

## Eligibility of the Purchase of Appliances

November 13, 1984

; U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT  
WASHINGTON, D.C. 20410-7000

OFFICE OF THE ASSISTANT SECRETARY  
FOR COMMUNITY PLANNING AND DEVELOPMENT

;Mr. Richard J. Ferrara  
Director, Department of  
Housing and Community Development  
100 Maryland Avenue  
Rockville, MD 20850

;Dear Mr. Ferrara:

;This is in response to your letter of October 1, 1984 requesting our review of the Washington Field Office's determination that the purchase of washers and dryers is not an eligible expense under the Community Development Block Grant (CDBG) Entitlement program.

;As a result of a monitoring review of Montgomery County's program in January 1984, the Washington Office, in its letter of June 28, asked that you reimburse the County's CDBG program for \$22,930 for the purchase and installation of washers and dryers in individual public housing units at the Ken Gar and Tobytown projects during Fiscal Year (FY) 1982.

;Your subsequent appeal of this decision, dated August 15, 1984, was denied by the Washington Office on September 19, 1984 after consultation with the Office of General Counsel and the Entitlement Cities Division of the Office of Block Grant Assistance.

;After a careful review of your letter and the supporting documentation you submitted, we have concluded that the Washington Office is correct in its determination that the expenditure of funds for washers and dryers is an ineligible expense under the CDBG program. The County must therefore reimburse the CDBG program for this expense.

;The law which establishes the eligibility of rehabilitation, with CDBG funds, of public residential housing, and therefore public housing modernization, is Title I of the Housing and Community Development Act of 1974. Section 105(a)(4) specifically authorizes the rehabilitation of buildings.

;Section 570.202(b) of the 1979 CDBG regulations, which were in effect at the time you purchased the washers and dryers, specified "public housing modernization" as an eligible rehabilitation activity. Although §570.202 of the current regulations, issued in September 1983, eliminates any special

reference to "public housing modernization," the costs associated with physical rehabilitation of public housing continue to be eligible for CDBG funding.

;You state that the purchase of washers and dryers should be eligible under this provision because Section 2-10(b) of the 1979 Compressive Improvement Assistance Program (CIAP) Handbook (HUD 7485.2), which you enclosed, appears to allow CIAP funding of washers and dyers for individual units when central laundry facilities are not available. According to our Office of Multifamily Housing Management, the current edition of this handbook (issue in June 1982) makes clear that CIAP funds may only be used for washer hook-ups in individual public housing units when no central laundry facilities are provided. Dryer hook-ups may also be provided when no central or outdoor dryer facilities are available. When such hook-ups are provided, tenants may, at their own expense, purchase and install washers and/or dryers in their units.

;You also state that the purchase of washers and dryers should be eligible under §570.202 because kitchen stoves and refrigerators are considered eligible rehabilitation expenses. In general, the purchase of equipment not an integral structure fixtures is ineligible under §570.202 of the 1979 regulations and §570.207(b)(iii) of the current regulations. Our recent decision to make an exception to this rule by allowing the acquisition of stoves and refrigerators was based primarily on the fact that they are eligible under the Section 312 Rehabilitation Program. Although not central to our decision, we also considered the fact that Section 8 assisted units must have working stoves and refrigerators in order to meet the Section 8 existing housing quality standards.

;Washers and dryers, on the other hand, are not eligible under the Section 312 program, nor are they considered essential in meeting Section 8 existing housing quality standards.

;I hope this explanation clarifies our position on the issue. If you need additional information or assistance, please contact Mr. James McDaniel, Community Planning and Development Division Director, HUD Washington, D.C. Office, at (202) 673-5837.

;Sincerely,

;Alfred C. Moran  
Special Assistant to  
the Secretary