

To: Non-entitlement Communities and Grant Administrators

From: CDBG Division

Proposed Effective date: September 1st, 2025

RE: Income Survey and American Community Survey

Background

The U.S. Department of Housing and Urban Development (HUD) issued [CPD Notice 24-04](#) substituting prior notice guidance outlined in [CPD-14-10](#), [CPD-14-11](#), [CPD-15-05](#), and [CPD-19-02](#). CPD notice 24-04 updates the American Community Survey 5-year estimate from the 2011-2015 5-year estimate to the 2016-2020 5-year estimate.

On or after August 1st, 2024, any new requests to conduct an income survey submitted to OCRA, must use the 2016-2020 American Community Survey LMSID data to assess income levels within an activity's proposed service area that do not conform with existing geographical boundaries or that fail to represent current economic and demographic changes.

Proposed Policy

This Policy Notice amends the CDBG Policy Notice 2024-005 Income Survey Policy, effective October 16th, 2024, by detailing the requirements set by the Office of Community and Rural Affairs for conducting income surveys, revises the documentation needed at each stage of the income survey process, and establishes a timeline for resubmitting an income survey following an unsuccessful low- and moderate-income (LMI) final percentage.

A. Assessment of Previously Approved Income Surveys

On September 12th, 2024, The Office of Community and Rural Affairs (OCRA) received authorization from the U.S Department of Housing and Urban Development to implement its own transition policy related to the use of previously approved income surveys to meet a National Objective and to comply with [CPD Notice 24-04](#). OCRA is required to assess that approved income surveys still reasonably reflect the income demographics of the service area.

OCRA has determined that income surveys approved under the Income Survey Policy- Validity Time, utilized more current income demographic data. The approved income surveys are based on data collected from 2022 and later, providing a more current and accurate depiction of LMI percentage compared to data represented in the 2016-2020 American Community Survey.

Moreover, under OCRA's Income Survey Policy- Validity Time, the sample size calculations required the use of a minimum confidence level of 95%. This means that sample sizes used on approved income surveys are larger, making the collected data more likely to reflect the true population value, and providing 95% certainty about the income data estimates of a service area.

Furthermore, the LG Family of Business Office conducted a [statistical analysis](#) of the Summary Level 150 (block groups) and at the Summary level 160 (Places including incorporated cities and unincorporated census designated places) using the 2011-2015 ACS data from approved income surveys and compared it to the same 2016-2020 ACS Summary Level 150 and the Summary level 160. The analysis was conducted at a 90% confidence level, as mandated by HUD.

Out of 100 data points used in the 69 approved income surveys, 44 data points showed no significant statistical differences from 2016-2020 ACS Summary Level 150 and at the Summary level 160, and 52 data points showed an increase in the margin of error at both summary levels. This suggests that with the collection of new income demographic data, the approved income surveys now provide a more accurate representation of low-to moderate income levels in the service areas.

B. Transition Policy

The Office of Community and Rural Affairs will allow local units of government to continue using previously approved income surveys under OCRA's Income Survey Policy- Validity Time to qualify activities under the National Object area benefit under the 51% LMI criterion so long as:

1. The boundary of the service area is the same as the boundary defined as the service area when the income survey was conducted.
2. The approved income survey may be used up until 5 years from the date the final income survey report was approved by the Office of Community and Rural Affairs, or until HUD issues LMISD base-data changes with the update to the American Community Survey 5-year estimate or any other data source, whichever occurs first.

C. Income Survey Process Considerations

The Office of Community and Rural Affairs acknowledges that conducting income surveys is a costly and resource intensive process for communities. For this reason, the Office of Community and Rural Affairs must ensure that communities have a strong and verifiable statistical likelihood of achieving the desired outcome through the request to conduct an income survey process. Local units of government seeking to conduct an income survey must have an LMI percentage and a margin of error (MOE) that when combined, equals a minimum of 40 percent to receive consideration for conducting an income survey. The margin of error (MOE) must be no higher than 10 percent. If the MOE associated with the ACS estimate for the area is lower than 10 percent, the lower MOE must be used per [CPD Notice 24-04](#). The approval of conducting an income survey does not guarantee that a community will meet the LMI percentage requirements.

D. Requesting an Income Survey Process

While the U.S Department of Housing and Urban Development (HUD) requires that the Low to Moderate Income Summary Data (LMISD) in HUD's mapping tool be utilized "to the fullest extent feasible", there are instances in which the available LMISD data do not capture existing economic, statistical or demographic changes or do not provide enough income levels information on an activity's service area. In these instances, conducting a local income survey is beneficial to provide a more accurate representation of the current community population demographics.

Local government wishing to use an income survey instead of the HUD provided LMSID data to qualify a proposed project under the National Objective of benefiting Low to Moderate Income an area-wide basis (LMA), a certified grant administrator must submit a request to OCRA through the Grants Management System (GMS). Guidance on how to complete these steps in the Indiana Grants Management System is provided in the [GMS Technical Guide](#).

I. Step 1

A certified grant administrator working with a local government must submit a request to OCRA through the Grants Management System (GMS) to initiate a request to conduct an income survey.

A justification letter on the local government letter head and signed by the Chief Elected Official must be

submitted to OCRA. The justification letter must outline community changes that are assumed to affect the accuracy of HUD's provided data. The letter must specify the service area and whether it is a conforming service area or a custom service area, the unit of geography to be surveyed, the current LMI percentage, the margin of error (MOE), and the service area map that clearly illustrates the service area. The map should include an overlay of the unit of geography boundaries or a side-by-side comparison of the service area and income survey area in order to demonstrate that this is the "geography of best fit."

The Office of Community and Rural Affairs evaluates the LMI percentage, margin of error, and letter of justification to determine the probability of the income survey reaching the required LMI percent. In situations where the survey results may reach the required LMI percentage, the approval or denial depends on the specific information and data provided in the letter of justification. Grant administrators may refer to the [income survey justification letter minimum standards](#) to compose a justification letter.

The Office of Community and Rural Affairs will review the documentation provided, and an official decision will be provided within 10 business days from receipt of the initial request in GMS. A GMS email and notification would be provided if the request to conduct an income survey is approved. If the request is denied, the grant administrator can review the denial reasoning in GMS. The CDBG Program Manager will send an email detailing the denial reasoning within 10 business days of the denial GMS notification.

II. Step 2

Once approval to conduct an income survey is obtained, the pre-income survey data must be completed based on whether a conforming service area or a custom service area is required, as determined in Step 1, by filling in all the necessary data fields in GMS.

Household

The collection of data for the purpose of an income survey must be based on the household. A household is defined, in accordance with 24 CFR 570.3, as all the persons, related or unrelated, occupying a housing unit and/or sharing living arrangements regardless of their actual or perceived gender, sexual orientation, marital status or gender identity. Households obtain are determined by the unique addresses that are selected for conducting an income survey.

Confidence level & Margin of Error

The survey's sample size must be calculated using a minimum confidence level of 90%. The margin of error for conforming service areas which use place data should conform to the MOE provided in the LMISD data but may not exceed 10%. For example, if a geography has a margin of error of 12%, the margin of error would be capped at 10% and 10 would be used in the calculation. If the MOE associated with the ACS estimate for the area is lower than 10 percent, the lower MOE must be used. (CPD Notice 19-02) When using a custom service area which requires multiple geographies (e.g., block groups), the margin of error shall be determined based on the block group that is most populous (i.e., has the largest LOWMODUNIV). The MOE is still capped at 10% in scenarios where the block group's MOE is great than 10%.

Non-conforming Service Areas

HUD guidelines include a minimum number of responses required for the survey to be considered valid. If the sample size is less than 50 households a local government is required to conduct a census survey with a required 100% response rate.

Total Number of Households in the Service Area	Required Minimum Sample Size
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50 or less	Census survey is required of all 50 households in the service area with a 100% response rate.
50 +	Use the CDBG Income Survey Toolkit

At this stage, the following documentation must be uploaded to GMS: the master population list, the randomized sample list, the Excel sheet calculator, and the income limits used for the assessment. The Office of Community and Rural Affairs and Grant Services will review the provided data to verify its accuracy and adherence to all HUD requirements. An official decision will be issued within 10 business days from the date the pre-income survey data is received in GMS.

III. Step 3

After the pre-income survey data is approved, the local government must complete the collection of survey data and submit the final survey results within 90 days of OCRA's approval. The survey collection period ends once the final LMI percentage is calculated.

The certified grant administrator is responsible for submitting the following documentation in GMS: the final surveys, Appendix D (income survey certifications signed by the Chief Elected Official and the grant administrator), and the list of households that were contacted, regardless of whether they responded or not. An official decision will be made within 10 business days upon receipt of the final income survey results via GMS.

E. Extensions

If the local government is unable to finalize the collection of survey data to provide a final income survey result within the 90 days after the approval of the pre-income survey data, a letter of justification must be provided to OCRA to explain the cause of the delay(s).

The justification letter should explain the reasons for extending the 90-day period for collecting survey data and should also explain why the data should still be considered statistically accurate and valid despite the extended collection time. The survey collection period is considered complete once the final LMI percentage is calculated.

F. Resubmission of a Request to Conduct an Income Survey after a Failed Survey

If the final survey results show that the Low- and Moderate-Income (LMI) percentage is below 51%, a request to resubmit for a new income survey may be permitted, provided that the resubmission meets a higher standard of evidence. This must demonstrate that recent changes warrant a revised approach to assessing the LMI percentage in the same service area.

The Office of Community and Rural Affairs will not accept a resubmission of the same letter of justification; the resubmission must address new developments that justify further consideration regarding statistical or economic changes. The resubmission must include an updated justification letter that addresses any significant changes in the population, economy, or other relevant factors that have occurred since the approval of Step 1: Request to Conduct an Income Survey of the prior submission. The updated justification letter must provide substantial evidence of the new circumstances, including recent data that supports the need for a new income survey.

The request for a new income survey must be conducted with a larger sample size and it must use a confidence level of 95% to ensure reliable results. The specific number of households and the calculation methodology will be established based on the anticipated population size and characteristics.



The Office of Community and Rural Affairs may allow resubmission requests no sooner than 180 days (6 months) from the date the final income survey results are submitted in GMS.

G. Lifespan of an Income Survey

Income surveys are considered valid for up to 5 years from the date the final income survey report is approved by the Office of Community and Rural Affairs, or until HUD issues LMISD base-data changes with the update to the American Community Survey 5-year estimate or any other data source, whichever occurs first.

Effective Date

This policy is effective as of October 16th, 2024, and will remain in effect until amended, superseded, or rescinded.