

Definition of Subrecipients

May 20, 1993

MEMORANDUM FOR: Elmer C. Binford, Deputy Regional Administrator-
Regional Housing Commissioner, 7S

ATTENTION: Gregory A. Bevirt, Director
Community Planning and Development Division, 7.2C

FROM: Don I. Patch, Acting Deputy Assistant Secretary
for Grant Programs, CG

SUBJECT: Request for policy clarification regarding definition of subrecipients in the Community Development Block Grant (CDBG) and Home Investment Partnership Program (HOME)

This is in response to your memorandum dated February 3, 1993, in which you request guidance in determining which regulation, 24 CFR 570.500 or 24 CFR 570.92, to apply when both Community Development Block Grant (CDBG) and Home Investment Partnership Program (HOME) funds are used jointly in the same project. This clarification has been requested as a result of an issue that involves both HOME funds and CDBG funds in the City of Lincoln, Nebraska.

The Senior Center Foundation, which is acting as a General Partner of a Limited Partnership, has used HOME funds to acquire and renovate the Clayton House, a 58 unit structure. CDBG funds were loaned as short-term seed money prior to the start of the project. Based on information obtained from the Omaha Field Office, the CDBG seed money was used as an application fee for tax credit, as a reservation fee when the application was approved and as an earnest money deposit.

When CDBG funds are provided to an entity under 24 CFR 570.202(b)(1) to acquire property for the purpose of rehabilitation, the entity carrying out the acquisition and rehabilitation activity is not considered a CDBG subrecipient. Thus, in the instant case, no conflict should exist between the HOME and CDBG subrecipient requirements. As a general rule however, applicable requirements of both programs must be met when both HOME and CDBG funds assist an activity.

We are currently reviewing the HOME and CDBG programs to resolve differences between the two programs that create confusion or administrative difficulties when both HOME funds and CDBG funds are used to fund activities. We expect to provide additional guidance at a later date. Thank you for bringing this issue to our attention. If you have questions concerning this, please contact the Entitlement Communities Division at (202) 708-1577 (for CDBG) or the Policy Division of the Office of Affordable Housing (202) 708-2470 (for HOME).

cc: Robert P. Allen, SC