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## CHAPTER 5: REVIEW FOR MAXIMUM FEASIBLE PRIORITY

- 5-1. INTRODUCTION. Starting with the annual CD program approved in 1979 (program year 1979 was the first program year in which all entitlement grantees' programs were subject to the maximum feasible priority rules published on March 1, 1978), each annual community development program shall be reviewed in three ways:
- a. The reviewer shall assure that each project being carried out meets one of the qualification factors in 24 CFR 570.302 for program benefit;
  - b. The reviewer shall ensure that the community development programs are addressing the needs of low-income as well as moderate-income persons; and
  - c. The reviewer shall determine if the grantee has made substantial changes in the extent of benefit to low- and moderate income persons in the program as a whole such that the program would be plainly inappropriate to address the needs of low- and moderate-income persons in the community.
- 5-2. DATA SOURCES. In addition to the Grantee Performance Report (GPR), the reviewer will need a copy of the approved annual application for each annual CD Block Grant from 1979 forward which has not previously been reported as completely expended.
- 5-3. REVIEW FOR "MAXIMUM FEASIBLE PRIORITY".
- a. General.  
  
Each project proposed and implemented with Community Development Block Grant funds must (1) principally benefit low- and moderate-income persons, or (2) prevent or eliminate slums and blight, or (3) meet another community development need of particular urgency, pursuant to 24 CFR 570.302(b)(1).
  - b. Conducting the Review.
    - (1) The reviewer of the Grantee Performance Report (GPR) should review each project to assure that it is being carried out in a manner which meets one of the standards described at 24 CFR 570.302(d), (e) and (f).
    - (2) The GPR requires the grantee to identify, in column (e) of the Area Benefit form (HUD-4950.4), which regulatory standard

each project meets. For each reported project, the reviewer should verify that, based on the data presented in the GPR, the project, as it is being carried out, meets the standard identified by the grantee. A worksheet has been provided in Exhibit 5 to assist the reviewer in verifying the project qualification. The reviewer should pay particular attention to projects created by local option and reprogramming since the application approval.

c. Resolving Apparent Performance Problems.

- (1) If the reviewer identifies any project(s), whether approved in the application or newly created, which appears not to meet any of the regulatory standards described in Exhibit 5a of this Chapter, he/she should notify the grantee of this possible performance problem, following the procedure described in Chapter 11 of this Handbook. In this notice to the grantee, the Area Office should provide 30 days for the grantee to present additional information that demonstrates that the project(s) meets the requirements of the regulatory provision it identified in the GPR, or that the project(s) meets the requirements of another regulatory provision under 24 CFR 570.302(d), (e) or (f).
- (2) If the grantee fails to show that a questioned project meets one of the regulatory standards described at 24 CFR 570.302(d), (e) or (f), the Area Office should undertake one or more of the corrective or remedial actions specified in 24 CFR 570.910(b).

5-4. LOW-INCOME BENEFIT.

- a. 24 CFR 570.302(b)(5) requires that applicants for CD Block Grants address the needs of low-income as well as moderate-income persons given the nature and relative severity of their needs, and that applicants include projects suitable to meeting those needs.
- b. The reviewer should analyze the data presented in Column (e) of the Area Benefit form (HUD-4950.4) and Column (e) of the Direct Benefit Activities form (HUD-4950.5) to determine whether the grantee, in carrying out its program, has apparently failed to address the needs of its low-income population. If the grantee has apparently failed to address the needs of its low-income population, the grantee should be given the opportunity to present information indicating that it is addressing the needs of its low-income population.
- c. If the reviewer determines, after considering data in the GPR and any additional information submitted by the grantee or acquired through

monitoring activities, that the grantee's program does not address the needs of low-income as well as moderate-income persons, the Area Office shall require the grantee to revise its program to address such needs.

- 5-5. EXTENT OF PROGRAM BENEFIT TO LOW- AND MODERATE-INCOME PERSONS. It is important to determine whether the grantee in carrying out its program, has significantly reduced the proportion of funds benefitting low- and moderate-income persons from the proportion described in the annual application. The reviewer should analyze the data in the GPR to identify the amount of project costs which can be expected to benefit low- and moderate-income persons and compare that amount with the amount of CDBG funds originally approved in the annual application as benefitting low- and moderate-income persons. If in carrying out the programs the grantee has substantially reduced the proportion of funds benefitting low- and moderate-income persons, the reviewer shall reevaluate the needs of low- and moderate-income persons to determine whether the program as a whole is plainly inappropriate to address such needs.

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24 CFR 570.302(d)(1)

For each project identified by the grantee in column (c) of the Area Benefit form (HUD-4950.4) as meeting the standards of 24 CFR 570.302(d)(1) answer the following questions.

Are 100% of the beneficiaries of the project low- and moderate-income persons, as shown in column (d) on the Direct Benefit Activities Report (HUD-4950.5)?

- a. If yes, the project qualifies under 24 CFR 570.302(d)(1). Go on to the next project.
- b. If no, list the project on the worksheet found in this exhibit and go on to the next project.

24 CFR 570.302(d)(2)

For each project identified by the grantee in column (c) of the Area Benefit form (HUD-4950.4) as meeting the standards of 24 CFR 570.302(d)(2) answer the following questions.

Are a majority of the residents of the project area low- and moderate-income persons, as shown in column (d) of the Area Benefit form (HUD-4950.4)? Any project for which data is not required in column (d) of the Area Benefit form of the GPR should be included among those projects considered for on-site monitoring.

- a. If yes, the project qualifies under 24 CFR 570.302(d)(2). Go on to the next project.
- b. If no, list the project on worksheet at the end of this exhibit and go on to the next project.

24 CFR 570.302(d)(3)

For each project identified by the grantee in column (c) of the Area Benefit form (HUD-4950.4) as meeting the standards of 24 CFR 570.302(d)(3) answer the following questions.

Do all products of this project constitute architectural barriers which have been removed, as listed in column (h) of the Project Progress Report (HUD-4950.2)?

- a. If yes, the project qualifies under 24 CFR 570.302(d)(3). Go on to the next project.

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- b. If no, list the project on worksheet at the end of this exhibit and go on to the next project.

24 CFR 570.302(d)(4)

For each project identified by the grantee in column (e) of the Area Benefit form (HUD-4950.4) as meeting the standards of 24 CFR 570.302(d)(4) answer the following questions.

1. Based on currently available information, is the project of which this project is an integral part or a necessary support, still expected to be completed?
  - a. If yes, continue to question 2. below.
  - b. If no, list the project on the worksheet at the end of this exhibit and go on to the next project.
2. Based on currently available information, is the project of which the project is an integral part or a necessary support, still expected to

principally benefit low- and moderate-income persons?

- a. If yes, the project qualifies under 24 CFR 570.302(d)(4). Go on to the next project.
- b. If no, list the project on the worksheet at the end of this exhibit and go on to the next project.

24 CFR 570.302(d)(5)

For each project identified by the grantee in column (c) of the Area Benefit form (HUD-4950.4) as meeting the standards of 24 CFR 570.302(d)(5) answer the following questions.

1. Did the Area Office specifically approve the use of this provision by this grantee, based upon data documenting the existence of the necessary conditions stipulated in 24 CFR 570.302(d)(5)?
  - a. If yes, go on to question 2. below.
  - b. If no, list the project on the worksheet at the end of this exhibit and go on to the next project.
2. Is the percent of low- and moderate-income residents served by the project as shown in column (d) of the Area Benefit form (HUD-4950.4) at least equal to the percentage of low- and moderate-income residents of the

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#### Maximum Feasible Priority Review

project area as stated in the approved application for CDBG funding or other documentation?

- a. If yes, the project qualifies under 24 CFR 570.302(d)(5). Go on to the next project.
- b. If no, list the project on the worksheet at the end of this exhibit and go on to the next project.

24 CFR 570.302(e)(1)

For each project identified by the grantee in column (c) of the Area Benefit form (HUD-4950.4) as meeting the standards of 24 CFR 570.302(e)(1) answer the following questions.

1. Is this project an approved Neighborhood Strategy Area project, as described at 24 CFR 570.301(c)?

- a. If yes, go on to question 2. below.
  - b. If no, list the project on the worksheet at the end of this exhibit and go on to the next project.
2. Was this project listed as a slum/blight project in the Three Year Project Summary (HUD-7065) and approved as such in the application for CDBG funding?
- a. If yes, the project qualifies under 24 CFR 570.302(e)(1). Go on to the next project.
  - b. If no, list the project on the worksheet at the end of this exhibit and go on to the next project.

24 CFR 570.302(e)(2)

For each project identified by the grantee in column (c) of the Area Benefit form (HUD-4950.4) as meeting the standards of 24 CFR 570.302(e)(2) answer the following questions.

Was this project listed as slum/blight project in the Three Year Project Summary (HUD-7065) and approved as such in the application for CDBG funding?

- a. If yes, is the project composed only of acquisition, demolition, historic preservation, relocation, and/or rehabilitation activities, as shown in column (c) of the Project Progress Report (HUD-4950.2)?

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- (1) If yes, the project qualifies under 24 CFR 570.302(e)(2). Go on to the next project.
  - (2) If no, list the project on the worksheet at the end of this exhibit and go on to the next project.
- b. If no, list the project on the worksheet at the end of this exhibit and go on to the next project.

24 CFR 570.302(e)(3)

For each project identified by the grantee in column (c) of the Area Benefit form (HUD-4950.4) as meeting the standards of 24 CFR 570.302(e)(3) answer the following questions.

Is this project designed to continue a previously approved Urban Renewal project?

- a. If yes, the project qualifies under 24 CFR 570.302(e)(3). Go on to the next project.
- b. If no, list the project on the worksheet at the end of this exhibit and go on to the next project.

24 CFR 570.302(f)

For each project identified by the grantee in column (c) of the Area Benefit form (HUD-4950.4) as meeting the standards of 24 CFR 570.302(f) answer the following questions.

Was this project approved as an urgent needs project in the original application for CDBG funding?

- a. If yes, the project qualifies under 24 CFR 570.302(f). Go on to the next project.
- b. If no, list the project on the worksheet at the end of this exhibit and go on to the next project.

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#### MAXIMUM FEASIBLE PRIORITY WORKSHEET.

Grant Number

List all projects which appear not to meet the maximum feasible priority criteria identified by the grantee in Column (c) of the Area Benefit (HUD-4950.4), based on the data presented in the Grantee Performance Report. Upon completion of the review for maximum feasible priority, take the actions to resolve these apparent performance problems as described in Paragraph 5-3 of this Chapter.

Project Number

Project Name

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