

Using CDBG Funds to Aid the Homeless

March 15, 1983

Mr. Gaspar Pereira
72 South 6th Street
New Bedford, MA 02740

Dear Mr. Pereira:

Thank you for your letter of February 8, 1983, concerning the plight of homeless people. On February 14, 1983, the Secretary of HUD wrote to all of our Regional Administrators summarizing the various ways communities could use Community Development Block Grant (CDBG) funds to aid the homeless, and instructing them to provide assistance and cooperate with all local jurisdictions that wish to undertake such endeavors.

The following paragraphs describe a number of key ways a community might use its CDBG funds to aid the homeless:

Acquisition and Rehabilitation

The acquisition and/or rehabilitation of real property for use as a shelter for homeless is an eligible use of CDBG funds. Buildings currently vacant, such as surplus schools, could be acquired and remodeled. A building currently in use as a shelter may need improvements in order to meet the growing demand. The city or county can undertake these activities directly or the funds can be provided to a nonprofit organization.

Public Service

The operating cost of a shelter for the homeless is an eligible public service activity. CDBG funds can be used for any of the specific costs of running a shelter as a public service including equipment (beds, stoves, refrigerators, etc.), supplies (food, sheets, blanks, etc.), utilities, or staff. Under the 1981 amendments to the Act, there are no longer any geographic limitations on service areas. However, two limitations apply to public service activities. First, the service must be a new service or an increased level of service compared to the service provided by the locality from State or local funds in the previous 12 months. Second, each grantee is limited to 10 percent of its grant for public services, unless the grantee qualifies for a waiver. Grantees that qualify for a waiver must, however, reduce their level of public services to 10 percent by Fiscal Year 1985. We are continuing to follow the same procedures for public service waivers used during Fiscal Year 1982.

Compliance with the Primary Objectives

It is obvious that families and individuals who are homeless generally have little or no current income. Therefore, any activity that provides assistance to the homeless will be considered to benefit low and moderate income persons and therefore will comply with the primary objectives of the Act.

While CDBG funds may be used in a number of ways to aid the homeless as described above, the final decision on how CDBG funds are used among eligible competing priorities rests with the community receiving CDBG funds. Therefore, concerned citizens like yourself should convey their views on this issue to their local elected representatives. The City of New Bedford will receive a CDBG Entitlement for Fiscal Year 1983 of \$3,003,000.

I hope this letter has responded to your concerns.

Sincerely yours,

(signed)

Don I. Patch
Director, Office of Block Grant
Assistance