

DETERMINING SERVICE AREAS

As discussed in Chapter 3 under the L/M Income Area Benefit subcategory of the L/M income national objective, once it has been determined that an activity provides a benefit to all the residents of an area, the activity may meet the L/M Income Benefit national objective only if the area served by the activity contains a sufficiently high percentage of L/M income residents. As also noted in that section, accurately determining the area served by the activity is critical for these purposes. This Appendix provides guidance on how to determine the area served by an activity.

Some activity types do not require any judgment in determining the area served for purposes of the CDBG program. This is because the area served by such an activity has already been determined for other purposes. Perhaps most notable among these activities are police precincts, fire stations, and schools. In each such case, specific boundaries have already been determined so that the persons involved know which facility serves persons or properties located at a particular address within the community. When boundaries such as these have been determined, no further work should be needed for purposes of identifying the area served by assisting the facility or providing the service.

Moreover, in many communities the planning department or the department or agency administering a particular facility or service, for their own purposes, establishes service areas for things such as libraries, parks, playgrounds, etc. Again, the decision to assist these services or facilities with CDBG funds should not require any additional work to identify the area to be served.

Generally speaking, it is reasonable to assume that certain kinds of facilities serve only very small areas. For example, sidewalks, gutters, trees, and street lights on a residential street would usually benefit only the residents of the immediately adjacent area. The same would be true for tot-lots and small playgrounds. Therefore, the area served by such activities is usually limited to a few census block groups surrounding the area in which they are located.

When the grantee does not already have an identification of the area served for a given facility or service, it will be necessary for the grantee to determine the service area before CDBG assistance may be provided if the activity is to qualify under the L/M Income Area Benefit criteria. As previously indicated, the grantee's determination of the area served will usually be accepted by HUD, unless there are indications that the grantee-defined area is clearly too small or too large. The factors to be considered in making the determination of the area served (both by the grantee and HUD) for these purposes are:

- ✓ The nature of the activity;

- ✓ The location of the activity;
- ✓ Accessibility issues, and
- ✓ The availability of comparable activities.

Each of these factors is discussed briefly below.

Nature of Activity

In determining the boundaries of the area served by a facility, its size and how it is equipped need to be considered. For example, a park that is expected to serve an entire neighborhood cannot be so small or have so little equipment (number of swings, slides, etc.) that it would only be able to serve a handful of persons at any one time. Conversely, a park which contains three ball fields, or a ballfield with grandstands that can accommodate hundreds of spectators, could not reasonably be said to be designed to serve a single neighborhood. The same comparison would apply to the case of assisting a small, two-lane street in a residential neighborhood versus that of assisting an arterial four-lane street that may pass through the neighborhood but is clearly used primarily by persons passing through from other areas.

Location of Activity

Where an activity is located will also affect its capacity to serve particular areas, especially when the location of a comparable activity is considered. A library, for example, cannot reasonably be claimed to benefit an area that does not include the area in which it is located. When a facility is located near the boundary of a particular neighborhood, its service area would be expected to include portions of the adjacent neighborhood as well as the one in which it is located. (Note that the grantee may carry out activities that are even outside its jurisdiction if it is done in accordance with §570.309.)

Accessibility

The accessibility of the activity also needs to be considered in defining the area served. For example, if a river or an interstate highway forms a geographic barrier that separates persons residing in an area in a way that precludes them from taking advantage of a facility that is otherwise nearby, that area should not be included in determining the area served. Other limits to accessibility may apply to particular activities. For example, the amount of fees to be charged, the time or duration that an activity would be available, access to transportation and parking, and the distance to be traveled can all constitute barriers to the ability of persons to benefit. Language barriers might also constitute an accessibility issue in a particular circumstance.

Comparable Activities

The nature, location, and accessibility of comparable facilities and services must also be considered in defining a service area. In most cases, the service area for one activity should not overlap with that of a comparable activity (e.g., two community centers, two clinics, or two neighborhood housing counseling services).

"Fit" of Service Area

Because the regulations require that census data be used to the maximum extent feasible for determining the income of persons residing in service areas, the boundaries of the service area determined by the grantee for the activity need to be compared with the boundaries of census divisions (tracts, block groups, etc.). The census divisions that best fall within the service area should be used for defining the service area for purposes of reporting on the activity and for calculating the percentage of L/M income persons residing in that area. While this means that the census divisions chosen for this purpose may exclude some limited number of persons that are in the actual service area or include some who are not, the practicality of using the census data will override unless the proportion of persons so excluded or included is too great. The alternative would be to survey excluded/included persons and to adjust the data obtained from the census computer runs accordingly. Surveys can be quite costly and their use should be limited whenever possible.

Commercial Service Areas

A store will usually be considered to serve an area generally. Where the business itself has had a recent market survey to define the area it serves, it should be used for CDBG purposes. Where it does not have such a survey, an analysis of the location and accessibility of comparable stores should be undertaken to define the area served. When the CDBG assistance provided is not to a particular business but to the shopping center or commercial strip in which it is located (e.g., facade improvements), the area served would be that of the entire center or strip. Again, an analysis of comparable centers/strips should be undertaken in defining the service area. Note that it may not always be possible to determine the area served by a commercial business, such as in the case where the businesses depend on tourists. Moreover, some commercial facilities serve a very broad area (e.g., a regional shopping mall) and the area may be so large an area that it is unlikely to meet the 51% L/M income residents test.

Calculating the Upper Quartile

As discussed in Chapter 3 concerning the L/M income Area Benefit subcategory under the L/M Income Benefit national objective, the criteria for meeting the national objective for activities that serve an area generally involve the percentage of L/M income residents in the area served by the activity. Certain communities are authorized to use their “upper quartile” percentage in lieu of 51% as generally required. Moreover, other provisions of the regulations make reference to a grantee’s upper quartile percentage for other purposes. The specific steps HUD uses in computing the upper quartile for a given community follow:

1. Determine the total number of block groups in the community’s jurisdiction. Subtract all block groups with zero persons to determine the net number of block groups.
2. Arrange the remaining block groups in descending order, based on the percent of L/M income residents in the block group. Compute the last block group in the upper quartile by multiplying the net number of block groups by 25%. The percentage of L/M income persons residing in this block group is the community’s “upper quartile” percentage.
3. If the percent of L/M income persons in the last block group of the upper quartile determined in step 2, above, is 51% or higher, the area benefit exception does not apply to this grantee.
4. If the percentage of L/M income persons in the last census block group in the top quartile is less than 51%, the jurisdiction qualifies to use the area benefit exception. The percentage of

L/M income persons in this block group becomes the threshold for L/M area benefit activities in place of the 51% to be used by grantees which do not qualify for this exception.

When the units of general local government participating with an urban county change, a new computation of the upper quartile will need to be made that applies to the new configuration. If the CD ROM provided by HUD does not reflect the new configuration, contact your local HUD field office to request a recomputation, since the configuration change in the urban county will likely change the relative ranking of specific block groups by quartile, and thus change the community’s upper quartile percentage. Where urban counties and metropolitan cities have signed joint agreements, the rank ordering must include the census block groups for both units of government.

Grantees which qualify for the exception criteria may use CDBG funds for area benefit activities in any service area, whether or not located in a block group in the highest quartile, if the percentage of L/M income persons in the entire area served is equal to or exceeds the upper quartile percentage.

If block group data are not available for the entire jurisdiction, other data acceptable to the Secretary will be used in the above calculations. The field office determines what data HUD will accept for this purpose.