

Request for Regulatory Waiver of Pre-agreement Costs

July 14, 1992

MEMORANDUM FOR: Sam R. Moseley, Regional Administrator- Regional Housing Commissioner, 6S

ATTENTION: R. D. Smith, Regional Director Office of Community Planning and Development, 6C

FROM: Randall H. Erben, Acting Assistant Secretary for Community Planning and Development, C

SUBJECT: Request for Regulatory Waiver Pre-Agreement Costs Community Development Block Grant (CDBG) Program City of Arlington, Texas

This is in response to your memorandum of May 15, 1992, in which you request a waiver of 24 CFR 570.200(h) to allow reimbursement of local funds from its 1992, 1993 and 1994 CDBG funds for the City of Arlington, Texas. The waiver would permit the City of Arlington to proceed with three multi-year projects: Phase III-Arlington Human Service Center, a new gymnasium and renovation of a smaller existing gymnasium for the Boys and Girls Club of Arlington and a Senior Recreation/Nutrition Center.

The construction of the Phase III building will address the increasing social and medical service needs of low- and moderate- income persons by providing maximum convenience to clients to access services, particularly those requiring services from multiple agencies. The City intends, through CDBG funding, to contribute \$500,000 (\$250,000 in FY 92 funds and \$250,000 in FY 93 funds).

The Boys and Girls Club of Arlington operates programs aimed at all youth, especially youth at-risk. Services are designed to promote social, educational, vocational and character development. The current facilities can only accommodate 125 children and enrollment is expected to reach approximately 300 attendees daily during summer months. In order to address this demand, \$225,000 of CDBG funds (\$112,500 in FY 92 and \$112,500 in FY 93) is needed to expand the facilities.

The Senior Recreation/Nutrition Center is a collaborative effort with the City's Parks and Recreation Department to provide senior citizens in the community with both recreational, nutritional and social activities at one location. To complete this activity \$400,000 of CDBG funds (\$60,000 in FY 92, \$110,000 in FY 93 and \$230,000 in FY 94) is needed over a three year period. By granting the waiver, the City of Arlington would be able to undertake, complete and make available the above activities to serve low- and moderate-income persons sooner than if the City had to accumulate its annual CDBG allocations.

Section 570.5 authorizes waivers of the CDBG regulations where it is determined that undue hardship will result from applying the requirement and where application of the requirement would adversely affect the purposes of the Act. The current facilities for the Phase III-Arlington Human Service Center, the Boys and Girls Club of Arlington and the Senior Recreation/Nutrition Center cannot currently address the growing population of low and moderate individuals utilizing these facilities. The City's own budget circumstances

and the size of the annual allocation of CDBG funds (\$1,483,000) for FY 92 do not permit the City to undertake the project without a waiver of pre-agreement costs. A delay will pose a hardship on low-income persons that would ultimately benefit from the expanded services. It is also noted that non-CDBG funds are committed to the three activities in the total amount of \$1,650,000. In total, CDBG funds represent approximately 40 percent of the cost to complete the activities.

Therefore, based on the above reasons, I have determined that failure to grant the waiver would cause undue hardship and adversely affect the purpose of the Act. Consequently, under the authority of 24 CFR 570.5, I hereby waive the limitations on pre-agreement costs at 24 CFR 570.200(a)(5) and 24 CFR 570.200(h) to permit the reimbursement of costs for these projects with CDBG funds from 1992, 1993 and 1994.

We understand that this project has been/will be included in the City's proposed and final statements for 1992, 1993 and 1994. In order for these pre-agreement costs to be eligible under OMB Circular No. A-87, the activities must be specifically set forth in the FY 1992, 1993 and 1994 grant agreements. Block 11.b of the HUD Form 7082 may be used for this purpose. In conveying this waiver to the City, please advise the City that a reimbursement is contingent upon the availability of CDBG funds and the activity being in compliance with the statutory and regulatory provisions in effect at the time of the award of the 1992, 1993 and 1994 grants.

cc:Linda Marston, SC