

## Activities Subject to the 20 Percent Limitation for Planning and Administration

April 12, 1983

MEMORANDUM FOR: John J. Tuite, Area Manager  
Los Angeles Area Office, 9.2S

ATTENTION: Herbert L. Roberts, CPD Division Director, 9.2C

FROM: Donald G. Dodge, Deputy Assistant Secretary for Program Management, CC

**SUBJECT: Activities subject to the 20 percent limitation for planning and administration - City of Los Angeles**

This is in response to your March 9, 1983, memorandum requesting guidance on Los Angeles' claim that the expenses identified in your monitoring visits were project costs rather than planning costs and thus included in the 20 percent limit, as your office claims. We agree with your assessment.

For example, § 570.205(a)(4)(iii) allows for the development of individual project plans including collection of detailed data and preparation of analysis. Only engineering and design costs of carrying out an activity are excluded, and thus not part of the 20 percent limitation. The City is correct in its assumption that if the costs are part of the implementation of an activity, it is considered an activity cost. However, the activities described by the City do not meet this standard. These activities, while useful in determining the nature and extent of activities to be carried out at a later date, are clearly planning costs under 570.205 of the CDBG regulations.