



MEMORANDUM

To: Mary Davis, HCD Division Director

From: Maeve Pistrang

Date: February 25, 2015

RE: HCD Eligible Areas Map

Background

When a CDBG project is fulfilling the national objective of benefitting low-moderate income persons on an area-wide basis, the population of that area must be at least 51% low-moderate income (LMI). In order to ensure that these regulations are followed and a national objective is met, HCD utilizes a map displaying Census or American Community Survey (ACS) data of low-moderate income population in the City of Portland as a reference tool. This map was last updated in 2003 using 2000 Census data.

In 2014 HUD released new summary data from the American Community Survey from 2006-2010 to update the map. When staff examined the new ACS data they found a notable discrepancy in the block groups that were considered eligible compared to the old map (see attached spreadsheet). On further investigation, this discrepancy was not primarily the result of significant income changes in the data, but rather a policy decision from 2003 that was meant to target CDBG funds to particular areas and populations of Portland.

2003 Policy Decision

According to a memo (attached) dated August 13, 2003 from HNS division director Mark Adelson to City Manager Joe Gray, "the City of Portland has always chosen to use Census Tracts when looking at what areas are eligible for Low/Mod Area Benefit activities even if, as in 1990, there are eligible block groups within ineligible tracts." Therefore, in 2003 the City was continuing a policy of using a two-part test to determine CDBG area eligibility; a block group had to both have a population of at least 51% low-moderate income residents *and* be located in a Census Tract that had a low-moderate income population of at least 51%.

The memo indicates that staff were hesitant for block groups that did not pass this two-part test to be eligible for CDBG because they were concerned about spreading CDBG funds too thin, thereby lessening their impact and reducing timeliness of expenditures. Instead they aimed to target funds to those geographies where there were higher concentrations of low-moderate income residents, based on both Tract and block group geographies.

Following this Census Tract rule meant that 6 block groups located off of the Portland peninsula that were over 51% LMI, were eliminated from eligibility. The justification for this elimination was that,

“staff believe that this [off-peninsula block groups categorized as LMI] is due in part to a larger percentage of the Metropolitan Statistical Area’s population living outside of Portland and having higher incomes, thereby raising the MSA’s 80% of median income threshold.” In other words, they were arguing that Portland’s wealthier suburbs were pushing up the median income statistic for the region, making it appear that people in Portland were low income, while in staff’s opinion, they actually were not. However they did not want to eliminate considering block groups altogether and just use Tracts, because by that measure the Western Prom and Stroudwater would have been CDBG eligible areas, even though they were, as the 2003 memo states, “clearly not low/mod areas.” Also, they made an exception to the rule in order for Cliff Island to remain eligible.

2003 Census Tract Rule Exclusions

The block groups excluded from CDBG eligibility on the 2003 map because of their Census Tract percentage were:

Census Tract 3, Block Group 1 (Downtown) – This area consists of parts of Portland’s downtown bounded by Spring Street to the south, Cumberland Ave to the north, Elm Street to the east, and State Street to the west. This geography includes Congress Square. The 2000 data shows the Tract was 48.74% LMI while the block group was 61.17% LMI, thus failing the two-part Census Tract Rule test. The new data released in 2014 shows this tract is now eligible under the Tract rule with the Tract 73.33% LMI and the block group at 85.67% LMI.

Census Tract 15, Block Group 1 (Oakdale) – This area includes Forest Avenue from Marginal Way to Woodford’s Corner and parts of Baxter Boulevard. The Tract was 50.29% LMI and the block group was 53.14% LMI. In data from 2014 this Tract is now eligible at 54.19% LMI and the block group 64.39% LMI.

Census Tract 19, Block Group 1 (Deering Center) – This is the area around Baxter Woods and the Catherine McAuley High School. The Tract was 40.03% LMI and the block group was 55.52% LMI. In data from 2014, this Tract is 39.85% LMI but the block group is now 49.71% LMI, making it no longer CDBG eligible.

Census Tract 21.01, Block Group 3 (North Deering) – This is the area bounded by Washington Ave to the west and route 100 to the east. The Tract was 31.31% LMI while the block group was 63.72% LMI. In data from 2014, this Tract is 33.39% LMI while the block group is now 71.84% LMI. Thus the block group is eligible, but it would still fail the Tract rule test, if applied.

Census Tract 21.02, Block Group 2 (Riverton) – Under 2000 Census boundaries, this area includes a large geography bounded by the Presumpscot River to the west, includes Evergreen Cemetery to the south, and is bounded by route 302 and I-95 to the east. The Tract was 45.71% LMI and the block group was 54.14% LMI. In 2010 this Census Tract was split from 2 block groups into 3. Block group 2 is still LMI, the other two are not. Block Group 2 in 2010 geography is bounded by the Presumpscot River and I-95. The Tract is 49.95% LMI while the block group is now 70.09% LMI. Thus the block group is eligible but it would still fail the Tract rule test, if applied.

Census Tract 22, Block Group 2 (North Deering) – This area is bounded by 100, 26 and Ocean Ave. The Tract was 40.21% LMI and the block group was 60.99%. In data from 2014, the Tract is now 44.35% LMI and the block group is 68.86% LMI. Thus the block group is eligible but it would still fail the Tract rule test, if applied.

Census Tract 23, Block Group 2 (East Deering) – This is the area bounded by I-295 to the east and Ocean Ave to the west. The Tract was 48.50% LMI and the block group was 56.86% LMI. In data from 2014, the Tract is 48.23% LMI but the block group is now also 48.17% LMI, making it ineligible for CDBG.

Census Tracts 17 (Rosemont), 18 (Ocean Avenue), and 20.01 (Nason’s Corner) – These areas are ineligible at both the Census Tract and block group level in both 2003 and 2014 data sets.

Applying the Census Tract Rule to 2014

If HCD continued this policy of using the Census Tract Rule, the following low income block groups would be *excluded from eligibility* based on the LMI percentage of their Tract:

Census Tract 20.02, Block Group 1 (Libbytown) – In 2000 Census data this Tract was 51.44% LMI, making the 58.55% LMI block group also eligible. In data from 2014, the Tract has fallen to 43.91% LMI, so while the block group remains LMI at 58.04%, it would fall out of eligibility under the Tract rule, if applied.

Census Tract 21.01, Block Group 3 (North Deering) – See **2003 Census Tract Rule Exclusions** section above.

Census Tract 21.02, Block Group 2 (Riverton) – See **2003 Census Tract Rule Exclusions** section above.

Census Tract 22, Block Group 2 (North Deering) – See **2003 Census Tract Rule Exclusions** section above.

Applying the Tract rule to 2014 data would also make several block groups *eligible* that were not previously eligible under the Tract rule:

Census Tract 3, Block Group 2 (Downtown/Waterfront) – This area is bounded by the waterfront to the south, Cumberland Ave to the north, Elm Street to the west, Franklin Street to the east and along the waterfront over to Atlantic Street. According to 2000 Census data this Tract was only 48.74% LMI and the block group was 35.35% LMI. In the 2014 data, the Tract is now 73.33% LMI and the block group is 52.33% LMI. However projects in this geography would need to ensure they were complying with the HUD regulation of benefitting a “primarily residential” area.

Census Tract 15, Block 3 (Oakdale) – This area is bounded by Brighton Ave, Falmouth Street, and Forest Avenue. Under the 2000 Census data, the Census Tract was 50.29% LMI and the block group was 31.49% LMI. In the data from 2014, the Tract is 54.19% LMI and the block group is 63.59% LMI.

Other Eligibility Changes

Census Tract 1, Block Group 3 (East End School) – This area that abuts the Eastern Prom and includes the East End School is now income eligible at 77.62% LMI, up from 45% LMI in 2000 data.

Census Tract 2, Block Group 1 (Eastern Promenade) – This area also abuts the Eastern Prom and is now income eligible at 70.45% LMI, up from 35.83% LMI.

Census Tract 11, Block Group 3 (West End) - This is the area between State and High Streets in the West End, bounded by Spring Street to the north and Commercial Street to the South. It is now income eligible at 68.09% LMI, up from 48.50% LMI in 2000.

Census Tract 2, Block Group 2 (Munjoy Hill), Census Tract 19, Block Group 1 (Deering Center), & Census Tract 23, Block Group 2 (East Deering) – All of these block groups decreased in LMI population and are no longer income eligible in data from 2014.

LMA Considerations Beyond the Data

The HUD regulations define LMA activities as:

An activity, the benefits of which are available to all the residents in a particular area, where at least 51 percent of the residents are low and moderate income persons. Such an area need not be coterminous with census tracts or other officially recognized boundaries but must be the entire area served by the activity. An activity that serves an area that is not primarily residential in character shall not qualify under this criterion.

So while low income data is available at a Census Tract and block group level, these boundaries alone do not guarantee a project's eligibility. Instead, they are meant to be guidance and reference for the entitlement to ultimately determine the appropriateness of undertaking an activity in that area. For instance, a public facility that serves the neighborhood residents in a low-income area would be eligible, while a facility that caters to tourists or is a city-wide attraction but is located in a low-income block group, may not necessarily be eligible.

Summary of Eligibility Changes:

- All of Census Tract 3 (includes downtown, Congress Square, Old Port, and waterfront) is now income eligible at both the Tract and block group level, though projects in this geography would need to focus on primarily residential areas to comply with HUD regulations.
- Parts of Oakdale and Forest Avenue that were not previously LMI eligible in 2000 are now eligible in 2014, with or without the Census Tract Rule.
- Except for the West End historic district, the Western Promenade, and part of Munjoy Hill the peninsula is income eligible under 2014 data, with or without the Census Tract rule.
- Applying the Census Tract rule to 2014 data would eliminate the Libbytown neighborhood from CDBG eligibility. It would also continue to exclude off peninsula areas that are eligible at the block group level, such as parts of Riverton and North Deering.