

**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**

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

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

**MANAGEMENT MEMORANDUM 10-07**

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

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