Topics

• FY19 Funding and Policy Updates
• Regulation Actions
• Key Topic Areas
  – Consolidated Plan
  – Opportunity Zones
  – Neighborhood Stabilization Program
BUDGET/FUNDING: FY 2019

CDBG & SECTION 108:

- FY 2019 CDBG enacted appropriation is $3.365 bil, same as FY 2018
- -$65 mil for Indian CDBG, -$7 mil for Insular Areas CDBG = $3.293 bil for formula
- Section 108 enacted loan guarantee authority is $300 million, same as FY2018
- Contains the usual annual prohibitions and limitations on CDBG funding:
  - no bartering/exchanging funds among local governments
  - 20% planning + general admin cap
  - eminent domain prohibited in conjunction with private for profit economic development (?)
  - mandatory underwriting for assistance to private for-profit businesses
CDBG & SECTION 108:

- HUD has 60 days from enactment to announce formula allocations
- 1211 Entitlement grantees
- 2 new Urban Counties: Pinal AZ; Westchester NY
- 3 new Metro Cities but 3 others drop out
- 2019 Formula uses 2012-2016 ACS data + 7/1/17 Census population estimates
Other programs:

- HOPWA $393 mil
- HOME $1.25 bil, down from $1.362 bil in FY 2018
- ESG $280 mil
- All other Continuum of Care & homeless demonstration programs $2.356 bil
- Section 202 housing for elderly $678 mil including contract renewals
- Section 811 housing for disabled $184.1 mil including contract renewals
- Housing Counseling program $50 mil
- Lead Hazard Reduction programs $279 mil
FY19 Policy Updates

**NOW AVAILABLE**

- CPD Notice 19-01: Guidance on Submitting Consolidated Plans and Annual Action Plans for Fiscal Year (FY) 2019
- CPD Notice 19-02: Low- and Moderate-Income Summary Data Updates – new 2011-2015 ACS-based LMISD is effective 4/1/19
- Revised IDIS Matrix Code Definitions now posted

**COMING SOON**

- Urban County Requalification Notice
- CPD Notice on CPD/CDBG/108 on Opportunity Zones
- CPD Notice on using CDBG for Housing
- Guidance on Consolidated Plan
- Guidance on NSP
FORTHCOMING GUIDANCE

• Webinars on Complying with 20% Planning + Admin cap under Grant Based Accounting
• Webinar on Urban County & HOME Consortia Qualification/Requalification
• Webinar on Code Enforcement
• CPD Notice on using Consolidated Plan/CDBG/$ 108 to support Opportunity Zones
• CPD Notice on using CDBG for Housing (update of 2007 Notice)
• Additional modules of IDIS On-Line training
• Basically CDBG On-Line training
• Guidance on Consolidated Plan development/submissions for 2020
• Local Income Survey development - On-Line Tool
• NSP – Guidance on Expending Funds/Transferring Program Income/Closing Out Grants
RECENT POLICY GUIDANCE


• Housing Counseling Certification Rule Resources: [https://www.hudexchange.info/programs/housing-counseling/certification/](https://www.hudexchange.info/programs/housing-counseling/certification/)

• Grant Based Accounting Webinar & Materials at: [www.hudexchange.info/manage-a-program/grant-based-accounting](http://www.hudexchange.info/manage-a-program/grant-based-accounting)


RECENT POLICY GUIDANCE

• CPD Note: Timely Distribution of State CDBG Funds: https://www.hud.gov/sites/dfiles/OCHCO/documents/18-11%20cpdn.pdf
• CPD Notice: Using CPD formula funds for Disaster Response & Recovery: https://www.hud.gov/sites/documents/17-06CPDN.PDF
USEFUL T.A. RESOURCES

• 14 “Explore CDBG” TA Videos + Project Profiles: https://www.hudexchange.info/community-development/cdbg-ta-products/
  https://www.hudexchange.info/programs/cdbg/project-profiles/


• Web-Based Instructional System for Environmental Review (WISER): https://www.hudexchange.info/trainings/wiser/


• Uniform Relocation Act explanatory video: https://www.hudexchange.info/news/new-video-ura-overview/

• eConPlan Suite webinars – incorporating HTF; Best Practices: https://www.hudexchange.info/programs/consolidated-plan/
REGULATION ACTIONS

- Final Rule on Grant-Based Accounting
- Proposed Rule on Consolidated Plan
- Section 3 Proposed Rule
- CDBG Regulation Reform Proposal Opportunity Zones (pending Dept and OMB Approval)
Consolidated Plan

• 50-60% Grantees Due for 2020 Consolidated Plan Update

• Issues to Consider:
  – Broadband
  – Infrastructure
  – Opioid
  – Partnerships
  – Resiliency
Opportunity Zones

- What’s Working *(lift up)*?
- What’s Not Working *(needs correction)*?
- What’s Missing *(need to develop)*?
- What’s Confusing *(need to clarify)*?
• Total Investments: $7 billion
• Impact: 54,285 housing units
• Program Income: $1.83 billion
• Remaining Grant Balance: $240 million
• Out of 633 grants, 529 remain open
## Accomplishments

### NSP PRODUCTION 2008-2019

<table>
<thead>
<tr>
<th>Major activity categories</th>
<th>Units/HH</th>
<th>Production by Allocation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Clearance and Demolition</td>
<td>19,163 NSP1, 3,670 NSP2, 1,915 NSP3</td>
<td>24,748 NSP1, 58,082 NSP2, 10,210 NSP3</td>
</tr>
<tr>
<td>New Construction</td>
<td>5,619 NSP1, 4,415 NSP2, 1,761 NSP3</td>
<td>11,795, Housing Units Built or Rehabbed 54,285</td>
</tr>
<tr>
<td>Homeownership Assistance</td>
<td>8,382 NSP1, 2,139 NSP2, 629 NSP3</td>
<td>11,150, Grant funds in Lines of Credit $160,109,366</td>
</tr>
<tr>
<td>Rehabilitation</td>
<td>24,918 NSP1, 11,667 NSP2, 5,905 NSP3</td>
<td>42,490, Program Income unexpended $239,026,349</td>
</tr>
</tbody>
</table>
Challenges

- **Programmatic issues** remain to be resolved (e.g. unfinished homes, audits)

- Some grantees cannot spend their original grant funds because **Program Income** must be spent first.

- Grantees lack eligible units in approved areas of greatest need; target areas are difficult to amend.

- Administrative funds are diminished; **staff capacity** moved elsewhere.

- DRGR skills are low, so budget reconciliations are difficult.

- **The statute has no deadline for closeout**; many grantees have ignored the program.
Opportunities & Options

• Building Grantee and Staff Capacity
  • Providing targeted Closeout Technical Assistance (including personalized service facilitated by TA providers, national mini-clinics with follow up and peer-to-peer learning)

• Looking at Policy Fixes & Options
  • Waiving requirement to spend PI first
  • Allowing one-time transfers of PI to CDBG. Considering permitting transfers of future income streams.
  • Investigating a simple and comprehensive way to expand target areas
  • Reviewing the possibility of grant fund recapture as a last resort

• Engaging Our Key Stakeholders
  • Working with our national housing partners, state and local leaders and City Managers to heighten awareness for innovative ways to use the funds and/or closeout grants