) National Objective; Public Benefit Standards; Underwriting; and Job Relocation Prohibitions; along with Attachment 1, *Important National Interest Activities*. Economic Development activities are reviewed in three key compliance areas: **eligibility**, **national objective**, and **public benefit standards. Eligibility** of economic development activities is addressed in Exhibit 4-1. This Exhibit covers:

* **National Objective** of low- and moderate-income job creation/retention [24 CFR 570.483(b)(4)],
* **Public Benefit Standards** [24 CFR 570.482(f)],
* **Underwriting** [24 CFR 570.482(e) & (g)], and
* **Job relocation prohibitions** [24 CFR 570.482(h)].

**Questions:**

A. Creation/retention of jobs (LMJ) National Objective

1.

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| --- | --- | --- | --- | --- | --- | --- | --- |
| Are only permanent jobs counted?  [24 CFR 570.483(b)(4)(i)] | |  |  |  | | --- | --- | --- | |  |  |  | | **Yes** | **No** | **N/A** | |
| **Describe Basis for Conclusion:** | |
|  | |

2.

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| Do the counts reflect full-time and part-time jobs using the full-time equivalent (FTE) basis?  [24 CFR 570.483(b)(4)(i)] | |  |  |  | | --- | --- | --- | |  |  |  | | **Yes** | **No** | **N/A** | |
| **Describe Basis for Conclusion:** | |
|  | |

3.

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| For job retention, is it documented that the jobs would actually be lost without the CDBG assistance, AND:   * the job is held by an LMI person, OR * the job can reasonably be expected to turn over within the following two years and that it will be filled by, or made available to, a low- or moderate-income person upon turnover?   [24 CFR 570.483(b)(4)(ii)] | |  |  |  | | --- | --- | --- | |  |  |  | | **Yes** | **No** | **N/A** | |
| **Describe Basis for Conclusion:** | |
|  | |

4.

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| For job creation and retention, if the 51% requirement is met by demonstrating that jobs were made available to LMI persons, rather than actually filled by LMI persons, was it demonstrated that:   * Special skills that can only be acquired with substantial training or work experience or education beyond high school were not a prerequisite to fill such jobs, OR the business agreed to hire unqualified persons and provide training; AND * The unit of general local government and the assisted business took actions to ensure that low- and moderate-income persons received first consideration for filling such jobs?   [24 CFR 570.483(b)(4)(iii)] | |  |  |  | | --- | --- | --- | |  |  |  | | **Yes** | **No** | **N/A** | |
| **Describe Basis for Conclusion:** | |
|  | |

5.

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| For job creation and retention, was each person considered to be LMI only if:   * He/she meets the definition of an LMI person pursuant to 24 CFR 570.3; OR   Barring information to the contrary, they are presumed to be LMI if:   * He/she resides in a census tract where at least 70% of the residents are LMI persons; OR * Both the business AND job, OR the person’s residence are in a single census tract that;   + is part of a Federally-designated Empowerment Zone or Enterprise Community; OR   + has a poverty rate of 20% [or, if it contains part of the central business district, the tract’s poverty rate must be 30%]; AND it exhibits pervasive poverty and distress because:     - each block group of the tract has a 20% poverty rate;     - both the business AND job (not necessarily the person’s residence) are in a block group of 20% poverty; OR     - Upon the written request of the recipient, 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?   **NOTE**: The regulation contains numerous references to “block numbering areas” or BNAs. The BNAs were a statistical subdivision within a county for which census tracts had not been established. Beginning with Census 2000, all counties had census tracts, making block numbering areas unnecessary.  [24 CFR 570.483(b)(4)(iv) & (v)] | |  |  |  | | --- | --- | --- | |  |  |  | | **Yes** | **No** | **N/A** | |
| **Describe Basis for Conclusion:** | |
|  | |

6.

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| Did the State properly calculate the 51% requirement per business and in the aggregate, where appropriate?  **NOTE:** The 51% requirement is generally determined per business assisted, except where CDBG funds are:   * Invested in real property (to acquire, develop, or improve the property for a business park, incubator, etc.), the 51% requirement may be determined in the aggregate for all the businesses at that location; or * Used to pay the staff and overhead of a 105(a)(15) entity that is using non-CDBG funds to provide loans to businesses, the 51% requirement may be determined in the aggregate for all businesses receiving those loans during any one-year period; or * Used to provide technical assistance to businesses, the 51% requirement may be determined in the aggregate for all businesses receiving that technical assistance during any one-year period; or * Used to provide jobs of “important national interest” (see Attachment 1), the 51% requirement may be determined in the aggregate for all activities for which CDBG funds where obligated any one-year period; or * Used by a CDFI, the 51% requirement may be determined in the aggregate for all businesses for which CDBG assistance is obligated during any one-year period; or * Used for public facilities or improvements, the 51% requirement may be determined in the aggregate for the businesses for which the facility/improvement is principally undertaken (i.e., not surrounding businesses). However, if the cost (in CDBG funds) for the facility/improvement is $10,000 or more, per FTE created/retained by those principal businesses, then all the businesses in the service area, including the created jobs of any new, relocated or expanded business from the date of the award until 1 year post-completion of the facility or improvement, must all be considered in the aggregate. Additionally, if the public improvement is clearly designed to serve a primarily residential area, then LMA must be used, not LMJ [24 CFR 570.483(e)(1)].   [24 CFR 570.483(b)(4)(vi)] | |  |  |  | | --- | --- | --- | |  |  |  | | **Yes** | **No** | **N/A** | |
| **Describe Basis for Conclusion:** | |
|  | |

7.

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| If job creation/retention activities where documented as meeting the low- and moderate-income benefit on an **area-basis**, can the state demonstrate that these activities were either:   * Carried out by a CDFI with an investment area limited to a primarily residential area of 51% LMI, OR * Undertaken pursuant to a State-approved community revitalization strategy [see 24 CFR 91.315(e)(2)]?   **NOTE**: Activities cannot be double-counted toward LMJ and LMA.  [24 CFR 570.483(e)(4)(i) & (e)(5)(i)] | |  |  |  | | --- | --- | --- | |  |  |  | | **Yes** | **No** | **N/A** | |
| **Describe Basis for Conclusion:** | |
|  | |

8.

|  |
| --- |
| Based upon your review and, if applicable, describe below any weaknesses you detected in the state’s LMJ procedures (which may form the basis for a “concern” or guidance to state staff). |
| **Describe Basis for Conclusion:** |
|  |

B. PUBLIC BENEFIT STANDARDS.

When reviewing economic development activities, in addition to eligibility and national objective, **the public benefit standards must also be met**. The public benefit standards are applied to the **individual** activity AND in the **aggregate**. This should not be confused with aggregate job counts towards the LMJ national objective.

9.

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| --- | --- | --- | --- | --- | --- | --- | --- |
| Is the state requiring that local governments achieve a minimum level of public benefit results from economic development activities?  **NOTE**: The public benefit standards apply to economic development activities in the following eligibility categories of the HCDA:   * 105(a)(17) - Assistance to private, for-profit entities (only in connection with economic development); * 105(a)(14) - Assistance to public or private nonprofits for: planning; real property acquisition; or the acquisition, construction, reconstruction, rehabilitation, or installation of public facilities, improvements, utilities, or commercial or industrial buildings, structures or improvements; * 105(a)(15) - Assistance to neighborhood-based nonprofit organizations, local development corporations, nonprofit organizations serving the development needs of communities; or assistance to entities organized under section 681(d) of title 15 to carry out a neighborhood revitalization or community economic development or energy conservation project in furtherance of the CDBG national objectives; and * 105(a)(2) - Certain public works or facilities (note that public improvements would be limited to those designed to benefit businesses, and not a residential area).   [24 CFR 570.482(f)(1)] | |  |  |  | | --- | --- | --- | |  |  |  | | **Yes** | **No** | **N/A** | |
| **Describe Basis for Conclusion:** | |
|  | |

10.

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| Does the state prohibit the use of CDBG funds for the following activities:   * General promotion of the community as a whole; * Assistance to professional sports teams; * Assistance to privately-owned recreational facilities that serve a predominantly higher-income clientele, where the recreational benefit to users or members clearly outweighs employment or other benefits to low- and moderate-income persons; * Acquisition of land for which the specific proposed use has not yet been identified; * Assistance to a for-profit business while that business or any other business owned by the same person(s) or entity(ies) is the subject of unresolved findings of noncompliance relating to previous CDBG assistance provided by the recipient?   [24 CFR 570.482(f)(4)(ii)] | |  |  |  | | --- | --- | --- | |  |  |  | | **Yes** | **No** | **N/A** | |
| **Describe Basis for Conclusion:** | |
|  | |

11.

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| Did the state prevent support for any project using the power of eminent domain for economic development that primarily benefits private entities?  [Annual HUD Appropriations Act] | |  |  |  | | --- | --- | --- | |  |  |  | | **Yes** | **No** | **N/A** | |
| **Describe Basis for Conclusion:** | |
|  | |

12.

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| Does the state properly apply the **individual public benefit standard** to the activities listed in Question 9?  **NOTE**: The review should ensure that the state is properly calculating individual public benefit, which cannot exceed:   * $50,000 per full-time equivalent, permanent job created or retained   OR   * $1,000 per LMI person to which goods or services are provided by the activity   \* *The CDBG assistance covered includes grant funds, 108 funds, recaptured funds, or program income. In the case of grant funds, this includes any grant. In the case of program income, this includes any program income amounts received or expended in any program year.*  **NOTE**:   * If an individual activity will both create/retain jobs AND provide goods/services to LMI persons, the activity will only be disqualified if BOTH amounts are exceeded, i.e., the activity may exceed one and not the other [24 CFR 570.482(f)(5)(i)]. * The standards will be determined at the time funds are obligated [24 CFR 570.482(f)(5)(ii)]. * Job training-/Employment service-only activities that result in jobs are counted [24 CFR 570.482(f)(5)(iii)].   [24 CFR 570.482(f)(4)(i) & (f)(5)] | |  |  |  | | --- | --- | --- | |  |  |  | | **Yes** | **No** | **N/A** | |
| **Describe Basis for Conclusion:** | |
|  | |

13.

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| Does the state properly apply the **aggregate public benefit standard** to the activities listed in Question 9:  **NOTE:**   * At least one FTE must be created/retained for every $35,000 of CDBG funds used;   OR   * At least one low- and moderate-income resident in the area must be provided with goods or services, per $350 of CDBG funds used?   \*\* The sources of CDBG Assistance considered in the aggregate standard are **distinct** from the sources considered in the individual standards. The aggregate standard is measured against **each annual grant** (including recaptured funds), Section 108 loans received in the same initial program year, and **program income distributed in the program year** [24 CFR 570.482(f)(3)(i)]. Basically, aggregate compliance determinations are made for each annual grant, plus program income. This is similar to the manner in which the administration and public service caps are determined in the State PER [see CPD Notice 16-10]. However, currently, no reports in IDIS will calculate the aggregate public benefit standard. Reviewers should also check that the state is properly **prorating** aggregate public benefit based on the ratio of funding from more than one annual grant.  \*\*\* The grantee may choose to exclude “important national interest” activities (see Attachment 1) from the aggregate public benefit standard. However, the activities must still meet a national objective.  **NOTES**:   * In the case of goods/services, the number of LMI residents in the service area is determined at the time funds are obligated to activity [24 CFR 570.482(f)(3)(ii)]. * Activities may be counted as creating/retaining jobs OR good/services to residents, but not both [24 CFR 570.482(f)(3)(iii)]. * Job training-/Employment service-only activities that result in jobs are counted [24 CFR 570.482(f)(3)(iv)].   [24 CFR 570.482(f)(2) & (f)(3)] | |  |  |  | | --- | --- | --- | |  |  |  | | **Yes** | **No** | **N/A** | |
| **Describe Basis for Conclusion:** | |
|  | |

14.

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| Does the state and its grant recipients maintain sufficient records to demonstrate the level of public benefit that is **actually achieved upon completion** and **how that compares** to the level of such benefit anticipated when the CDBG assistance was obligated?  **NOTE:** If a state grant recipient's actual results show a pattern of substantial variation from anticipated results, the state and its recipient are expected to take those actions reasonably within their respective control to improve the accuracy of the projections. If the actual results demonstrate that the state has failed the public benefit standards, HUD may require the state to meet more stringent standards in future years as appropriate.  [24 CFR 570.482(f)(6)] | |  |  |  | | --- | --- | --- | |  |  |  | | **Yes** | **No** | **N/A** | |
| **Describe Basis for Conclusion:** | |
|  | |

15.

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| --- | --- | --- | --- | --- | --- | --- | --- |
| Do the state’s policies and procedures call for the recalculation of the public benefit standards in the case of activities with cost overruns or other increases to the award?  **NOTE:** If the scope or cost of a project changes to the extent that a significant contract amendment is appropriate, the project should be reevaluated under these and the recipient's guidelines. If the reevaluation indicates that certain compliance determinations would also change and need to be recalculated, then the recipient should also make appropriate adjustments in the amount, type, terms or conditions of CDBG assistance which has been offered, to reflect the impact of the substantial change.  [24 CFR 570.482(g)] | |  |  |  | | --- | --- | --- | |  |  |  | | **Yes** | **No** | **N/A** | |
| **Describe Basis for Conclusion:** | |
|  | |

16.

|  |
| --- |
| Based upon your review and, if applicable, describe below any weaknesses you detected in the state’s Public Benefit Standards procedures (which may form the basis for a “concern” or guidance to state staff). |
| **Describe Basis for Conclusion:** |
|  |

C. underwritting

State and local governments are expected to conduct basic financial underwriting prior to the provision of CDBG financial assistance to a for-profit business. HUD provides underwriting guidelines in Appendix A to 24 CFR Part 570. HUD's underwriting guidelines recognize that different levels of review are appropriate to take into account differences in the size and scope of a proposed project and, in the case of a microenterprise or other small business, to take into account the differences in the capacity and level of sophistication among businesses of differing sizes.

**Please note that State CDBG grant funds appropriated in Fiscal Year 2015 and in subsequent years are subject to more stringent requirements. For these grants, states and their grant recipients are required to comply with the underwriting guidelines in Appendix A to 24 CFR Part 570 if they are using grant funds to provide assistance to a for-profit entity for an economic development project under section 105(a)(17) of the HCDA.** The underwriting requirements are not mandatory for grants appropriated before Fiscal Year 2015 [Annual HUD Appropriations Acts].

The reviewer may wish to discuss internal underwriting capacity and that of the local governments, in detail with the state’s staff. **A reviewer may choose to issue a concern related to underwriting**, either separately or in connection to a finding of noncompliance for failure to comply with requirements such as public benefit standards or national objectives. Additionally, **if the state has adopted official underwriting policies and procedures, a finding may be issued for noncompliance with its own requirements**.

If the reviewer is reviewing the use of grant funds that are subject to the mandatory underwriting guidelines (grants appropriated in Fiscal Year 2015 or later and used to provide assistance to a for-profit entity for an economic development project under section 105(a)(17)), the reviewer must make findings based on the recipient’s failure to comply with these guidelines.

17.

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| --- | --- | --- | --- | --- | --- | --- | --- |
| Is the state requiring local governments to evaluate the reasonableness of a cost, and do so in a manner commensurate with the costs, such as requiring a third-party, fair-market price quotation for cost elements over $10,000?  **NOTE:** The guidelines include an example of commensurate, such as requiring a third-party, fair-market price quotation for cost elements over $10,000, and discuss paying particular attention to non-arms-length transactions.  **NOTE:** A finding may only be made if the activity being reviewed is an activity involving assistance to a for-profit entity for an economic development project under section 105(a)(17) of the HCDA.  [Annual HUD Appropriations Act & 24 CFR part 570, Appendix A, (IV)(i)] | |  |  |  | | --- | --- | --- | |  |  |  | | **Yes** | **No** | **N/A** | |
| **Describe Basis for Conclusion:** | |

18.

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| Is the state requiring local governments to evaluate all financing sources for an activity?  **NOTE:** Activities without full funding commitments may not be able to proceed and, therefore, risk noncompliance.  **NOTE:** A finding may only be made if the activity being reviewed is an activity involving assistance to a for-profit entity for an economic development project under section 105(a)(17) of the HCDA.  [Annual HUD Appropriations Act & 24 CFR part 570, Appendix A, (IV)(2)] | |  |  |  | | --- | --- | --- | |  |  |  | | **Yes** | **No** | **N/A** | |
| **Describe Basis for Conclusion:** | |

19.

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| Is the state requiring local governments to evaluate if CDBG funds are substituting or substantially reducing non-Federal support for the activity?  **NOTE:** In practice, the results of an application for private debt financing would inform this question. Also, this may require familiarity with the practices of private financial institutions to evaluate if the degree of equity participation is reasonable compared to similar activities.  **NOTE:** A finding may only be made if the activity being reviewed is an activity involving assistance to a for-profit entity for an economic development project under section 105(a)(17) of the HCDA.  [Annual HUD Appropriations Act & 24 CFR part 570, Appendix A, (IV)(3)] | |  |  |  | | --- | --- | --- | |  |  |  | | **Yes** | **No** | **N/A** | |
| **Describe Basis for Conclusion:** | |

20.

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| Is the state requiring local governments to determine the financial feasibility of an activity?  **NOTE:** Are the assumptions realistic regarding: market share, sales levels, growth potential, projections of revenue, expenses, debt service (including repayment of the CDBG assistance if appropriate), and the break-even point?  **NOTE:** A finding may only be made if the activity being reviewed is an activity involving assistance to a for-profit entity for an economic development project under section 105(a)(17) of the HCDA.  [Annual HUD Appropriations Act & 24 CFR part 570, Appendix A, (IV)(4)] | |  |  |  | | --- | --- | --- | |  |  |  | | **Yes** | **No** | **N/A** | |
| **Describe Basis for Conclusion:** | |
|  | |

21.

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| Is the state requiring local governments to ensure that, to the extent practicable, CDBG-funded activities provide not more than a reasonable return on investment to the owner?  **NOTE:** A finding may only be made if the activity being reviewed is an activity involving assistance to a for-profit entity for an economic development project under section 105(a)(17) of the HCDA.  [Annual HUD Appropriations Act & 24 CFR part 570, Appendix A, (IV)(5)] | |  |  |  | | --- | --- | --- | |  |  |  | | **Yes** | **No** | **N/A** | |
| **Describe Basis for Conclusion:** | |
|  | |

22.

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| Is the state requiring local governments to disburse CDBG funds on a pro rata basis?  **NOTE:** For example, disbursing all the CDBG funds ahead of other investments would place disproportionate risk on the program.  **NOTE:** A finding may only be made if the activity being reviewed is an activity involving assistance to a for-profit entity for an economic development project under section 105(a)(17) of the HCDA.  [Annual HUD Appropriations Act & 24 CFR part 570, Appendix A, (IV)(6)] | |  |  |  | | --- | --- | --- | |  |  |  | | **Yes** | **No** | **N/A** | |
| **Describe Basis for Conclusion:** | |
|  | |

23.

|  |
| --- |
| Based upon your review and, if applicable, describe below any weaknesses you detected in the state’s underwriting procedures. |
| **Describe Basis for Conclusion:** |
|  |

D. JOB RELOCATION PROHIBITIONS

24.

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| Can the state demonstrate that CDBG funds have not be used to *directly assist* a business in the relocation of a plant, facility, or *operation* from one *labor market area* to another *labor market area* if the relocation is likely to result in a *significant loss of jobs* in the *labor market area* from which the relocation occurs?  **NOTES**:   * The definition of *directly assist* relates to the provision of CDBG funds under an agreement between the business and the state, local government, subrecipient, or non-profit. The provision of public facilities and indirect assistance that will provide benefit to multiple businesses does not fall under the definition of “directly assist,” unless it includes the provision of infrastructure to aid a specific business that is the subject of an agreement with the specific assisted business. * The *labor market areas* are defined by the Bureau of Labor Statistics. These areas are non-overlapping; and there are both metro and non-metro labor market areas. The state may choose to combine only non-metro labor market areas to create a larger area; and, if so, the state is required to define or reaffirm prior definitions of its combined labor market areas on an annual basis and retain records to substantiate such areas prior to any business relocation that would be impacted by this rule. * The *operation* includes, but is not limited to, any equipment, employment opportunity, production capacity, or product line of the business. * A s*ignificant* loss ofjobs occurs if the number of jobs to be lost in the labor market area in which the affected business is currently located is:   + Equal to or greater than one-tenth of one percent of the total number of persons in the labor force of that labor market area; or   + In all cases, a loss of 500 or more jobs.   + Notwithstanding the aforementioned, a loss of 25 jobs or fewer does not constitute a significant loss of jobs. * There is a *loss of jobs* if the job is relocated within three years from the date the assistance is provided to the business or the time period within which jobs are to be created as specified by the agreement among the business, the recipient, and the state (as applicable) if it is longer than three years.   **NOTE:**  This does not apply to:   * Businesses relocated under URA due to CDBG-assisted activities, * Microenterprises, or * Arms-length transactions.   [24 CFR 570.482(h)(1)] | |  |  |  | | --- | --- | --- | |  |  |  | | **Yes** | **No** | **N/A** | |
| **Describe Basis for Conclusion:** | |
|  | |

25.

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| Can the state demonstrate that before directly assisting a business with CDBG funds, the recipient, the subrecipient, or (in the case of any activity carried out pursuant to 105(a)(15)) the nonprofit entity shall sign a written agreement with the assisted business, including:   * a statement from the assisted business as to whether the assisted activity will result in any covered job relocation and, if so, the number of jobs; * if the assistance will not result in a covered job relocation, the assisted business shall certify that neither it, nor any of its subsidiaries, has plans to relocate jobs at the time the agreement is signed that would result in a significant job loss; and * a provision for reimbursement to the recipient of any assistance provided to, or expended on behalf of, the business in the event that assistance results in a covered job relocation?   [24 CFR 570.482(h)(3)] | |  |  |  | | --- | --- | --- | |  |  |  | | **Yes** | **No** | **N/A** | |
| **Describe Basis for Conclusion:** | |
|  | |

**Attachment 1: Important national interest activities**

Special exceptions apply to activities of “important national interest.”

* The 51% LMJ requirement may be determined in the aggregate for all such activities for which CDBG funds where obligated during any one-year period [see Exhibit Question #6].
* The grantee may also choose to exclude such activities from the aggregate public benefit standard [see Exhibit Question #13].
* Also, if they are carried out by a CDFI or as part of a community revitalization strategy, these activities may qualify as either LMA or as LMJ [24 CFR 570.482(f)(3)(v)].

The important national interest activities include those:

* Exclusively for the unemployed;
* Exclusively for participants in any programs under the Jobs Training Partnership Act (JTPA), or Temporary Assistance for Needy Families (TANF);
* To provide jobs predominantly for:
  + residents of PIH units,
  + homeless persons;
  + low-skilled, LMI persons, where the business agrees to provide clear opportunities for promotion and economic advancement, such as through the provision of training; or
  + persons residing within a census tract that has at least 20 percent of its residents who are in poverty;
* To provide assistance to a business that operates within a census tract that has at least 20% poverty;
* To stabilize or revitalize a neighborhood income that has at least 70% LMI residents;
* To provides assistance to a CDFI serving an area that has at least 70% LMI residents;
* To provides assistance to a 105(a)(15) entity serving an area that has at least 70% LMI residents;
* To provides employment opportunities that are an integral component of a project designed to promote spatial deconcentration of LMI and minority persons;
* To provide substantial benefit to low-income persons through other innovative approaches, with prior HUD approval;
* To provides services to the residents of a State-approved community revitalization area;
* To create/retain jobs by assisting a business located in a State-approved community revitalization area; OR
* To address environmentally contaminated properties with economic development or redevelopment.