

SUMMARY OF CDBG-R REGULATIONS

DUE DATE: 2008 Action Plan Substantial Amendment must be at HUD field office by June 5, 2009

No waiver for:

- Fair Housing
- Nondiscrimination
- Labor Standards
- Environmental

Grantees should evaluate proposed projects for consistency with the “Overarching” goals of Recovery Act:

- Stimulate the economy through means that:
 - Modernize the nation’s infrastructure
 - Improve energy efficiency
 - Expand educational opportunities
 - Access to health care

Grantees also “strongly encouraged” to use CDBG for “hard development costs” associated with infrastructure that provide basic services to residents or activities that promote energy efficiency and conservation through rehab or retrofitting existing buildings.

CDBG-R cannot be used for:

- Swimming pools
- Golf courses
- Zoos
- Aquariums
- Casinos/other gambling establishments
- Established CDBG-program prohibitions (e.g., buildings for the general conduct of government, operating/maintenance)

Reallocation of CDBG: The Sec of HUD is allowed to establish performance based criteria that will be used to reallocate unused CDBG-R funds.

To receive CDBG-R, grantee must submit:

- Signed SF 424
- Signed Certifications
- Substantial Action Plan amendment

Comment Period: Reduced from 30 days to **7 days** – must **post amendment as it develops on web site.** Must still ensure non-English speakers & disabled have access to amendment information. Encouraged to also make hard copies available for review.

SUMMARY OF CDBG-R REGULATIONS

CONTENT OF SUBSTANTIAL AMENDMENT:

- A. Identify any other Recovery Act funding to be used in conjunction w/ each CDBG-R funded activity including a total activity budget from all funding sources.
 - HUD-provided spreadsheet, which will include:
 - Activity name
 - CDBG-R funds
 - Eligible category
 - National objective
 - Additional Recovery Act funds
 - Total activity budget

Must submit a hard copy and electronic copy of spreadsheet.

- B. Description of distribution & use of funds:

Priority Projects: Priority should be given to projects that can award contracts w/in 120 calendar days from the date funds are made available; for infrastructure projects, preference for activities that can be started & completed expeditiously, including a goal of using at least 50% of funds for activities that can be initiated not later than 120 days after Feb 17, 2009.

- C. Description of how CDBG-R will maximize Job Creation & Promote Economic Recover. Must discuss how each activity will:
 - Preserve, create jobs & promote econ recovery
 - Assist those most impacted by recession
 - Investment to increase economic efficiency
 - Investing in transportation, environmental protection or other infrastructure will promote long-term economic benefit
 - Minimizing/avoiding reduction in essential services
 - Foster energy independence
- D. Number of Full-time & part-time jobs created/retained (including permanent, construction and temporary jobs)
- E. Description of activities that will:
 - Promote energy conservation
 - Smart growth
 - Green building technology
 - Reduce pollution emissions
- F. Program contacts
- G. Signed SF-424 & certifications

SUMMARY OF CDBG-R REGULATIONS

ALTERNATIVE CITIZEN PARTICIPATION PROCESS

- 7-day versus 30-day comment period
- Post amendment, subsequent revisions and any public comments that are received within the 7-day comment period.
- Place hard copy of amendment @ library, government buildings
- Access of copies for non-English speakers & persons w/ disabilities

SUBMISSION DEADLINES

- Submitted to HUD Field office by June 5, 2009.

PROGRAM DESIGN CONSIDERATIONS

- Local fiscal stabilization supersedes the requirement that CDBG funding not be used to substantially replace local fiscal support previously provided to the activity.
- Explore ways to waive authority or emergency procedures to expedite RFP process.
- HUD encourages using CDBG-R for discrete, stand-alone activities whenever possible.
- CDBG-R will have separate grant number, contract language & reporting (versus IDIS for regular CDBG)
- HUD cautions against comingling CDBG and CDBG-R funds.
- Cannot commit funds until environmental review is completed
- Labor Standards regulations guidance will be issues (this has been clarified to apply to housing programs only – D/B applies as it normally would apply)

PRE-AWARD COSTS REIMBURSEMENT

- HUD will allow pre-award costs associated with development of substantial amendment
- HUD will allow activity-specific pre-award costs as of the date of the grantee submits this CDBG-R amendment

EXPENDITURE OF CDBG-R

- HUD considers used (i.e., obligated) when order is placed, contracts/sub-grants awarded, goods/services received or similar transaction that require payment by the grantee.
- All iron, steel and manufactured goods used in construction, alterations, repair or maintenance of public buildings or public works must be produced in the USA, unless the HUD Secretary makes a finding that requirement is inconsistent with public interest, goods are not readily available or goods will increase project cost by more than 25%.
- Grantees may want to consider 2 bids – 1 w/ USA made products only and 1 w/ any materials.

PROGRAM INCOME

- Program income generated by CDBG-R activities will be considered CDBG PI not CDBG-R PI.
- HUD is waiving requirement that City draw regular CDBG PI when using/drawing CDBG-R funds.

ELIGIBLE/ALLOWABLE COSTS & NATIONAL OBJECTIVE WAIVERS

- 70% overall benefit for Low/Mod persons applies to CDBG-R funds.
- Some recordkeeping requirements for Urgent Need are waived; but still must demonstrate that grantee is unable to finance activity on its own.
- 15% is allowed for public services; however, 15% based on amount expended not obligated and prior year PI will not be included in calculation of 15%.

SUMMARY OF CDBG-R REGULATIONS

- 10% of grant amount allowed for admin/planning. Cannot be combined w/ regular admin cap and PI can be used to calculate % used.
- Public benefit standard waived; but grantee must still be encouraged to provide economic assistance at the lowest possible cost per job.
- CDBG-R cannot be used to
 - Promote the community as a whole
 - Assist pro sports teams
 - Assist privately owned recreation facilities
 - Acquire land for an unspecified purpose
 - Assist business/persons w/ unresolved findings for noncompliance related to previous CDBG assistance
- CDBG-R cannot be used as pledge for 108 repayment, security, count toward maximum 108 borrowing
- 15% Public Service and 10% Admin caps are based on amount of CDBG-R expended for respective purposes “over the life of the grant,) and not in combination w/ other CDBG funds.

TIMELINES FOR USE & EXPENDITURE OF CDBG-R

- **Expenditure deadline is September 30, 2012**

REPORTING

- Timely reporting of CDBG-R in IDIS is required
 - No later than 10 days after the end of each quarter, each grantee must submit a report containing:
 - Amount of recovery funds received from HUD
 - Amount received that was expended & obligated
 - Detail list of all projects/activities for which funds were expended/obligated including:
 - Name of project/activity
 - Description of project/activity
 - Evaluation of the completion status
 - Estimate of number of jobs created & retained
 - For infrastructure – purpose, total cost, rationale for funding
 - Contact person
 - No later than 30 days from the end of each quarter, the report submitted to HUD must be posted on the grantee’s website.
 - All grantees, subrecipients & contractors must obtain a Data Universal Numbering System (DUNS) number
- HUD reserves the right to restrict access to funds for grantees of CDBG-R that are delinquent, incomplete or inaccurate in their reporting.