

**DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT
DIVISION OF FINANCIAL ASSISTANCE**

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**CDBG****MANAGEMENT MEMORANDUM****Community Development Block Grant Program****Memorandum Number 07-08**

Date: June 5, 2007

TO: Eligible CDBG Jurisdictions

From: Chris Westlake
Acting Deputy Director, Division of Financial Assistance

SUBJECT: UPCOMING MILESTONES FOR 2005 CDBG GENERAL/NATIVE
AMERICAN/COLONIAS GRANTS

The Department of Housing and Community Development (Department) would like to ensure that all grantees that were awarded a 2005 Community Development Block Grant (CDBG) General, Native American, and/or Colonias Allocation Standard Agreement are aware of the required expenditure milestones and the consequences for failing to meet those milestones.

According to the Standard Agreements, Exhibit A, Section 4:4, if the grantee does not meet the expenditure milestones as set by the State, per Title 25, California Code of Regulations, Section 7066 (d) and (e), the State will disencumber the difference between what was expended for the program activity and what was required by that milestone. Furthermore, the grantee will be held out from applying from any future CDBG Notices of Funding Availability (NOFA) applications until compliance with expenditure milestones can be demonstrated.

On February 17, 2006, the Department released Management Memorandum Number 06-02 in which grantees that were awarded CDBG funds in the 2005 funding cycle were notified that the 2006 milestones will be waived and that all other milestones would remain in effect. The decision was made to waive those milestones due to the Department's unexpected delays in getting the final executed Standard Agreements to the awarded grantees. However, the milestone measures for the 2007 year are in effect and will be enforced.

The Department would like to remind grantees that part of the plan with fast-forward funding and multi-year funding was to improve the timeliness of expenditures. Please be advised that grantees that fail to meet the expenditure milestones for 2007 and beyond will have the unexpended funds disencumbered, as indicated in the Standard Agreement, and will be held out from future CDBG (NOFA's) until the actions are corrected.

If you have any questions about this issue, please call your CDBG General Program Representative or the Program Secretary at (916) 552-9398.