

**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 10-07

Date: June 25, 2010

To: All Eligible Jurisdictions and Interested Parties

From: Thomas Brandeberry, CDBG Section Chief

SUBJECT: State CDBG and HOME Income Calculation and Determination Guide for Federal Programs

Purpose of this Memorandum:

The purpose of this Management Memorandum is to:

1. Inform all grantees and interested parties that the State Federal Programs Branch (CDBG and HOME Programs) is releasing a common guide for income eligibility for jurisdictions under State HOME and CDBG grant contracts. After the release of the new Income Calculation and Determination Guide for Federal Programs (Manual) and after the training sessions, all CDBG grantees will be required to follow the Manual. The new Manual is based on Federal Regulations 24 CFR Part 5 method of income eligibility. The new Manual takes the place of HUD's Technical Guide for Determining Income and Allowances for HOME Program (commonly know as the purple book). All CDBG direct assistance activities (for example, housing rehabilitation, homebuyer assistance and business/microenterprise loan programs) must use the Manual to income qualify families for assistance. The Department encourages all CDBG grantees and their program operators to register for the upcoming training on use of the Manual. Contact your CDBG Representative for registration information.
2. Inform all grantees and interested parties that, for certain CDBG activities, the Department will allow for an income self-certification process. A discussion of the income self-certification process is included in Chapter 7 of the Manual. Income self-certifications have been used historically in the State CDBG Economic Development Allocation for business assistance programs. The new Manual will allow for certain Public Services and Microenterprise Technical Assistance, being provided to low-income persons or households, to use a self-certification process instead of the Part 5 method used for direct assistance

MANAGEMENT MEMORANDUM 10-07

State CDBG and HOME Income Calculation and Determination Guide for Federal Programs

Page 2 of 4

programs. The Income Self-Certification Chapter in the Manual will outline the process for use of the self-certification form. The CDBG Program is developing self-certification forms for use by its grantees, which will be included in the Manual. The use of these forms will be mandatory once the Manual is published and released on line.

3. Provide a matrix created by the Department as a reference guide to assist grantees and interested parties with determining what CDBG activities may have income eligibility documented using the Part 5 method, and which activities can use the income self-certification method. The matrix has been included for your use.

The Federal CDBG regulations require that individuals, families and households be Low/Moderate Income to receive assistance under the CDBG Program. The Federal regulations go further by identifying the method to be used to determine that those being assisted are at or below 80% of medium income (L/M Income).

To date, the State CDBG Program has not given sufficient directions on this subject. This memorandum, the forthcoming Manual and the associated trainings attempt to rectify this.

If you have any questions regarding this memorandum, please contact your General or Economic Development Representative.

Attachment

MATRIX OF INCOME QUALIFICATION METHODS FOR CDBG PROGRAMS

1. CDBG Economic Development Allocations				
CDBG Activity	Income Qualification Method			
	Part 5	Self Certification	Limited Clientele	Area Benefit
Business Assistance	No	Yes (Employees)	No	Yes (Employees)
Micro Enterprise Financial Assistance	Yes (Owners)	No	No	No
Micro Enterprise Technical Assistance or Support Services	No	Yes (Owners)	No	No

2. CDBG General, Colonias and Native American Allocations				
CDBG Activity	Income Qualification Method			
	Part 5	Self Certification	Limited Clientele	Area Benefit
Investor Housing Rehabilitation	Yes (Renters)	No	No	No
Owner Occupant Housing Rehabilitation	Yes (Owners)	No	No	No
Homebuyer Assistance				

MANAGEMENT MEMORANDUM 10-07

State CDBG and HOME Income Calculation and Determination Guide for Federal Programs

	Yes (Buyers)	No	No	No
CDBG Activity	Income Qualification Method			
	Part 5	Self Certification	Limited Clientele	Area Benefit
Public Facility	No	Yes	Yes (approved by CDBG Rep.)	Yes (approved by CDBG Rep.)
Public Improvement	Yes (Assessments)	No	No	Yes (approved by CDBG Rep.)
Public Improvement Supporting Housing	Yes (each housing unit)	No	No	No
Public Service	No	Yes	Yes (approved by CDBG Rep.)	Yes (approved by CDBG Rep.)