

Housing Services Clarification

NEWSBRIEF
(excerpt from 2/4/93)

HOUSING SERVICES CLARIFICATION

Several offices and grantees have called for clarification on the implementation of the housing services provision as outlined in the January 6, 1993, memorandum on the 1992 statutory amendments. Following are some of the questions raised, and our answers to them.

Q1: Are activity delivery costs for eligible CDBG-assisted rehabilitation, acquisition, special subrecipient new construction, or other housing activities still eligible as before the statutory change?

A1: Yes.

Q2: Are such costs subject to the 20 percent cap on planning and administration?

A2: Not until the Department completes the rulemaking process (includes issuing a proposed rule for comment, and then a final rule). However, the Housing and Community Development Act of 1992 does state that such costs shall be subject to the administration cap, and any rule the Department puts forth will presumably reflect that position. (Efforts are underway by HUD and others to have the Congress amend this provision in order to avoid the obvious negative effects that could otherwise result.)

Q3: Are CDBG activity costs for eligible CDBG-assisted rehabilitation, acquisition, special subrecipient new construction, or other housing activities subject to national objective requirements?

A3: Yes.

Q4: Does it matter whether HOME funds are also assisting the CDBG activity?

A4: Not for purposes of eligibility or national objectives. However, grantees attempting to use the two programs together should be reminded that the eligibility and benefit requirements of the two programs differ, and that care should be exercised in management and documentation of blended activities.

Q5: Does implementation of this provision according to the January 6 memorandum make anything eligible that was not previously eligible?

A5: Yes. CDBG funds may be used to assist the activity delivery costs for HOME-assisted activities that are not otherwise CDBG-eligible. In practice, this means that CDBG can pay activity delivery costs for new construction of housing, tenant-based rental assistance, and CDBG-ineligible reconstruction of housing, when such an activity is also being funded under the HOME program.

Q6: Are otherwise ineligible costs incurred by the CDBG program in support of a HOME-funded activity subject to the 20 percent cap on planning and administration?

A6: Yes.

Q7: Are otherwise ineligible costs incurred by the CDBG program in support of a HOME-funded activity subject to the same national objectives requirements as any activity delivery costs, or do they share the presumption given to CDBG planning and administration costs?

A7: Although subject to the planning and administration cap, these CDBG costs are still activity delivery costs and must meet all applicable national objectives requirements. They are not covered by the presumption for planning and administration costs.

Q8: Is there only one 20 percent cap covering both CDBG planning and administration and otherwise ineligible CDBG activity delivery costs in support of HOME-funded activities?

A8: Yes, there is one cap covering both kinds of costs.