

## Using CDBG Funds to Purchase Equipment for a Subrecipient

July 24, 1984

Ms. Diedre Tompkins  
Executive Director  
Deland Housing Authority  
300 Sunflower Circle  
Deland, FL 32724

Dear Ms. Tompkins:

This is in response to your letters of May 4 and June 6, 1984 to the Assistant Secretary for Community Planning and Development concerning the use of Community Development Block Grant (CDBG) funds to purchase a computer for the Deland Housing Authority, a subrecipient of Volusia County, Florida.

The purchase of computer equipment with CDBG funds is not eligible under the previous or the current CDBG regulations. The regulations do make eligible the rehabilitation of public residential buildings such as the modernization of your 200-unit public housing project. As you can see from the regulations which you cite, a broad range of activities are eligible in order to permit preserving residential structures and providing decent shelter for low income people. In addition to authorizing the physical rehabilitation work, the regulations and applicable OMB circulars make eligible reasonable administrative costs necessary to carry out the rehabilitation work. General operating expenses of public housing, as well as acquisition of non-capitalizable equipment such as a computer, are not eligible.

This policy was clearly set forth in a notice (CPD 81-16, issued December 31, 1981) entitled "Use of CDBG Funds for Public Housing Authority Expenses." This notice, which was distributed to all Public Housing Agencies, has been superseded by the current CDBG regulations. A copy of the notice is enclosed.

The law establishes the eligibility of rehabilitation with CDBG funds of public residential housing, and thereby public housing modernization, is Title I of the Housing and Community Development Act of 1974. A copy of this Act is enclosed. Section 105(a)(4) authorized the rehabilitation of buildings.

The purchase of equipment, including computer equipment, is ineligible under 570.207(b) of the 1979 regulations and under 570.207(b)(1) of the current regulations, issued in September 1983. If you have any further questions, please contact the Program Management staff of the Jacksonville Office at (904) 791-1212.

Sincerely,

(signed)

Jack R. Stokvis  
General Deputy Assistant  
Secretary  
Enclosures