

Low and Moderate Income Census Tracts

June 13, 1991

MEMORANDUM FOR: Anthony M. Villane, Jr., Regional Administrator- Regional Housing Commissioner, 2S

ATTENTION: Joan T. Dabelko, Director
Office of Community Planning and Development, 2C

FROM: Anna Kondratas, Assistant Secretary for
Community Planning and Development, C

**SUBJECT: City of New York, New York
Low- and Moderate-Income Eligible Census Tracts
Community Development Block Grant (CDBG)**

This is in response to your December 6, 1990, memorandum conveying a request by the City of New York that HUD reconsider the "eligibility" of certain census tracts in the City. Your memorandum states that these tracts had been identified by your Office as meeting the Department's national objectives criteria at 24 CFR 570.208(a)(1)(i) for undertaking CDBG area benefit activities prior to issuance of the March 10, 1989, computer list of the Low and Moderate Income Summary Data (LMISD). For the following reasons, the City's request must be denied.

The most precise method to determine the percentage of low-and moderate-income residents of a service area benefitting from a CDBG activity would be to survey all the households in the area served by the activity by income and household size. However, because of the magnitude of the time and effort this would require, the Department accepts the use of Census data as long as other more complete or more current information (site reviews, surveys, etc.) is not generally available.

The methodology proposed by the City for calculating the eligibility of certain Census tracts (see July 30, 1990, and July 1, 1983, letters, attached) is not acceptable because it does not use the Census tract data in accordance with 24 CFR 570.208(a)(1)(iv) and because it uses other data that do not constitute a survey or site review. The three individual criteria of the methodology proposed by the City are discussed below.

The first criterion of the City's methodology considers tracts in which 51 percent or more of the families have incomes less than 80 percent of the family median. The method used by the LMISD blends family income data with unrelated individual data to arrive at a number of low- and moderate-income persons in each Census tract, block group, or enumeration district. The LMISD method, measured in units of "persons," will not always yield the same result as criterion one of the City's method, measured in units of "families." Because the regulations at Section 570.208(a)(1)(i) specify that 51 percent of the residents of the service area must be low and moderate income, the LMISD person-based measure is preferable to the family-based measure proposed. Further, it is not clear from the language of criterion one which "family median" is being used. The median that must be used is the same as that which is used under the

Section 8 Program, in accordance with Section 102(a)(20)(A) of the Housing and Community Development Act of 1974, as amended. Thus, in this case, the median of the Metropolitan Statistical Area (MSA) must be used.

The second criterion appears to attempt to blend family income data with the unrelated individuals data. As noted above, the LMISD does this, so the second criterion is unnecessary.

The third criterion is a complicated blend of family median, area median, and percentages of persons receiving public assistance or "SSI." No information has been provided to support that the use of such public assistance or "SSI" data meets standards of statistical reliability that are comparable to that of Census data at the tract level. Such a demonstration of statistical reliability is required pursuant to Section 570.208(a)(1)(iv) of the CDBG regulations before HUD will accept data other than Census information.

Your memorandum correctly states that any Census tracts in which the percentage of low- and moderate-income residents is lower than 51 percent generally cannot qualify as meeting the criteria for CDBG area benefit activities. If the City believes that some of these tracts have sufficient low- and moderate-income residents to qualify, but the Census data does not support such a conclusion, the City is free to carry out a survey of the area(s) in question. Such a survey should be carried out in accordance with the guidance previously provided in the July 11, 1988, memorandum from then General Deputy Assistant Secretary Jack R. Stokvis to all Field Offices entitled, Survey Methodology to Determine Low/Mod Status of CDBG Service Areas (copy attached).

If you have further questions on this matter, please call the Entitlement Communities Division at (FTS) 458-1577.

Attachments

cc: Linda Marston, SC