



PUBLIC FACILITIES FACT SHEET

“Public Facilities” are interpreted by HUD to include all facilities that are publicly owned, or that are owned by a nonprofit and open to the general public. Eligible public facility activities include acquisition, construction, and rehabilitation. Examples of public facilities are libraries, parks, and facilities for persons with special needs such as shelters or group homes for the disabled.

When a public facility is owned by a non-profit organization, the CDBG regulations stipulate that it must be open to the public during normal working hours.

Meeting a National Objective

All CDBG activities must meet a National Objective; almost all activities fall into the objective of providing a benefit low-to-moderate income (LMI) persons. This objective must be met using one of these subcategories:

1. Area Benefit. The public facility must benefit **all** residents of the identified service area. The service area must be primarily residential and must be an area where at least 51% of the residents being LMI. A public park would fall into this category.
2. Limited Clientele. Under this category the facility must benefit a specific targeted group of persons, of which 51% or more must be LMI. This can be achieved by meeting one of the following criteria:
 - a. Documenting the income of each person served based on family size and household income.
 - b. Having income-eligibility requirements that limit the services to persons meeting LMI requirement, as evidenced by procedures, intake forms, etc.
 - c. Serving a group primarily presumed to be LMI, which HUD identifies as: abused children, battered spouses, elderly persons (age 62+), severely disabled adults, homeless persons, illiterate adults, persons living with AIDS, and migrant farm workers. Examples for this category would include a homeless shelter or a senior center.
 - d. Being of such a nature and in a location that it may be concluded that the activity's clientele are LMI. A daycare serving residents of public housing would fit this category.

Eligibility factors that must be satisfactorily answered in the application include

- Defining which CDBG National Objective, as explained above, applies to this project and providing evidence of how the objective will be met (i.e., which specific group of citizens who are eligible to be considered LMI limited clientele will be served by the project and how will this be documented);
- Being able to document that at least 51% of the beneficiaries or users of the facility are LMI San Marcos residents.

- Providing proof that the facility can be considered a “public facility” in accordance with local, state and federal definitions; that, is to say showing that:
 - a. the facility benefits all residents of the area served (for Area Benefit projects).
 - b. the facility is open for use by general public during all normal hours of operation (applies to all public facilities).
 - c. any fees charged for the use of the facility are reasonable and do not have the affect of preventing LMI individuals from using the facilities.

Program Income

Any income (profit after expenses) directly generated from the use of the facility is considered “program income”. The organization must document and report all program income earned. Generally, program income is returned to the City’s CDBG program. The City may authorize the reinvestment of program income into programs that qualify for CDBG funding.

Calculating Income

To determine whether or not an individual or a family can be considered LMI, the agency will need to calculate the projected income for the person/family for the next twelve months and compare that amount to the current income maximums based on family size. HUD allows 3 slightly different methods of calculating income, but essentially they all require the collection of the following data from each individual or family:

- Most recent two years of income tax returns with W2’s
- Six months of bank statements for checking accounts
- Most current financial statements for liquid assets
- Check stubs for 3 to 6 months
- Annual benefit letters for Social Security, VA payments, etc.
- Child support receipt documentation (can include divorce decrees and/or reports from Attorney General)

Other obligations

After the project is complete, there will be a minimum of five years that the organization must comply with all CDBG program regulations including reporting/returning program income. An annual report will be required to show that the facility continues to serve LMI beneficiaries and meets the definition of a public facility.