

**COMMUNITY SERVICES BLOCK  
GRANT PROGRAM**

U.S. Department of  
Health and Human Services  
Administration for Children and Families  
Office of Community Services  
Division of State Assistance  
370 L'Enfant Promenade, S.W.  
Washington, D.C. 20447

**Information Memorandum**

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**Transmittal No. 3**

**Date April 14, 1993**

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**TO:** COMMUNITY SERVICES BLOCK GRANT PROGRAM  
DIRECTORS

**SUBJECT:** Prohibitions against the use of CSBG funds  
related to the purchase or improvement of  
real property and the Secretary's right to  
waive the prohibition.

**RELATED  
REFERENCES:**

Subsection 680(a) and Subsection 680(b) of  
the Community Services Block Grant Act, Title  
VI of the Omnibus Budget Reconciliation Act  
of 1981, Public Law 97-35, as amended by the  
Human Services Reauthorization Act of 1984  
(Public Law 98-558), the Human Services  
Reauthorization Act of 1986 (Public Law 99-  
425), and the Augustus F. Hawkins Human  
Services Reauthorization Act of 1990 (Public  
Law 101-501).

**PURPOSES:**

The purposes of this memorandum are to remind  
State CSBG Program Directors of the  
legislative prohibition against the use of  
CSBG funds related to the purchase or  
permanent improvement of real property and to  
convey information related to the authority  
and procedures for applying for a waiver  
under the CSBG Act.

**BACKGROUND:**

Subsection 680(a) of the CSBG Act states that  
"Except as provided in subsection (b), grants  
made under this subtitle ... may not be used  
by the State, or by any other person with  
which the State makes arrangements to carry  
out the purposes of this subtitle, for the  
purchase or improvement of land, or the  
purchase, construction, or permanent  
improvement (other than low-cost residential  
weatherization or other energy-related home  
repairs) of any building or other facility."

Subsection 680(b) of the CSBG Act notes that "The Secretary may waive the limitation contained in subsection (a) upon the State's request for such a waiver if he finds that the request describes extraordinary circumstances to justify the purchase of land or the construction of facilities (or the making of permanent improvements) and that permitting the waiver will contribute to the State's ability to carry out the purposes of this subtitle."

DISCUSSION:

Although the intent of the CSBG Act is to provide broad flexibility and deference to the States in the administration of the CSBG program, the Congress has expressed an explicit prohibition against the use of CSBG funds for the "purchase or improvement of land, or the purchase, construction, or permanent improvement (other than low-cost residential weatherization or other energy-related home repairs) of any building or facility." Exceptions to this prohibition may be granted when the Secretary determines that "extraordinary circumstances" exist to justify the waiver "and that permitting the waiver will contribute to the State's ability to carry out the purposes of" the CSBG Act.

It is the responsibility of the State to provide the best evidence available that the waiver being requested is justified on the basis of "extraordinary circumstances" and that it will "contribute to the State's ability" to carry out the purposes of the Act.

There is no single criterion or basis for determining that sufficient "extraordinary circumstances" exist or that the waiver will "contribute to the State's ability" to carry out the purposes of the Act. This is a judgment that the Congress has left to the Secretary, and requests are reviewed and determined on a case-by-case basis.

In considering evidence to support requests for waivers, answers to the following questions are important. What evidence is there that the problems being addressed are "extraordinary" in their scope or severity? Is there no other more reasonable alternative to the waiver? Have the resources of other public programs designed for

these purposes, such as the Community Development Block Grant, been exhausted? What other sources of funding have been sought and obtained? How will approval of the waiver contribute to the ability of the State to carry out the purposes of the CSBG program or, conversely, how will disapproval of the waiver inhibit the State's ability to accomplish its goals and objectives? What long-term direct benefits will the waiver provide for the low-income population being served? Has the State provided a reasonable cost-benefit analysis? What are the advantages of capital expenditures over other alternatives, e.g., rent or lease? Will program income generated by the waiver be used to expand CSBG services and activities permitted under Subsection 675(c)(1)?

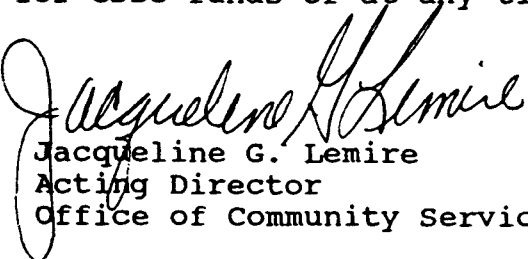
As an example, the massive human suffering and destruction of property caused by recent natural disasters in Florida, Louisiana, and Hawaii certainly has met the "extraordinary circumstances" criterion. An exceptionally high incidence of poverty and health problems has also satisfied OCS's "extraordinary circumstances" requirement. The use of relatively small amounts of CSBG funds as leverage on large amounts of other resources to support self-help housing efforts also has received favorable consideration.

PROCEDURES:

Requests for waivers must be submitted by the State office responsible for administration of the CSBG program. Requests received directly from Community Action Agencies or other subrecipients of CSBG funds will not be considered. Requests should be sent to:

Director  
Office of Community Services  
Administration for Children and Families  
370 L'Enfant Promenade, S.W.  
Washington, D.C. 20447

Your request may be submitted at the time of your annual application for CSBG funds or at any time during the year.

  
Jacqueline G. Lemire  
Acting Director  
Office of Community Services