



U.S. Department of Housing and Urban Development
Phoenix Field Office
One North Central, Suite 600
Phoenix, Arizona 85004-4414
www.hud.gov/arizona.html

Mr. Stephen K. Harsin
Director
Neighborhood Housing Department
City of Las Vegas
400 Stewart Avenue
Las Vegas, NV 89101

Dear Mr. Harsin:

Subject: Community Development Block Grant (CDBG) Program
Request for Exception of Pre-Award Costs City of Las Vegas, Nevada

This letter is written in response to the City of Las Vegas, Nevada's March 30, 2007, request for an exception to the Community Development Block (CDBG) program regulations at 24 CFR 570.200 (h)(1)(v) and (vi) regarding pre-award costs. The request is to allow the City of Las Vegas to use General Obligation Building Bonds to carry out an eligible CDBG activity and to allow the City to repay the Bonds from CDBG funds from Fiscal Years 2007 through 2016. The total CDBG funds estimated to be covered by this exception request is \$12,500,000.

According to section 570.200(h), prior to the effective date of the grant agreement, a recipient may incur costs or may authorize a subrecipient to incur costs, and then after the effective date of the grant agreement pay for those costs using its CDBG funds, provided that the CDBG payment will be made during a time no longer than the next two program years following the effective date of the grant agreement or amendment in which the activity is first included; and the total amount of pre-award costs to be paid during any program year pursuant to this provision is no more than the greater of 25 percent of the amount of the grant made for that year is \$300,000. However, HUD may authorize payment of pre-award costs for activities that do not meet the criteria noted above, if HUD determines, in writing, that there is good cause for the granting an exception.

The City of Las Vegas is requesting an exception because CDBG funds will be used to repay the City's General Obligation Bonds over a ten (10) year period (FY 2007-2016) and the amount of funds being pre-awarded during each of the program years is greater than 25 percent of the amount of the grant for that year or \$300,000.

The activity to be undertaken involves construction of a new public facility (i.e., Stupak Community Center) in Meadows Village. This project will benefit low- and moderate-income people, specifically the Meadows Village area.

This is an economically disadvantaged community. Eighty-three percent of the area's population is low- to moderate-income individuals and families. The area has historically been a high risk for crime. However, the City's Neighborhood Services Division and the City's outreach programs have worked with local residents and businesses to begin turning the Meadows area around. The Meadows area has attracted new retail businesses, residents, tourists, art and cultural enthusiasts, which has assisted in promoting the redevelopment of the area and sustaining quality of life for residents and the local work force. The old community center is over 53 years old and its capacity is not adequate to support the numerous activities local residents need and support. The old facility will be replaced with a community park.

The Stupak Community Center has been added to the City's Consolidated Plan (FY 2006-2009), through an amendment. The project has been included in the City's FY 2007 Annual Action Plan, and will also be included in the City's future Consolidated Plans and Annual Action Plans for FY 2008 through 2016. The General Obligation Building Bonds payments are scheduled for March (interest only) and in September (principal and interest) each year, starting in March 2008

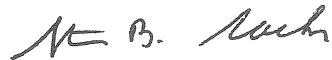
We have determined that this project is necessary to address the City's needs identified in its Consolidated Plan. HUD has determined that failure to grant this exception would cause undue hardship and adversely affect the purposes of the Act. The exception will enable the City to complete this project benefiting low- and moderate-income people expeditiously and at a lower cost.

Based upon our evaluation of the City's proposal and the City's previous successful use of pre-awarding of CDBG funds, we are granting an exception to the pre-agreement costs provisions cited at 24 CFR 570.200(h)(1)(vi). The City may use CDBG funds to repay its General Obligation Building Bonds used to complete the Stupak Community Center and public improvements. Because HUD is granting this exception, we remind the City of the following requirements and considerations:

- The project listed above must be included in the City of Las Vegas' Consolidated Plans for FY 2006-2016 and the project and amount of funds being repaid must be included in the City's Annual Action Plans for FY 2007-2016.
- Repayment is contingent upon the availability of CDBG funds and the activity being in compliance with the statutory and regulatory provisions in effect at the time of the award of the 2007-2016 grants.
- All CDBG program requirements must be met in the planning and construction phases of the project, including Davis-Bacon and the environmental review and clearance procedures.
- In order to adequately track pre-incurred expenses over the next ten (10) years, we ask that you notify us in writing each time there is a reprogramming of funds, no matter the amount.
- Any changes are subject to the City's Citizen Participation Plan.

If you have any questions, please call M. Roy Porter, Senior Community Planning and Development Representative, at (702) 388-6372.

Very sincerely yours,

A handwritten signature in cursive script that reads "S.B. Sachs".

Steven B. Sachs
Director
Community Planning
And Development Division