

## CDBG Program Monitoring

October 15, 1990

MEMORANDUM FOR: Harry W. Staller, Deputy Regional Administrator- Regional Housing Commissioner, 3SD

ATTENTION: John Kane, Regional Director for Community Planning and Development, 3.C

FROM: Anna Kondratas, Assistant Secretary for Community Planning and Development, C

**SUBJECT: Community Development Block Grant (CDBG) Program Monitoring Findings Upper Darby Township, Pennsylvania**

This is in response to your memorandum of August 27, 1990, in which you requested a formal written response to verbal guidance previously provided regarding the resolution of monitoring findings related to the administration of the Community Development Block Grant (CDBG) program by the Township of Upper Darby, Pennsylvania. This transmittal shall serve as the formal response that you have requested.

Specifically, this issue results from an on-site monitoring visit that was conducted on March 15-17, 1989. The on-site monitoring resulted in several findings regarding the Township's maintenance of documentation to demonstrate compliance with program rules required under 24 CFR 570.506.

The Regional Office maintains that the Township has not adequately documented the eligibility and fundability of certain activities which, when aggregated, compromise the locally-designated "69th Street Project". The project in question consists of a number of activity elements which are eligible under 24 CFR 570.201(c), Public Facilities and Improvements. The project is being undertaken under the national objective of benefit to low- and moderate-income persons on an area basis.

The "69th Street Project" is a multi-year, multi-element project consisting of street resurfacing, sidewalk construction, installation of curb and gutter, traffic signalization and urban landscaping. Based on our review of the information which you have submitted, it appears that the activity is eligible for CDBG funding provided that a national objective can be achieved.

The Township claims that it has maintained evidence and can document that the aggregated activity elements, referred to as the "69th Street Project" can meet the national objective of benefit to low- and moderate-income persons on an area basis as authorized at 24 CFR 570.208(a)(1). However, the Field Office has refuted the Township's position and believes that eligibility documentation should be maintained for each separate component activity (i.e., supporting documentation must be maintained for each street resurfaced, traffic light replaced and street light installed).

Certain project elements by their nature serve a limited general area. For example, a neighborhood improvement project which includes a number of public facility and improvement elements such as

sidewalk construction, street lighting and landscape paintings, may serve a small geographic service area in which low- and moderate-income residents reside. Such a project would require only one eligibility determination since the project elements would fall under one eligibility category. However, certain other public facility and improvement activity elements, such as street reconstruction and traffic signalization may require separate eligibility determinations if such elements of an activity would not only serve the immediate area in which the project is located, but as well, a potentially wider geographic service area.

Pursuant to 24 CFR 570.208(a), in the absence of substantial evidence to the contrary, HUD will accept a grantees determination of service area designation. However, grantees must undertake some level of analysis to conclude that a service area is reasonable in relation to the nature of the project element(s) being undertaken on an area basis. Grantees are required to maintain documentary evidence that the service area configuration that it has designated is reasonable in relation to the individual project elements of an activity it has elected to carry out in such areas.

It has been a general policy that different types of project elements which are undertaken on an area basis and under the same general eligibility category may be undertaken without a separate eligibility determination, provided such elements benefit the same geographical service area. However, grantees have the responsibility for determining whether separate project elements of an eligible activity may potentially serve different service areas.

We have therefore concluded that certain elements of the 69th Street Project, would require separate eligibility determinations. Such elements include street resurfacing and traffic signalization, since the benefit of such project elements would potentially serve persons outside the designated service area. However, eligible project elements of a similar nature, such as sidewalk construction, urban landscaping and installation of fire hydrants, whose benefits are limited to the service area designated as low- and moderate-income would not require separate and distinct eligibility documentation.

I hope this fully addresses your expressed concerns in this matter. I am hopeful that that the outstanding monitoring findings can now be resolved in a timely manner. Should you have any further questions or concerns, please contact the Entitlement Communities Division at (FTS) 458-1577.