

**DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT
DIVISION OF FINANCIAL ASSISTANCE
FEDERAL PROGRAMS BRANCH**

Community Development Block Grant Program (CDBG)

1800 Third Street, Suite 330
P. O. Box 952054, MS 330
Sacramento, CA 94252-2054
(916) 552-9398
FAX (916) 319-8488



CDBG MANAGEMENT MEMORANDUM

Community Development Block Grant Program - Memorandum Number 10-03

DATE: April 28, 2010

TO: Eligible Community Development Block Grant (CDBG) Jurisdictions

FROM: Thomas Brandeberry, CDBG Section Chief

SUBJECT: NOTICE OF CHANGE IN CDBG PROGRAM INCOME USE POLICY

The Department of Housing and Community Development (Department) is pleased to announce that its plan to revise the CDBG Program's current Program Income policies and rules within the upcoming year. ***In the interim, the Department has determined that an alternate policy on Program Income use on non-revolving activities is necessary.***

As a result, the Department is implementing a procedure to allow jurisdictions to request a waiver to the present policy established in Management Memorandum 03-11 available at <http://www.hcd.ca.gov/fa/cdbg/mmemo/03-11.pdf>. This Memorandum also revises relevant portions of the Program Income Chapter of the Grant Management Manual.

Interim Policy

Effective the date of this Memorandum, the Department will accept requests from jurisdictions to utilize Program Income on non-revolving activities, outside of an open grant or a Revolving Fund Account (RLA). Non-revolving CDBG activities include micro-enterprise technical assistance, public improvements, public facilities, public services, and public improvements in support of housing new construction. Requests for waivers will be reviewed and approved on a case-by-case basis, based on the merit of the proposed activities.

The Department will not consider requests for waivers for revolving activities, such as housing rehabilitation, homebuyer assistance, and economic development activities.

CDBG MM 10-03 NOTICE OF PROGRAM INCOME POLICY CHANGE
April 28, 2010

To request a waiver, submit the following to your CDBG Representative:

- Formal letter of request for waiver on jurisdiction letterhead, signed by the Authorized Representative and which includes a description of the project.
- Complete the Program Income-Funded Project Waiver Request form (attached) providing information to demonstrate that the project is eligible and meets a National Objective.

Upon receipt, and within 14 days, CDBG Program staff will review the jurisdiction's waiver request and, depending on the nature of the activity, will approve, conditionally approve or deny the request.

If the Department conditionally approves the project, the form will be sent back to the jurisdiction indicating what conditions must be met for approval. Similarly to contract special conditions, examples of conditions may include, but are not limited to a completed Environmental Review, site control documentation, proof of citizen participation, and others. The jurisdiction will not be allowed to incur costs until all conditions given to the jurisdiction have been met (i.e., NEPA clearance, procurement, Davis Bacon, etc.).

If you have any questions about this Management Memorandum, please contact your CDBG Representative.

Attachment: CDBG Program Income-Funded Project Waiver Request Form

**CDBG PROGRAM INCOME-FUNDED PROJECT
WAIVER REQUEST**

Jurisdiction:	
3. PLEASE DESCRIBE THE STATUS OF THE FOLLOWING:	
Davis Bacon:	
NEPA:	
Relocation:	
Site Control:	
Procurement:	
Other:	
<i>(FOR USE BY CDBG PROGRAM ONLY)</i>	
4. PROJECT APPROVAL: <input type="checkbox"/> APPROVED <input type="checkbox"/> CONDITIONALLY APPROVED <input type="checkbox"/> NOT APPROVED	
Conditions for Approval:	

CDBG Representative: _____

Date: _____

CDBG Program Manager: _____

Date: _____

Section Chief: _____

Date: _____