



CDFA Circular CDBG 2021-02

Related to: CDBG Housing

Subject: Amendment to the 2018-02 Circular regarding New Housing Construction

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Issuance date: January 1st, 2021

Summary

This CDFA Circular provides an update to the information provided to housing developers regarding new housing construction and CDBG published in January 2018.

Background

CDFA seeks to set forth a consistent interpretation of CDBG rules related to “new construction” projects using the Housing program.

Per 24 CFR 570.207(b)(3) “the construction of new permanent residential structures or for any program to subsidize or assist such new construction” is an ineligible activity. However, there are exceptions per 24 CFR 570.207(b)(3) that HUD has deemed to be eligible in support of new housing construction. CDFA had previously released a circular in 2018 that updated a 2014 circular that conflicted with HUD interpretation of eligible activities. The purpose of this circular is to further update the information on the eligibility of new construction as a CDBG activity and ensure that the most accurate information is available to all of our partners.

Decision

HUD gives maximum feasible deference to the state's interpretation of the statutory requirements and the requirements of this regulation, provided that these interpretations are not plainly inconsistent with the Housing and Community Development Act. Based on available rules and guidance from HUD, CDFA has determined that the following activities are eligible activities in support of new construction.

- Clearance. Grantees (municipal applicants) may clear a site in preparation for housing [24 CFR 570.201(d)].
- Site improvements. Grantees (municipal applicants) can make public improvements on publicly-owned property [24 CFR 570.201(c)]. As examples, grantees can install water lines, sewer lines, and utility lines on public property in support of housing. Grantees may also install public improvements on privately-owned land, but only if they

obtain an easement on the property before carrying out the improvements. The easement enables the grantee to carry out the improvements on what is considered publicly-owned property.

- Street improvements. The construction or reconstruction of publicly-owned streets, bridges, and alleys is eligible as a public facilities and improvements activity [24 CFR 570.201(c)].
- New construction in Census Designated Places, a designated revitalization zone or other municipally designated area by a Community Based Development Organization (CBDO) [24 CFR 570.204(c)].

Effective Date January 1st, 2018

Waiver Authority No