

Using CDBG Funds for a Religiously Affiliated Organization

May 28, 1993

Mrs. Ferne Slough
1177 Bayshore, 102
Ft. Pierce, FL 34949

Dear Mrs. Slough:

Thank you for your letter of April 28, 1993, to Secretary Cisneros regarding the proposed Save Our Children, Inc. project in Fort Pierce, Florida, for which you are seeking funding through the Community Development Block Grant (CDBG) program. CDBG funds are requested for the renovation of a building for a community center and for acquisition of a parcel for a volleyball/basketball court and parking. You asked that the Secretary intervene in getting CDBG funds approved for this project.

According to the information submitted with your letter, the City has considered funding this project, but questions whether CDBG funds can be used because Save the Children is affiliated with The Bible Way Soul Saving Station, a religious entity. Though it has been established that Save the Children is a separate entity, apart from The Bible Way Soul Saving Station, and does not carry out religious activities, the City still questions whether Save the Children can receive CDBG funds since it has not yet obtained a separate 501(3)(c) tax exempt IRS designation. It still uses The Bible Way Soul Saving Station's IRS designation.

Under the CDBG regulations, CDBG funds may not be used for the acquisition or rehabilitation of structures to be used for religious purposes or for any purposes which would otherwise promote religious interests. In the instant case, Save the Children is a nonprofit entity separate from The Bible Way Soul Saving Station. There is no requirement that the separate nonprofit entity have a 501(3)(c) designation for CDBG purposes. The only requirement is that it be established as a wholly secular entity (which may be an entity established by the religious entity).

While it appears that the acquisition of the lot and rehabilitation of the property would be eligible CDBG funded activities, the Department does not have the authority to intervene in the decision making processes of the City.

However, the misunderstanding of the status of the entity may be the only reason this project has not been funded. Since the City of Ft. Pierce determines the eligibility of projects or activities to be funded at the local level, you may wish to contact the city again. A copy of this letter is being sent to Ms. Mazella Smith, Community Development Coordinator, P.O. Box 1480, Ft. Pierce, Florida 33454.

I hope this information is helpful to you.

Very sincerely yours,

(signed Don. I. Patch)

Don I. Patch
Director
Office of Block Grant Assistance