



***HUD CDBG PROGRAM UPDATE  
BRIEFING - NACCED  
MARCH 1, 2019***



# 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

# BUDGET/FUNDING: FY 2019

## 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

# BUDGET/FUNDING: FY 2019

## 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

- CAPER PR-26 Report Troubleshooting Guide at <https://www.hudexchange.info/resources/documents/Updated-Instructions-Completing-CDBG-Financial-Summary-Report-Pr26.pdf>
- Housing Counseling Certification Rule Resources: <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)
- FAQs on using CDBG funds for broadband: <https://www.hudexchange.info/resource/4891/cdbg-broadband-infrastructure-faqs/>
- Returning funds to LoC, local program account, IDIS LA fund, Excess PI: <https://www.hudexchange.info/resources/documents/Instructions-for-Returning-Funds-to-the-Line-of-Credit-And-to-U.S.-Treasury.pdf>



# 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: Supporting Envision Centers in the Con Plan process:  
<https://www.hud.gov/sites/dfiles/OCHCO/documents/18-04cpdn.pdf>
- CPD Notice: CDBG Lump Sum Drawdown Requirements:  
<https://www.hud.gov/sites/dfiles/OCHCO/documents/17-14cpdn.pdf>
- CPD Notice: Management of CDBG-Assisted Real Property:  
<https://www.hud.gov/sites/dfiles/OCHCO/documents/17-09cpdn.pdf>
- CPD Notice: Using CDBG for Individual Development Accounts:  
<https://www.hud.gov/sites/documents/17-07CPDN.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/>
- IDIS Online Training Modules: <https://www.hudexchange.info/news/hud-releases-new-idis-training-for-cdbg-grantees/>
- Web-Based Instructional System for Environmental Review (WISER):  
<https://www.hudexchange.info/trainings/wiser/>
- § 108 Project Profiles, Webinars on Underwriting, IDIS reporting, Project Design, Application Process: <https://www.hudexchange.info/programs/section-108/>
- 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*)?

# Neighborhood Stabilization Program

- 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

<u>Major activity categories</u>	<u>Units/HH</u>	<u>Production by Allocation</u>	
<b>Clearance and Demolition</b>	19,163 NSP1	<b>NSP1</b>	<b>58,082</b>
	3,670 NSP2	<b>NSP2</b>	<b>21,891</b>
	1,915 NSP3	<b>NSP3</b>	<b><u>10,210</u></b>
	<b>24,748</b>		<b>90,183</b>
<b>New Construction</b>	5,619 NSP1	<b>Housing Units Built or Rehabbed</b>	<b>54,285</b>
	4,415 NSP2		
	1,761 NSP3		
<b>11,795</b>	<b>Activities remaining to be completed</b>	<b>21,186</b>	
<b>Homeownership Assistance</b>	8,382 NSP1	<b>Grant funds in Lines of Credit</b>	<b>\$ 160,109,366</b>
	2,139 NSP2	<b>Program Income unexpended</b>	<b>\$ 239,026,349</b>
	629 NSP3		
	<b>11,150</b>		
<b>Rehabilitation</b>	24,918 NSP1		
	11,667 NSP2		
	5,905 NSP3		
	<b>42,490</b>		

# 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