

Municipality has made substantial progress in addressing the administrative and programmatic problems that have negatively affected the effective and timely use of its HOME funds. The 1996 expenditure was fully expended less than one month from the regulatory deadline.

Contact: Cornelia Robertson-Terry, Office of Community Planning and Development, Room 7152, Department of Housing and Urban Development, 451 Seventh Street, SW., Washington, DC 20410; telephone: (202) 708-2565, extension 4556.

- *Regulation:* 24 CFR 570.208(a)(3).

Project/Activity: Clark County, Washington, requested a waiver of the Community Development Block Grant (CDBG) regulations at 24 CFR 570.208(a)(3), which describe the criteria for assistance used to provide or improve housing to meet the national objective of benefit to low- and moderate-income households.

Nature of Requirement: Section 570.208(a)(3) establishes the criteria that housing activities must meet in order to meet the national objectives of benefit to low- and moderate-income households.

Granted by: Roy A. Bernardi, Assistant Secretary for Community Planning and Development.

Date Granted: July 3, 2002.

Reasons Waived: The methodology identified in the regulations for determining compliance is not required by statute. The Department determined that the county demonstrated good cause for requesting the waiver. This project significantly promotes the purposes of the Housing and Community Development Act and provides an income mix and economic opportunities in a redeveloping area. This project is a mixed-use building, including 160 housing units. Low- and moderate-income households will occupy one hundred and thirty-nine housing units. This represents 86 percent of the units and CDBG funds will constitute 14 percent of the total cost of the acquisition and 1.3 percent of the total development cost.

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- *Regulation:* 24 CFR 570.208(a)(3).

Project/Activity: Dakota County, Minnesota, requested a waiver of the CDBG regulations, which describe the criteria for assistance used to provide or improve housing to meet the national objective of benefit to low- and moderate-income households.

Nature of Requirement: Section 570.208(a)(3) establishes the criteria that housing activities must meet in order to meet the national objectives of benefit to low- and moderate-income households.

Granted by: Roy A. Bernardi, Assistant Secretary for Community Planning and Development.

Date Granted: July 25, 2002.

Reasons Waived: Although Dakota County requested a waiver of 24 CFR 570.208(a)(4), the correct citation should have been 24 CFR 570.208(3). The methodology identified in the regulations for determining compliance is not required by statute. The Department determined that the county has demonstrated good cause for requesting the waiver. This project significantly promotes the purposes of the Housing and Community Development Act and provides for an income mix and economic opportunities in a redeveloping area. This mixed-use development will include 51 senior housing units and three commercial spaces. The waiver is granted with the understanding that low- and moderate-income households will occupy all of the housing units and CDBG funds constitute 22.1 percent of the total cost of the acquisition and 3.8 percent of the total development cost.

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- *Regulation:* 24 CFR 882.805(d)(1)(ii)(B).

Project/Activity: The San Francisco, California Housing Authority requested a waiver of the subject section 8 Moderate Rehabilitation Single Room Occupancy (SRO) requirements.

Nature of Requirement: The applicable regulations for the SRO Moderate Rehabilitation program state that the cost of rehabilitation that may be included for the purpose of calculating the initial contract rent must not exceed the current per unit cost limitation that was established in the **Federal Register**, in this case \$18,200, minus the cost of fire and safety improvements. Section 882.805(d)(1)(ii)(B) states that this amount may be multiplied by 2.4 in areas where the housing authority has demonstrated to HUD's satisfaction that the increase is reasonable to accommodate special local conditions, including high construction costs. In the case of San Francisco, this would allow a maximum rehabilitation cost of \$43,680.

Granted by: Roy A. Bernardi, Assistant Secretary for Community Planning and Development.

Date Granted: September 25, 2002.

Reasons Waived: The final per unit rehabilitation cost for this project is projected to be \$60,494, well above the maximum approvable cost. A waiver of the per unit cost limitation for this project was determined appropriate as the current Fair Market Rents (FMRs) are sufficient to support the debt service for the project and this housing will address a critical need in the city's Continuum of Care by housing homeless individuals. HUD determined that there was good cause for this waiver in view of the extremely high cost of construction in San Francisco and the difficulty in finding and acquiring suitable properties for the SRO program.

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II. Regulatory Waivers Granted by the Office of Housing

For further information about the following waivers actions, please see the name of the contact person who immediately follows the description of the waiver granted.

- *Regulation:* 24 CFR 200.54(a).

Project/Activity: Sycamore Place Apartments, Ashland, TN; Project Number: 086-35276.

Nature of Requirement: Section 200.54(a) establishes the procedures for a pro-rata disbursement of the mortgagor's front money escrow funds and Federal Housing Administration (FHA) insured mortgage proceeds for the subject property.

Granted by: John C. Weicher, Assistant Secretary for Housing—Federal Housing Commissioner.

Date Granted: August 15, 2002.

Reason Waived: The regulation was waived since the front money escrow is so large, the insured proceeds would not be disbursed for several months, resulting in payment of extension fees to the investors who purchased the Government National Mortgage Association (GNMA) mortgage-backed securities. Providing a waiver of 24 CFR 200.54(a) permitted the Nashville Multifamily Program Center Hub to approve a pro-rata disbursement of front money and mortgage proceeds, thereby allowing the mortgagee not to pay GNMA extension fees.

Contact: Michael McCullough, Director, Office of Multifamily Development, Department of Housing