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CDBG MANAGEMENT MEMORANDUM
Community Development Block Grant Program - Memorandum Number 10-04

DATE: April 30, 2010

TO: Eligible Community Development Block Grant (CDBG) Jurisdictions

FROM: Thomas Brandeberry, CDBG Section Chief

SUBJECT: NOTICE OF CHANGE IN CDBG RECONSTRUCTION POLICY

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The State Community Development Block Grant (CDBG) Program will be revising its Test for Reconstruction policies and rules in the very near future and will publish a Management Memorandum noticing the new policy. This future CDBG Management Memorandum on reconstruction will almost certainly be a joint effort with the State HOME Program and be released under the state's Federal Programs Branch authority.

In the interim, the CDBG Program has determined that the use of grant funds (relocation) in the calculation of the cost of reconstruction versus fair market value needs to be revised.

Grantee Management Manual (GMM):

The GMM states the following (Chapter 16, Page 7 Housing Rehabilitation):

Grantees must document that the reconstruction costs are less than newly constructed housing and that the estimated cost of the reconstructed housing (including demolition, site preparation and **temporary relocation**) is less than the fair market value of the reconstructed housing and land combined**.** (emphasis added)

Interim Policy

As of the date of this Memorandum, CDBG is allowing jurisdictions to compare Fair Market Value and the estimated cost of to reconstruction without using the grant funded items, such as relocation named above. The Grantee can disregard the portion of the Test For Reconstruction form that asks for relocation cost when entering "Cost to Reconstruct".

If you have any questions about this Management Memorandum, please contact your CDBG Representative.