

# Low and Moderate Income Definitions under the CDBG Program

October 19, 1984

MEMORANDUM FOR: All Regional Administrators  
All Category A Field Office Managers

ATTENTION: Regional Directors for CPD  
CPD Division Directors

FROM: Alfred C. Moran, Special Assistant to the Secretary  
Community Planning and Development, C

**SUBJECT: Low and Moderate Income Definitions Under the CDBG Program**

Recently, the Department made broad distribution of a booklet entitled "Public/Private Partnerships-Leveraging Your CDBG." Copies were sent to you and to CDBG grantees. Still others were made available to organizations having an interest in the CDBG program. It has come to our attention that certain statements in the booklet can be misunderstood concerning the definitions of low income and moderate income persons under the CDBG program.

In the portion of the booklet describing "targeting," the discussion includes a statement that moderate income is "generally defined" as cash-income of 140% of the area median income, with low income being 80% of the median. While these may well represent definitions as used generally they do not agree with how these income categories are used under the CDBG program. For CDBG, a person is considered to be of low income only if he or she is a member of a household whose income would qualify as "very low income" under the Section 8 Housing Assistance Payments program. Generally, these Section 8 limits are based on 50% of area median. Similarly, CDBG moderate income relies on Section 8 "lower income" limits, which are generally tied to 80% of area median.

Because of the strong statutory emphasis of the CDBG program on benefiting low and moderate income persons, it is vitally important that communities planning to use CDBG funds in public/private partnerships understand that compliance with the CDBG program regulations on benefit will be measured using the CDBG definitions of low and moderate income. Please follow up with each of your entitlement grantees as necessary to ensure that they understand the distinction.

Please refer any questions in this matter to James Broughman, Director, Entitlement Cities Division, at 755-9267.