

Clarification of Executive Order 12372

November 1, 1988

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
OFFICE OF THE SECRETARY
WASHINGTON, D.C. 20410-0001

Mr. Laine A. Helterbridle
Project Coordinator
Intergovernmental Review Process
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Dear Mr. Helterbridle:

This correspondence is in response to your letter dated September 16, 1988, requesting clarification of that portion of the September 6, 1988 final Community Development Block Grant (CDBG) rule on Executive Order (E.O.) 12372. The final rule at 24 CFR 570.612 revised the section pertaining to E.O. 12372, Intergovernmental Review of Federal Programs. Specifically, the word 'rehabilitation' of water and sewer facilities was deleted and the section revised to state that E.O. 12372 applies to the CDBG entitlement program "only where a grantee proposes to use funds for the planning or construction (reconstruction or installation) of water or sewer facilities". Previously, HUD had interpreted rehabilitation of such facilities as being synonymous with their reconstruction. This revision does not change the type of improvements that may be made to water and sewer facilities.

The word "rehabilitation" was deleted from this section of the regulations in order to be consistent in our use of this term. "Rehabilitation" in the CDBG program is used by HUD in relation to making improvements to buildings and not public works. It was felt that to retain the term "rehabilitation" in 570.612 could create confusion as the program does not permit CDBG funds to be used for general maintenance. 24 CFR 570.207(b)(2) states that the "general rule is that any expense associated with repairing, operating or maintaining public facilities, improvements and services is ineligible." The term "reconstruction" signifies a more extensive undertaking than what repair or rehabilitation efforts might entail in that such reconstruction must extend the useful life of the public improvement. Rehabilitation of buildings, conversely, permits a broader range of activities. For example, in rehabilitation of a building, repairs can be carried out to correct code violations.

If you require additional information or have further questions, please feel free to contact the Entitlement Cities Division at (202) 755-5977.

Sincerely

(signed)

John Rosso
Executive Assistant to the Deputy
Under Secretary for
Intergovernmental Relations