

Eligibility of Utility Hook-ups

August 26, 1986

MEMORANDUM FOR: Duncan Lent Howard, Regional Administrator-
Regional Housing Commissioner
San Francisco, 9S

FROM: Alfred C. Moran, Assistant Secretary for Community Planning and Development,

**SUBJECT: Policy Determination
CDBG Program
County of Los Angeles
Grant No. B-85-UC-06-0505**

Your memorandum of September 5, 1985, asked if utility hook-ups are eligible for Community Development Block Grant (CDBG) funding as rehabilitation projects. In the case in question, Los Angeles County wishes to pay for the costs of replacing connections for electrical and telephone service at underground locations to the residences of low and moderate income households. No other rehabilitation activities are proposed for the properties.

Section 570.202(b)(6) of the CDBG regulations makes eligible the financing of costs associated with the connection of residential structures to water distribution lines or local sewer collection lines. By analogy that section also makes eligible the connection of residential structures to other utilities essential to the proper functioning of the dwelling unit. Such utilities would include gas and electric utilities, telephone service and such innovative utilities as district heating and cooling facilities.

Note that this activity must meet program benefit requirements (benefiting low and moderate income persons or preventing or eliminating slums and blight). For residential rehabilitation to benefit low and moderate income persons it must meet the requirements of Section 570.208(a)(3). Thus, the County will have to determine the income of each household in each structure to be "rehabilitated" with CDBG assistance.

8/26/86