



OFFICE OF COMMUNITY PLANNING  
AND DEVELOPMENT

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT  
WASHINGTON, DC 20410-7000

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**SPECIAL ATTENTION:**

All Regional Administrators  
All CPD Field Office and Division Directors  
All CDBG Grantees

**NOTICE: CPD-25-04**

Issued: May 12, 2025  
Expires: May 7, 2026 or until superseded  
Supersedes: CPD Notice 24-02

**SUBJECT:** *Instructions for Urban County Qualification for Participation in the Community Development Block Grant (CDBG) Program for Fiscal Years (FYs) 2026–28*

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## **SECTION 1: OVERVIEW OF THE FY 2025 NOTICE**

### **1.1 Who's this Notice for?**

We publish this Notice yearly for:

- All Community Development Block Grant (CDBG) grantees (Urban Counties, Metropolitan Cities, and States)
- Units of general local government (UGLGs) in Urban Counties
- HUD Community Planning and Development (CPD) field staff
- HUD Office of General Counsel (OGC) field and headquarters staff

CPD field offices must provide copies of this Notice to:

1. All currently qualified Urban Counties
2. Any county that can qualify for the first time or requalify for fiscal years (FYs) 2026–28
3. Each state administering the State CDBG Program which includes a potentially eligible Urban County

If a CPD field office is notified of any new potential Urban Counties after this Notice is published, they must provide a copy of this Notice to each of those counties.

### **1.2 What's in this Notice?**

This Notice establishes requirements and deadlines for the Urban County qualification and requalification process for FYs 2026–28. Here's an overview:

- **Section 2** provides a step-by-step diagram and detailed overview of the Urban County qualification process. It will help you understand how the process works and what documents you must send to HUD.
- **Section 3** covers requirements, deadlines, and guidance for the FYs 2026–28 qualification cycle. It provides a summary of all qualification requirements and the required actions your county must complete by specific deadlines. It also includes the [Deadlines Graphic](#), which consolidates all deadlines and illustrates relationships between them.
- **Section 4** has seven attachments: 1) FY 2025 Urban County Lists on HUD.gov; 2) Statutory Requirements to be an Urban County; 3) Definitions of Urban County Terms; 4) HUD Requirements for Cooperation Agreements; 5) Sample Cooperation Agreement Language; 6) Urban County Scenario Comparison Table; and 7) Guidance for Unique Grantee Situations.

### **1.3 What's new in the FY 2025 Notice?**

We made significant changes to the FY 2024 Urban County Notice to make it easier to understand and use. This year, we only made date changes for deadlines in [Section 3: FY 2025 Requirements, Deadlines, and Guidance](#).

### **1.4 Who can I contact if I have questions?**

For CDBG grantees (Urban Counties, Metropolitan Cities, and States):

Contact your CPD Representative or your local CPD field office.

For HUD staff (CPD and OGC) and grantees requesting deadline extensions:

Contact Steven Shepherd at [steven.p.shepherd@hud.gov](mailto:steven.p.shepherd@hud.gov) or 202-402-3396. Mr. Shepherd is a Senior CPD Specialist in the Entitlement Communities Division at HUD Headquarters. People who are deaf or hard of hearing, as well as people with speech or communication disabilities may access this number through TTY by calling 202-708-2565.

For data questions:

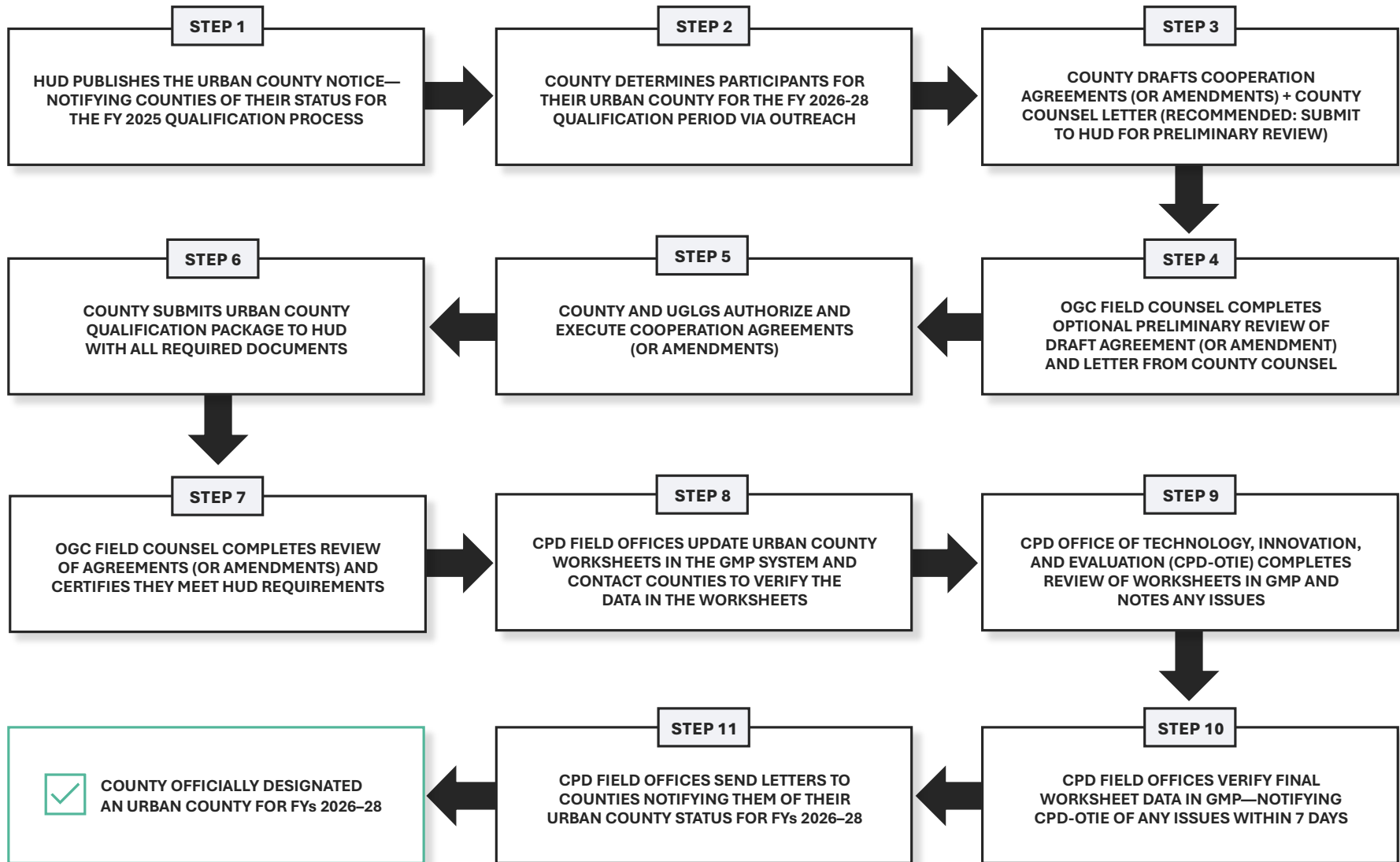
Contact Abubakari Zuberi at [abubakari.d.zuberi@hud.gov](mailto:abubakari.d.zuberi@hud.gov) or 202-708-0790. Mr. Zuberi is the Director of the Operations Division in CPD's Office of Technology, Innovation, and Evaluation (OTIE) at HUD headquarters. People who are deaf or hard of hearing, as well as people with speech or communication disabilities may access this number through TTY by calling 202-708-2565.

### **1.5 Paperwork Reduction Act (PRA) information**

The Office of Management and Budget (OMB) is in the process of approving the information collection requirements in this Notice under the Paperwork Reduction Act of 1995 (44 U.S.C. 3501-3520). The assigned OMB control number for this information collection is 2506-0170. While the OMB control number expired January 31, 2025, the information collection remains in effect, pending imminent OMB reinstatement for this previously approved collection.

## **SECTION 2: THE URBAN COUNTY QUALIFICATION PROCESS**

### **2.1 Step-by-Step Diagram: Urban County Qualification Process**



## **2.2 What happens during each step in the qualification process?**

### **2.2.1 Step 1: HUD publishes the Urban County Notice—notifying counties of their status for the FY 2025 qualification process**

The first step is our publication of this Notice. It establishes requirements and deadlines for Urban County qualification, and notifies your county of its Urban County status in seven lists of counties ([GO TO SECTION 4.I](#)):

1. All Currently Qualified Urban Counties
2. Urban Counties Requalifying in FY 2025 for FYs 2026–28
3. Urban Counties Requalifying in FY 2026 for FYs 2027–29
4. Urban Counties Requalifying in FY 2027 for FYs 2028–30
5. Counties Qualified through FY 2026 or FY 2027 That Contain Nonparticipating UGLGs
6. Counties That May Qualify if Metropolitan Cities Relinquished Entitlement Status
7. Counties Previously Determined Eligible but NOT Accepting Urban County Status

### **2.2.2 Step 2: County determines participants for their Urban County for the FY 2026–28 qualification period via outreach**

Your county will contact the units of general local government (UGLGs) within your county in writing to determine the participants for your Urban County for FYs 2026-28. Your county should also communicate with potentially eligible Metropolitan Cities to determine their plans for FYs 2026–28.

During this step, your county must send the letters described below (as applicable) and collect response letters from UGLGs. You must submit all outgoing letters and UGLG response letters to HUD in your final qualification package (Step 6).

#### **1. Notification of Opportunity to be Excluded (for participating UGLGs)**

This first letter only applies if your county has “essential powers” in its UGLGs, which is rare. If your county has essential powers in UGLGs, then the UGLGs are automatically included as participants in your Urban County – *unless they ask to be excluded from the Urban County.*

Your county must notify the UGLGs about their right to be excluded from your Urban County in a letter. This is the *Notification of Opportunity to be Excluded*.

Your letter must explain: 1) what happens if they ask to be excluded from your Urban County; 2) what happens if they choose to remain a participating UGLG; and 3) that if they do not respond, they will remain participants in your Urban County’s CDBG program for the upcoming three-year qualification period.

If they ask you to exclude their UGLG from your Urban County:

- They will be excluded for the entire qualification period (FYs 2026–28) unless they request to participate (in years two or three) for the rest of your Urban County’s qualification period.

If they choose to remain a participating UGLG in your Urban County:

- They must participate for the entire three years (FYs 2026–28). UGLGs can’t withdraw from your Urban County during the qualification period.
- They are ineligible to apply for funding from the State CDBG program during the three-year qualification period (FYs 2026–28).
- *If your Urban County receives HOME Investment Partnerships (HOME) funding:* they will also be a participant in the HOME program, may only receive HOME formula funds from your Urban County, and can’t create a HOME consortium with other UGLGs. If your state allows it, they may apply for HOME funds from the state.
- *If your Urban County receives Emergency Solutions Grant (ESG) funding:* they will also be a participant in the ESG program and may only receive ESG formula funds from your Urban County. If your state allows it, they may apply for ESG funds from the state.

## **2. Notification of Opportunity to Terminate Agreement (for participating UGLGs)**

This second letter only applies if your Urban County is requalifying this year and you have auto-renewal cooperation agreements in place (which are common).

Your Urban County must send a letter to your participating UGLGs telling them the agreement will automatically renew for FYs 2026–28 unless they choose to terminate the agreement, which withdraws their UGLG from your Urban County. This is the *Notification of Opportunity to Terminate Agreement*.

## **3. Notification of Opportunity to be Included (for nonparticipating UGLGs)**

This third letter only applies if your Urban County is currently qualified, not requalifying this year, and your county contains nonparticipating UGLGs. [GO TO SECTION 4.1](#) for the list of Urban Counties fitting this description.

Your county may choose to send any nonparticipating UGLGs a letter telling them they may join the Urban County for the rest of your current qualification period. This optional letter is the *Notification of Opportunity to be Included*. It must tell the nonparticipating UGLGs to respond in writing by the deadline if they want to join your Urban County.

NOTE: If a cooperation agreement is necessary, then your county must execute one meeting HUD requirements for cooperation agreements in [SECTION 4.4](#).

#### 4. Notification of Split Places

This fourth letter only applies if your county has UGLGs whose populations are only partially located in your county (UGLG is “split” across multiple counties).

We call these “split places.” If your county has split places, you must send them a letter telling them their options for participating in Urban Counties for FYs 2026–28 and request a decision on how they want to proceed.

For split places partly located in **ONE Urban County**, one of these rules applies:

1. If it’s a split place where the county has essential powers, the entire area of the split place will be included in your Urban County for the qualification period (*unless the split place asks to be excluded*); OR
2. If the split place can only be included in your Urban County with a cooperation agreement, the entire area of the split place will be included in the Urban County for the qualification period after executing a cooperation agreement.

For split places partly located in **TWO OR MORE Urban Counties**, the split place may choose one of three options:

- Option 1: To be excluded from all Urban Counties
- Option 2: To be included entirely in one Urban County and excluded from the other Urban County(ies)
- Option 3: To participate in more than one Urban County in which it’s partially located, but there must be no overlapping. An Urban County can’t expend CDBG funds in the part of a split place that is in another Urban County’s CDBG program.

In Step 2, your Urban County should also communicate with potentially eligible Metropolitan Cities to determine their plans for participation or nonparticipation in your Urban County for FYs 2026–28. [GO TO SECTION 3.3.3](#) for the deadline for potentially eligible Metropolitan Cities (already identified before July 2025) to notify Urban Counties and local CPD field offices of their decisions. [GO TO SECTION 3.5](#) for guidance on potential new Metropolitan Cities. (The U.S. Census Bureau will identify potential new Metropolitan Cities in July 2025.)

#### 2.2.3 Step 3: County drafts cooperation agreements (or amendments) and county counsel legal opinion (Recommended: Submit to HUD for preliminary legal review)

During this step, your county will: 1) draft cooperation agreements (or amendments); and 2) obtain a legal opinion from your county counsel stating that the terms and



provisions of the agreements (or amendments) are authorized by state and local law and that they provide full legal authority for your county to undertake, or assist in undertaking, essential community development and housing assistance activities.

**Recommendation to Submit Draft Agreements for Preliminary Legal Review**

We encourage your county to submit a draft cooperation agreement (or amendment) for a preliminary legal review by OGC Field Counsel. This may help avoid costly, time-consuming back-and-forth revisions between your county and HUD after you submit your final qualification package later in the process (Step 6). For example, it may help you avoid HUD deeming your agreement (or amendment) unacceptable after your county's governing body has authorized the agreement/amendment and after chief executive officers for your county and participating UGLGs have signed the agreement/amendment.

**2.2.4 Step 4 (Optional): OGC Field Counsel completes optional preliminary legal review of a draft agreement (or amendment) and legal opinion from county counsel**

If your county chooses to submit a draft agreement (or amendment) to HUD (Step 3), OGC Field Counsel will perform a preliminary legal review of your draft cooperation agreement (or amendment) and the legal opinion from county counsel (if also provided). This optional step includes back-and-forth between HUD and your county on revising the draft agreement (or amendment) and the legal opinion from county counsel.

**2.2.5 Step 5: County and UGLGs authorize and execute cooperation agreements (or amendments)**

Your county must officially authorize and execute your cooperation agreements (or amendments). This means: 1) securing official authorization from governing bodies for your county and participating UGLGs (for example: city and county council resolutions); and 2) getting the agreements (or amendments) signed by chief executive officers for your county and all participating UGLGs.

**2.2.6 Step 6: County submits Urban County qualification package to HUD with all required documents**

Your county must submit its qualification package to your local CPD field office with all required documents for HUD's review and approval. [GO TO SECTION 2.3](#) for more on the documents your county must submit.

NOTE: Counties seeking Urban County status for the first time must submit their qualification package to their local CPD field office *and* CPD's Entitlement Communities Division (HUD Headquarters).

**2.2.7 Step 7: OGC Field Counsel completes review of agreements (or amendments) and certifies they meet HUD requirements**

OGC Field Counsel will complete its review of your cooperation agreements (or amendments) and related authorizations in your county counsel's legal opinion. OGC Field Counsel must officially certify that each agreement (or amendment) meets HUD requirements outlined in [SECTION 4.4](#) of this Notice.

**2.2.8 Step 8: CPD field offices update Urban County worksheets in GMP system and contact counties to verify the data in the worksheets**

CPD field offices will complete updates to the Urban County worksheets in CPD's Grants Management Process (GMP) system. During this step, CPD field offices must also complete a memorandum for each currently qualified Urban County (not requalifying in FY 2025) that is adding new participating UGLGs for the remainder of their current qualification period.

After CPD field staff complete their updates, they will send a completed worksheet (or a memorandum) to your county to double-check and verify the data on your participating UGLGs. Verifying that this data is accurate is important because your Urban County's population size contributes to determining the overall CDBG formula allocation.

**2.2.9 Step 9: CPD's Office of Technology, Innovation, and Evaluation (OTIE) completes review of worksheets in GMP and notes any issues**

OTIE will complete its review of Urban County worksheets (or memoranda). It will note any issues with worksheets (or memoranda) in the GMP system. CPD field offices will help resolve any identified issues in Step 10.

**2.2.10 Step 10: CPD field offices verify final worksheet data in GMP, notifying OTIE of any issues within 7 days**

CPD field offices will review and verify the final Urban County worksheet data in the GMP system. CPD field offices must notify OTIE within seven days if there are any data errors in Urban County worksheets.

**2.2.11 Step 11: CPD field offices send letters to counties notifying them of their Urban County status for FYs 2026–28**

CPD field offices will notify your county of its Urban County status for FYs 2026–28 in an official mailed letter.

**2.3 What documents must I submit to HUD for review?**

Your county must submit three sets of documents to HUD:

1. Fully executed cooperation agreements (or amendments) with participating UGLGs *and* joint agreements with Metropolitan Cities (if applicable)

2. Legal opinion from your county counsel
3. All official letters exchanged between your county and UGLGs (and Metropolitan Cities) about participation in your Urban County

Sections 2.3.1–2.3.3 below provide more detail on these documents.

### **2.3.1 Cooperation agreements (or amendments) with participating UGLGs and joint agreements with Metropolitan Cities (if applicable)**

#### Cooperation agreements (or amendments) with participating UGLGs

You must submit authorized and executed cooperation agreements (or amendments) with participating UGLGs in your Urban County for FYs 2026–28.

#### Joint agreements with Metropolitan Cities (if applicable)

If your Urban County is “jointly” administering a Metropolitan City’s CDBG grant, you must submit the joint agreement with the Metropolitan City. Your county’s governing body must authorize the joint agreement and the chief executive officers for your county and the Metropolitan City must sign the joint agreement as well.

If either your Urban County or the Metropolitan City falls under the “exception criteria” at [24 CFR § 570.208\(a\)\(1\)\(ii\)](#) for activities that benefit low- and moderate-income residents of an area, your Urban County must notify the Metropolitan City in a letter of the potential effects of joint agreements on these activities.

### **2.3.2 Legal opinion from your county counsel**

You must submit a legal opinion from your county counsel which states: 1) that state and local law authorizes the terms and provisions of your cooperation agreements (or amendments); and 2) that the agreements (or amendments) provide full legal authority for your county to undertake, or assist in undertaking, essential community development and housing assistance activities.

### **2.3.3 All official letters exchanged between your county and UGLGs (and Metropolitan Cities) about participating in your Urban County**

Finally, you must submit all official letters exchanged between your county and UGLGs (and Metropolitan Cities) about participation in your Urban County.

[GO TO SECTION 2.2.2](#) for more on these letters.

#### Letters to and from UGLGs (as applicable)

1. *Notification of Opportunity to be Excluded* (and UGLG responses)
2. *Notification of Opportunity to be Included* (and UGLG responses)
3. *Notification of Opportunity to Terminate Agreement* (and UGLG responses)
4. *Notification of Split Places* (and UGLG responses)

#### Letters from Metropolitan Cities accepting or deferring their entitlement status

Where applicable, you may also need to submit copies of letters from:

1. Any UGLG that may newly qualify as a Metropolitan City but wants to defer its entitlement status;
2. Any UGLG currently deferring Metropolitan City (entitlement) status that wants to continue to defer its entitlement status;
3. Any UGLG accepting Metropolitan City (entitlement) status stating it will enter into a joint agreement with your Urban County (and a letter from your county confirming willingness to enter into the joint agreement); and
4. Any UGLG accepting Metropolitan City (entitlement) status that will cease participation in your Urban County's CDBG program.

## 2.4 How long is my Urban County qualification period?

After qualifying, your county is entitled to receive CDBG funds as an Urban County for three consecutive fiscal years—as long as Congress appropriates funds and if your county submits its Action Plan by August 16 each year.

Your county will remain an Urban County if it was classified as an Urban County for FY 1999 regardless of changes to your county boundaries, population changes in your county in general, or population changes in participating UGLGs during the qualification period. Any county that qualified as an Urban County after FY 1999 will remain an Urban County if it meets Section 102(a)(6)(A) of the Housing and Community Development Act of 1974.

### Adding nonparticipating UGLGs during the qualification period

You may add nonparticipating UGLGs to your Urban County in the second or third years of your qualification period if they want to participate. Your county may choose to send any nonparticipating UGLGs the *Notification of Opportunity to be Included* letter to offer them the opportunity to join your Urban County.

NOTE: We calculate your CDBG Entitlement grant amount annually and it will reflect the addition of any new participating UGLGs during the second and third years of your qualification period.

### Restrictions on withdrawing from an Urban County during the qualification period

- Participating UGLGs may not withdraw from your Urban County *unless your county does not receive a grant for any year during the period*.
- Participating UGLGs must continue to participate in your Urban County even if their population surpasses 50,000 during the qualification period. They can't receive their own CDBG grant while participating in your Urban County.
- If an unincorporated area of your county incorporates during your qualification period, it must remain part of your Urban County until the qualification period ends. Your county must execute a cooperation agreement with the newly incorporated UGLG if your county does not have essential powers in UGLGs.

## **2.5 What is HUD’s “Determination of Essential Powers?”**

As part of Urban County qualification, HUD must determine where your county can legally carry out community development and housing assistance activities. We call this the *Determination of Essential Powers*. We usually make this determination the first time your Urban County qualifies. If your Urban County is requalifying, we may rely on our previous determination(s), unless there is evidence to the contrary.

In most states, counties do NOT have essential powers in their incorporated areas (a.k.a. UGLGs). HUD requires cooperation agreements when an Urban County does not have essential powers in its participating UGLGs.

## **2.6 Can I align my Urban County and HOME program qualification cycles?**

Yes. The Urban County (CDBG) and HOME consortia qualification periods are both three years. If your Urban County qualification and HOME consortium qualification cycles are not synced, you may align these cycles per [24 CFR § 92.101\(e\)](#).

Your HOME consortium may choose a shorter qualification period than three years (one or two years) to sync your HOME qualification cycle with your Urban County qualification cycle moving forward. All your HOME consortium members must also have the same program year start date.

## **SECTION 3: FY 2025 REQUIREMENTS, DEADLINES, AND GUIDANCE**

### **3.1 What are the requirements to qualify as an Urban County?**

Your county must meet these requirements to qualify for FYs 2026–28:

1. Your county must have an approved Consolidated Plan to receive a grant. If your county enters into a joint agreement with one or more Metropolitan Cities, your county must submit a Consolidated Plan covering the county and the Metropolitan City(ies). By statute, your county must submit its Consolidated Plan by August 16, 2026. Failure to do so will result in: 1) a loss of CDBG funds for the 2026 program year; and 2) termination of your qualification as an Urban County, unless Congress extends the August 16 deadline by statute
2. Meet a population threshold (statutory requirement)
3. Possess “essential powers” in unincorporated areas and participating UGLGs (or execute cooperation agreements with participating UGLGs)
4. Meet all notification requirements for UGLGs and Metropolitan Cities and provide required outgoing letters and response letters to HUD
5. Hold executed cooperation agreements meeting all requirements and/or joint agreements meeting all requirements (legally sufficient agreements)
6. Incorporate any new requirements from HUD into cooperation agreements by revision or amendment (when requalifying)
7. Submit all required documents and meet all deadlines for the Urban County qualification process (when qualifying or requalifying)

### **3.2 Do any specific requirements apply to my scenario this year?**

Counties are in one of three scenarios related to Urban County qualification:

1. FY 2025 Requalifiers: Currently qualified Urban Counties *requalifying this year*
2. FY 2026 or FY 2027 Requalifiers: Currently qualified Urban Counties *not requalifying this year* because they are in year two or three of their qualification period
3. First-Time Qualifiers: Counties seeking Urban County status *for the first time*

The requirements for First-Time Qualifiers are the same as for any county requalifying in FY 2025. The only unique requirement is First-Time Qualifiers must submit their final qualification package to both their local CPD field office *and* the CPD Entitlement Communities Division at HUD Headquarters.

[GO TO SECTION 4.6](#) to view the Urban County Scenario Comparison Table, which compares requirements for the three county scenarios described above.

### 3.3 What are this year's deadlines for Urban County qualification?

Below are the deadlines for the FY 2025 Urban County qualification and requalification process. Unless we note otherwise, only HUD Headquarters may extend a deadline with written authorization.

Your local CPD field office may extend deadlines only as prescribed under each deadline below. CPD field offices may not grant an extension if it would ultimately extend a later deadline that CPD field offices do not have authorization to extend.

[GO TO SECTION 3.4](#) to view the FY 2025 Deadlines Graphic, which shows all deadlines and illustrates the relationships between them.

#### 3.3.1 May 30, 2025 deadline

Four actions must be completed by May 30, 2025:

1. CPD field offices must notify FY 2025 Requalifiers and First-Time Qualifiers of HUD's *Determination of Essential Powers*, as certified by OGC Field Counsel.
2. FY 2025 Requalifiers and First-Time Qualifiers that have essential powers in their UGLGs must send their participating UGLGs a letter notifying them of their option to be excluded from the Urban County for FYs 2026–28.
  - This is the *Notification of Opportunity to be Excluded*. It must tell participating UGLGs to respond by June 27, 2025, with a letter if they want to be excluded from the Urban County.
  - Urban Counties must advise UGLGs that if they don't respond by June 27, 2025 (to opt out of the Urban County), they will be a participant in the Urban County for FYs 2026–28.
3. FY 2025 Requalifiers and First-Time Qualifiers must send split places a letter notifying them of their options for participation or nonparticipation in the Urban County for FYs 2026–28.
  - This is the *Notification of Split Places*. It must tell split places to respond by June 27, 2025, with a letter if they want to join the Urban County(ies).
4. FY 2026 or FY 2027 Requalifiers may choose to send a letter to nonparticipating UGLGs in their Urban County notifying them of their option to participate for the rest of their qualification period. This letter is optional.
  - This is the *Notification of Opportunity to be Included*. It must tell the nonparticipating UGLGs to respond by June 27, 2025, with a letter if they want to join the Urban County.

### 3.3.2 June 13, 2025, deadline

One action must be completed by June 13, 2025:

1. FY 2025 Requalifiers that have auto-renewal cooperation agreements must send a letter to participating UGLGs notifying them that their agreement will automatically renew, unless they choose to terminate the agreement and withdraw from the Urban County for FYs 2026–28.
  - This is the *Notification of Opportunity to Terminate Agreement*. It must tell participating UGLGs to respond with a letter by July 11, 2025, if they want to terminate their agreement. If the UGLG fails to respond by July 11, 2025, they must remain a participant in the Urban County for FYs 2026–28.
  - Extensions: CPD field offices can authorize extensions for this deadline by letter or email. An extension of more than seven days requires the CPD field office to notify the Entitlement Communities Division.

### 3.3.3 June 27, 2025, deadline

Four actions must be completed by June 27, 2025:

1. Participating UGLGs that choose to be excluded from their Urban County for the FYs 2026–28 qualification period must respond with a letter notifying their Urban County and local CPD field office of their decision. This is their response to the *Notification of Opportunity to be Excluded*.
2. Split places must respond with a letter notifying their Urban County(ies) and local CPD field office how they want to proceed for FYs 2026–28. This is their response to the *Notification of Split Places*.
3. Nonparticipating UGLGs that want to participate in their Urban County for the rest of their qualification period must respond with a letter notifying their Urban County and local CPD field office of their decision. This is their response to the *Notification of Opportunity to be Included*.
4. Potentially eligible Metropolitan Cities that have previously deferred entitlement status to participate as an UGLG in an Urban County AND Metropolitan Cities (entitlements) that have previously entered into a joint agreement with an Urban County must notify their Urban County and local CPD field office that they want to maintain either of these same relationships for FYs 2026–28.
  - Extensions: CPD field offices may authorize extensions for this deadline by letter or email only. An extension of more than seven days requires the CPD field office to notify the Entitlement Communities Division.

NOTE: Because *potential new Metropolitan Cities* are only notified in mid-to-late July of their eligibility for Metropolitan City status (after the June 27, 2025, deadline), HUD gives these UGLGs more time to make a decision. Refer to Section 3.3.7 for the deadline for potential new Metropolitan Cities to make a choice to accept or defer their entitlement status (August 22, 2025).



### **3.3.4 July 11, 2025, deadline**

One action must be completed by July 11, 2025:

1. Participating UGLGs that have auto-renewal cooperation agreements and choose to terminate their agreement (withdrawing from the Urban County for FYs 2026–28) must respond with a letter notifying their Urban County and local CPD field office of their decision. This is their response to the *Notification of Opportunity to Terminate Agreement*.

### **3.3.5 August 8, 2025, deadline**

One action must be completed by August 8, 2025:

1. CPD field offices must notify OTIE via email ([Abubakari.D.Zuberi@hud.gov](mailto:Abubakari.D.Zuberi@hud.gov)) whether cities that are already identified (before July 2025) as *potentially eligible Metropolitan Cities* choose to accept or defer their entitlement status.

### **3.3.6 August 15, 2025, deadline**

Two actions must be completed by August 15, 2025:

1. First-Time Qualifiers and FY 2025 Requalifiers must submit their Urban County qualification package to their local CPD field office.
  - First-Time Qualifiers must also submit their qualification package to the Entitlement Communities Division at CPD Headquarters.
  - CPD field staff must immediately send Urban County qualification packages to OGC Field Counsel after receiving them.
2. FY 2026 or FY 2027 Requalifiers that are adding previously nonparticipating UGLGs to their Urban County must submit new cooperation agreements and official letters exchanged between their county and the new UGLGs they are adding to their Urban County.

Extensions: CPD field offices may authorize extensions of this deadline by letter or email. CPD field offices must notify the Entitlement Communities Division and OGC Field Counsel if an Urban County needs an extension of more than seven days for this deadline.

### **3.3.7 August 22, 2025, deadline**

Two actions must be completed by August 22, 2025:

1. *Potential new Metropolitan Cities* a.k.a. *UGLGs meeting Metropolitan City status for the first time* (notified by HUD in mid-to-late July of their status) must notify their Urban County and local CPD field office of their decision to accept or defer their entitlement status and their choice to participate or not participate in the Urban County for FYs 2026–28.

- Extensions: CPD field offices may authorize extensions of this deadline by letter or email.
  - [GO TO SECTION 3.5](#) for guidance on *potential new Metropolitan Cities*.
2. CPD field offices must immediately notify OTIE of the decisions of *potential new Metropolitan Cities* to accept or defer their entitlement status after receiving notification from any UGLGs meeting Metropolitan City status for the first time (see #1 directly above).

### 3.3.8 August 29, 2025, deadline

Two actions must be completed by August 29, 2025:

1. OGC Field Counsel must complete their reviews of all cooperation agreements and related authorizations. They must certify that each cooperation agreement meets HUD's requirements.
  - OGC Field Counsel should notify the Entitlement Communities Division of any delay in their review.

NOTE: OGC Field Counsel must review agreements and amendments to ensure that new statutory or regulatory requirements are incorporated into the agreement (or added by amendment).

2. CPD field offices must update and complete Urban County worksheets in the GMP system. CPD field offices must send the revised Urban County worksheet to each county to verify the data via email, mail, or fax.
  - In July, OTIE will post the Urban County worksheets for qualifying and requalifying Urban Counties in GMP. OTIE will provide CPD field offices with instructions on how to complete the worksheets in GMP.
  - CPD field offices must also provide OTIE (and each affected Urban County) a memorandum for each FY 2026 or FY 2027 Requalifier that is adding new UGLGs. The memos must identify the name of the Urban County and the names of the new participating UGLGs.
  - Extensions: CPD field offices may NOT extend this deadline without prior written authorization from the Entitlement Communities Division.

### 3.3.9 September 5, 2025, deadline

Two actions must be completed by September 5, 2025:

1. OTIE must complete its review in GMP of Urban County worksheets (First-Time Qualifiers and FY 2025 Requalifiers) and memoranda (FY 2026 or FY 2027 Requalifiers adding new UGLGs).
  - OTIE will note any discrepancies, problems, or questions in GMP for CPD field offices. OTIE will work with CPD field offices to resolve any issues.

2. CPD field offices must verify the data in the GMP Final Report (the final Urban County worksheets) and notify OTIE within seven days if there are any errors in Urban County configurations.

### **3.3.10 September 26, 2025, deadline**

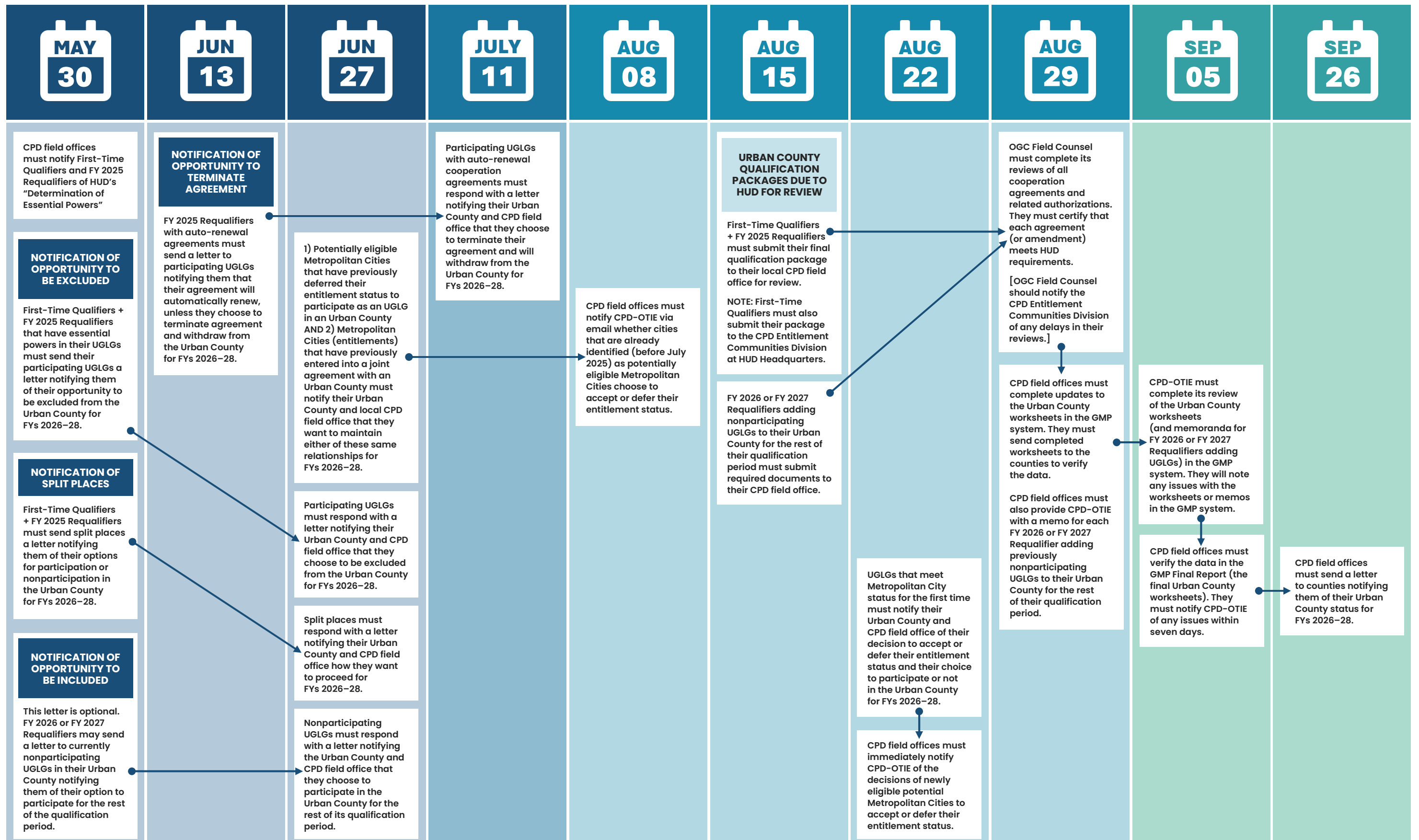
One action must be completed by September 26, 2025:

1. CPD field offices must send a letter to counties notifying them of their Urban County status for FYs 2026–28.
  - For HOME program purposes, Urban County configurations are final as of September 30 each year. The HOME deadline is set by statute as September 30 (final day before the new fiscal year) and can't be extended.

## **3.4 Deadlines Graphic: FY 2025 Urban County Qualification Process**

The graphic on the next page consolidates all FY 2025 deadlines in a simple visual, which illustrates relationships between deadlines. Please note that the graphic does not include information on extensions, which you can find under [SECTION 3.3](#).

ACCESSIBILITY NOTE: This graphic presents the same information as the previous section (Section 3.3) in a visual format. The graphic shows each deadline in chronological order as a colored column, with required actions under each column. Due to the complexity of the graphic, the alternative text (alt text) for the graphic provides a high-level description of the graphic and notes it presents the same information as Section 3.3.



### 3.5 Guidance about potential new Metropolitan Cities

At some point, an UGLG participating in your Urban County may achieve Metropolitan City status for the first time due to population growth. A *potential new Metropolitan City* has four options to choose from if this happens:

- Option 1: Accept its Metropolitan City (entitlement) status and administer its own CDBG program (not participate in your Urban County for FYs 2026–28).
- Option 2: Accept its Metropolitan City (entitlement) status but continue to participate in your Urban County under a joint agreement for FYs 2026–28.
- Option 3: Defer its Metropolitan City status (not accept entitlement status) and continue to participate in your Urban County under a cooperation agreement for FYs 2026–28.
- Option 4: Defer its Metropolitan City status (not accept entitlement status), leave your Urban County, and participate in the State CDBG program.

NOTE: If one of your participating UGLGs becomes eligible for Metropolitan City status during your three-year qualification period, they must wait until the qualification period ends to choose one of the four options above. They can't withdraw from your Urban County to become a Metropolitan City (entitlement) during the three-year qualification period.

#### 3.5.1 When we expect the list of potential new Metropolitan Cities to be available

The U.S. Census Bureau will provide OTIE with updated Census data on or around July 1, 2025. This will include a list of *newly eligible* potential Metropolitan Cities (in addition to the previously eligible potential Metropolitan Cities).

The Entitlement Communities Division will provide this information to CPD field offices during the month of July. CPD field offices must notify each potential new Metropolitan City via letter and give them the opportunity to accept or defer their entitlement status. Generally, HUD offers potential new Metropolitan Cities 30 days to notify their local CPD field office of their decision.

If HUD notifies an UGLG of its potential new entitlement status by or before the Urban County qualification process begins in April 2025, the UGLG must provide its decision on the four options discussed above via letter to the Urban County and its local CPD field office by June 27, 2025.

However, some UGLGs aren't notified by HUD of their potential new Metropolitan City (entitlement) status until July or August. These *potential new Metropolitan Cities* must provide their decision on the four options discussed above by August 15, 2025.

### **3.5.2 Guidance on how to proceed with the Urban County qualification process for Urban Counties with UGLGs who may become Metropolitan Cities**

The list of potential new Metropolitan Cities becomes available late in the Urban County qualification process. This can result in delays completing the Urban County qualification process, particularly if an UGLG decides to accept its Metropolitan City (entitlement) status after it has notified your Urban County it intends to participate in your Urban County during the next three-year qualification period. We can't avoid this timing conflict altogether, but we've identified two options for dealing with this situation:

#### **Option 1: Negotiate a delayed schedule with the UGLG**

This is the preferred option. You can negotiate a schedule with the UGLG to provide extra time to receive notification from HUD of their Metropolitan City eligibility. If the UGLG ends up not being eligible to become a Metropolitan City (or becomes eligible and defers its entitlement status), then your county can still execute a cooperation agreement with the UGLG within the deadlines in this Notice.

#### **Option 2: Include a void clause in the cooperation agreement**

You can include a void clause in the cooperation agreement with the UGLG which states that the agreement will be voided if the UGLG is notified by HUD of its eligibility to become a Metropolitan City and chooses to accept entitlement status. This is the option to take if your county believes that delaying the execution of a cooperation agreement will prevent your county from meeting the submission deadlines in this Notice. If you include a void clause in a cooperation agreement, it must state that if the agreement is not voided, then the UGLG must participate in your Urban County for the entire three-year qualification period (FYs 2026-28).

## **3.6 Guidance on extensions and the HOME program**

The Urban County qualification schedule is coordinated with the schedule for HOME consortia qualification because the HOME program must use the identical Urban County configuration for determining HOME formula allocations.<sup>1</sup>

The Urban County qualification process for FYs 2026–28 will start in May 2025 and run through September 19, 2025. This will provide HUD with enough time – before the Sept. 30th deadline for FY 2026 funding under the HOME Program – to notify counties that they qualify as Urban Counties under the CDBG Program. To avoid any issues with the HOME program's September 30 statutory deadline, your county must complete all steps in the Urban County qualification process by September 19 (at the latest).

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<sup>1</sup> This is due to HOME program statutory requirements (42 USC 12747(b)(1)(A)) and regulatory requirements ([24 CFR § 92.50\(c\)](#)) for formula allocation. The HOME program formula allocation must be based on data for jurisdictions that make up the Urban County. HUD can't allocate HOME program funding to Urban Counties using inaccurate data.

In the past, Urban Counties have requested extensions to submit required documents to their local CPD field office because some participating UGLGs' governing bodies don't meet during the summer. Although flexibility exists to allow extensions in unusual situations, CPD Headquarters will not grant any extensions past September 12, 2025. Urban Counties must consider the meeting schedules of UGLGs' governing bodies during the requalification process. HUD encourages Urban Counties to try to execute their cooperation agreements before summer recess begins to avoid issues.

Many Urban Counties are simultaneously completing the HOME consortia qualification process and the Urban County qualification process. The HOME consortia qualification process must be completed by the **statutory deadline of September 30** to receive a formula allocation under the HOME program. If the Urban County qualification process is not completed by September 30 for Urban Counties that are participating jurisdictions (PJs) in the HOME program, including consortia, the PJ can't receive a HOME allocation.<sup>2</sup>

### **3.7 Guidance for counties that may qualify as an Urban County if a Metropolitan City relinquishes its entitlement status**

Your county may be in a situation where it could qualify as an Urban County only if a Metropolitan City in your county relinquishes its entitlement status. If a Metropolitan City is willing to relinquish its status, they may participate in your Urban County under a cooperation agreement like other participating UGLGs. [GO TO SECTION 4.1](#) for a link to the list of counties in this specific situation.

If your county wants to pursue Urban County qualification because a Metropolitan City in your county is willing to relinquish its entitlement status, notify your local CPD field office as soon as possible. Please notify your local CPD field office no later than two weeks after receiving the Metropolitan City's notification that it is relinquishing its entitlement status.

Your county must provide your local CPD field office with: 1) a letter from the Metropolitan City stating its intent to relinquish its entitlement status; and 2) a letter from your county stating your intent to qualify as an Urban County. CPD field offices must send these two documents to the Entitlement Communities Division at HUD Headquarters immediately after receiving them.

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<sup>2</sup> 42 USC 12747(b)(3)



## **SECTION 4: ATTACHMENTS**

### **4.1 Attachment 1: FY 2025 Urban County Lists on HUD.gov**

The FY 2025 Urban County Lists are posted on the [HUD.gov Urban Counties webpage](https://www.hud.gov/stat/cpd/urban-counties)<sup>3</sup> for the seven lists of counties below:

1. All Currently Qualified Urban Counties
2. Urban Counties Requalifying in FY 2025 for FYs 2026–28
3. Urban Counties Requalifying in FY 2026 for FYs 2027–29
4. Urban Counties Requalifying in FY 2027 for FYs 2028–30
5. Counties Qualified through FY 2026 or FY 2027 That Contain Nonparticipating UGLGs
6. Counties That May Qualify if Metropolitan Cities Relinquished Entitlement Status
7. Counties Previously Determined Eligible but NOT Accepting Urban County Status

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<sup>3</sup> <https://www.hud.gov/stat/cpd/urban-counties>



## 4.2 Attachment 2: Statutory Requirements to be an Urban County

Section 102(a)(6)(A) of the Housing and Community Development Act of 1974 (HCDA) (42 U.S.C. 5301 et seq.) defines Urban Counties.

An Urban County must meet one of these population thresholds:

1. Have a total combined population of 200,000 or more in their unincorporated areas and participating UGLGs (excluding the population of Metropolitan Cities).
2. Have a total combined population of at least 100,000 (but fewer than 200,000) in their unincorporated areas and participating UGLGs, if those areas (combined) include the majority of low- and moderate-income people in the county. We call this the low- and moderate-income preponderance test.
  - OTIE will perform this calculation to determine if a county meets the low- and moderate-income preponderance test if it does not meet the first population threshold above.
  - The county itself (overall) still must have a minimum population of 200,000, excluding its Metropolitan Cities. This means that the total population of the county in unincorporated areas, participating UGLGs, *and any nonparticipating UGLGs* is greater than 200,000.

NOTE: The population of Metropolitan Cities must be excluded from all these calculations

All UGLGs located in an Urban County do not have to participate in an Urban County, but the combined population must equal at least 100,000 in: a) the areas where the Urban County has essential powers (usually the unincorporated areas); and b) in UGLGs where the Urban County does not have essential powers.

Some counties previously qualified as Urban Counties under Section 102(a)(6)(C) and (D) of the HCDA. No Urban Counties currently qualify under this authority.

### 4.3 Attachment 3: Definitions of Urban County Terms

**Amendment:** a change, correction, clarification, or deletion to an auto-renewal cooperation agreement. An amendment may be necessary due to shifting requirements over time at the federal, state, or local government level.

**Auto-Renewal Cooperation Agreement:** a cooperation agreement which contains a clause that the agreement will automatically renew every three years, unless an UGLG chooses to opt out of an Urban County's CDBG program.

**CDBG Entitlement Program:** HUD grant program which provides annual CDBG grants on a formula basis to Metropolitan Cities and Urban Counties to develop viable urban communities, provide decent housing and suitable living environments, and expand economic opportunities for low- and moderate-income people.

**Cooperation Agreement:** legal agreement between an Urban County and participating UGLGs, which explains roles and responsibilities, restrictions, and CDBG program requirements. Cooperation agreements between the county and participating UGLGs are required in counties that do not have essential powers in UGLGS (most counties). Cooperation agreements are also required – even for counties that have essential powers in their UGLGs – if the Urban County plans to award CDBG funds to participating UGLGs or to carry out activities within the jurisdictional boundaries of those UGLGs.

**CPD:** HUD's Office of Community Planning and Development.

**Entitlement Communities Division:** the division at CPD Headquarters responsible for administering the CDBG Entitlement Program and preparing this Urban County Notice. This division can address any questions about the Urban County qualification process and provide extensions for deadlines in this Notice.

**Essential Powers:** when an Urban County has legal authority to conduct “*essential community development and housing assistance activities*” in its unincorporated areas and/or in its participating UGLGs (without consent from UGLGs' governing bodies). These essential activities include actions like acquiring property for reuse as low- and moderate-income housing, directly rehabilitating or providing financial assistance for housing, supporting low-rent housing activities, disposing of land to private developers for redevelopment, and condemning property for low-income housing. Most states only grant counties essential powers in unincorporated areas, but not in incorporated areas (UGLGs).

**Grants Management Process System (GMP):** a monitoring and tracking system for CPD grant programs. HUD uses the system in part to track UGLGs' participation decisions.

**HOME Consortium:** a method for local governments that would not otherwise qualify for HOME funding to join with other contiguous units of local government to directly participate in the HOME program.

**Incorporated Areas:** areas that have been incorporated as an official entity under state law. These areas have a legally defined boundary and an active, functioning government.

**Joint Agreement:** a legal agreement between an Urban County and a Metropolitan City in the Urban County. A joint agreement allows an Urban County to manage and administer the Metropolitan City's CDBG grant in addition to the county's own CDBG grant.

**Letter:** a signed letter on official city or county government letterhead. An attached signed PDF letter on official city or county government letterhead may be sent via email.

**Metropolitan City:** a city within a metropolitan area which is the principal city of such area, as defined by the Office of Management and Budget (OMB), or any other city, within a metropolitan area, which has a population of 50,000 or more. Any city that was classified as a Metropolitan City for at least two years shall remain classified as a Metropolitan City. Metropolitan Cities are eligible to directly receive CDBG grant funding on a formula basis.

**OGC Field Counsel:** OGC Field Counsel are staff attorneys in HUD field offices. HUD's Office of General Counsel (OGC) provides legal opinions, advice, and services for all HUD programs and activities. OGC consists of nine headquarters divisions, ten regional offices, field offices in each region, and the Departmental Enforcement Center (DEC).

**Split Place:** an UGLG whose population is in more than one county. The jurisdiction crosses county lines. The counties do not all have to be Urban Counties. The UGLG must decide which county(ies) it will attribute its population to for Urban County qualification.

**State CDBG Program:** HUD grant program which awards CDBG funds to state governments for distribution to non-entitlement UGLGs to develop and preserve decent affordable housing, provide services to the most vulnerable in local communities, and create and keep jobs. States award their CDBG funding to non-entitlement areas using a method of distribution of their choosing.

**Office of Technology, Innovation, and Evaluation (OTIE):** formerly the Systems Development and Evaluation Division, the division at CPD Headquarters that manages the GMP system for the Urban County qualification process.

**Unincorporated Areas:** areas in a county that have not been incorporated as cities, towns, townships, or villages. These areas may have a name, but they don't have legally defined boundaries or governments.

**Unit of General Local Government (UGLG):** an incorporated area that is operated by a local governing body (for example, a city council).

**Urban County:** a county that has met population thresholds to qualify to directly receive CDBG funds from HUD. Urban Counties are Entitlement communities under the CDBG Entitlement Program. Refer to the official definition of Urban Counties at Section 102(a)(6) of the HCDA for more information.

## 4.4 Attachment 4: HUD Requirements for Cooperation Agreements

### List of HUD requirements (12) for Urban County cooperation agreements<sup>4</sup>

**1. It must be authorized by governing bodies and signed by CEOs.**

The governing bodies for your county and the participating UGLG must authorize the cooperation agreement. Both chief executive officers must sign the agreement.

A legal opinion from the county's counsel must be submitted with the cooperation agreement. The opinion must state that the terms and provisions of the agreement are fully authorized under state and local law and that the agreement provides the legal authority for the county to undertake, or assist in undertaking, essential community renewal and lower-income housing assistance activities.

**2. It must state that your county and the participating UGLG will cooperate to carry out community renewal and lower-income housing assistance activities.**

If your Urban County does not have essential powers in the UGLG, the agreement must specifically state that the participating UGLG will: *“undertake, or assist in undertaking, essential community renewal and lower-income housing assistance activities.”*

As an alternative to this language, your agreement may reference state law authorizing the UGLG to undertake these activities. Your Urban County must submit alternative language to HUD for approval by OGC Field Counsel.

**3. It must state that the agreement covers the CDBG program and that your county and the participating UGLG may not seek CDBG funding from the State's CDBG program while participating in the Urban County.**

**4. It must state that the agreement also covers: 1) the HOME program (if your Urban County receives HOME funding); and 2) the ESG program (if your county receives ESG funding). The participating UGLG may only receive HOME and ESG formula-allocated funds from your Urban County.**

It must state that the UGLG may only receive formula-allocated funds under the HOME and ESG programs from your Urban County. Even if your Urban County does not participate in the HOME program, the participating UGLG can't form a HOME consortium with other UGLGs. Similarly, the participating UGLG may only receive ESG formula-allocated funds from your Urban County.

NOTE: If your state allows it, your Urban County and participating UGLGs may still seek HOME or ESG funds from your state government.

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<sup>4</sup> The twelve requirements in this list are the requirements HUD looks for. Counties and UGLGs must also incorporate locally-specific provisions into their agreements to comply with state and local requirements.

- 5. It must specify the qualification period for your Urban County (three fiscal years covered by the agreement) OR the remaining 1-2 years of your qualification period (for amendments to auto-renewal agreements). It must also state that, by the date listed in the Urban County Qualification Notice for the next qualification period, your Urban County will notify the participating UGLG by letter of its right not to participate.**

The qualification period for your Urban County is the next three fiscal years after your county qualifies or requalifies. For example, if you are requalifying this year (FY 2025), your qualification period is FYs 2026-28. If your county is amending an auto-renewal cooperation agreement, the amendment must update how many years remain (one or two) in your qualification period. We discuss amendments more in #6 below.

- 6. If your cooperation agreement is an auto-renewal agreement, it must state that your Urban County and the participating UGLG will amend the agreement to meet requirements for future Urban County qualification.**

An amendment is any change to an auto-renewal cooperation agreement. Over time, changes to laws and regulations will occur that may require your Urban County to amend your auto-renewal agreements to add new provision(s). An amendment allows your Urban County to draft a separate amendment to your existing agreements that includes the new provision(s) rather than drafting a new cooperation agreement containing the new provisions. The amendment must be authorized by governing bodies and signed by chief executive officers, just like other cooperation agreements.

If your Urban County fails to make a required amendment to a cooperation agreement by the deadlines in this Notice, your auto-renewal agreement is voided and you must submit a new cooperation agreement.

- 7. It must state that the agreement remains in effect until all funds (CDBG, HOME, ESG, and any program income) are expended and all activities are completed.**

This applies to the three-year qualification period (and future qualification periods for auto-renewal cooperation agreements). The county and participating UGLG can't terminate or withdraw from the agreement while it remains in effect.

- 8. It must state that your county and the participating UGLG will comply with all federal laws and regulations specified in HUD's Urban County Notice.**

The agreement must contain an explicit provision obligating your Urban County and the participating UGLG to comply with your Urban County's certification (under section 104(b) of Title I of the Housing and Community Development Act of 1974), that your grant will be conducted and administered in conformity with:

- Title VI of the Civil Rights Act of 1964 (and the implementing regulations at 24 CFR part 1);

- the Fair Housing Act (Title VIII of the Civil Rights Act of 1968), and the implementing regulations at 24 CFR part 100, and the duty to affirmatively further fair housing (AFFH); and
- Section 109 of Title I of the Housing and Community Development Act of 1974, and the implementing regulations at 24 CFR part 6, which incorporates:
  - Section 504 of the Rehabilitation Act of 1973, and the implementing regulations at 24 CFR part 8;
  - Title II of the Americans with Disabilities Act, and the implementing regulations at 28 CFR part 35;
  - the Age Discrimination Act of 1975, and the implementing regulation at 24 CFR part 146; and
  - Section 3 of the Housing and Urban Development Act of 1968
- Other applicable laws

Required provision on affirmatively furthering fair housing (AFFH)

The agreement must contain a provision prohibiting an Urban County from funding activities in, or in support of, any participating UGLG that impedes your county's actions to comply with your fair housing certification. We require this provision because noncompliance with the duty to affirmatively further fair housing by a participating UGLG may constitute noncompliance by your Urban County. This can result in HUD issuing funding sanctions or other remedial actions for your county.

**9. It must include a provision prohibiting excessive use of force and prohibiting physically barring entrance to or exit from a facility or location which is the subject of non-violent civil rights demonstrations within jurisdictions.**

The agreement must expressly state that the participating UGLG has adopted and is enforcing:

1. *A policy prohibiting the use of excessive force by law enforcement agencies within its jurisdiction against any individuals engaged in non-violent civil rights demonstrations; and*
2. *A policy of enforcing applicable State and local laws against physically barring entrance to or exit from a facility or location which is the subject of such non-violent civil rights demonstrations within jurisdictions.*

**10. It must NOT include a veto provision that could obstruct implementation of your Urban County's Consolidated Plan.**

Your agreement must NOT include a veto provision (or other restriction) that would allow the participating UGLG to obstruct implementation of your Urban County's approved Consolidated Plan during the qualification period.

Your Urban County has final responsibility for choosing CDBG activities (*and HOME and ESG activities, if applicable*) and submitting the Consolidated Plan to

HUD. If your Urban County is a member of a HOME consortium (but not the lead entity), the HOME consortium is responsible for submitting the Consolidated Plan for your Urban County to HUD.

**11. It must state that the participating UGLG is subject to the same requirements as subrecipients in the CDBG program.**

Per [24 CFR § 570.501\(b\)](#), the agreement must state that the participating UGLG is subject to the same requirements as subrecipients in the CDBG program. This includes the requirement for executing a written subrecipient agreement before your county disburses CDBG funds to a participating UGLG.

**12. It must include a provision that the parties may not sell, trade, or transfer any HUD funds.**

Your agreement must include this specific provision: *Parties to this Agreement understand and agree that they may not sell, trade, or otherwise transfer all or any portion of CDBG funds to a Metropolitan City, Urban County, unit of general local government, or insular area that directly or indirectly receives CDBG funds in exchange for any funds, credits, or non-Federal considerations, but must use such funds for activities eligible under Title I of the Housing and Community Development Act of 1974, as amended.*

Congress has prohibited this practice. HUD will not accept cooperation agreements or approve any Urban County's qualification without this provision.

**Additional provisions your county may include (authorized by state/local laws)**

Your cooperation agreements may also include any provisions authorized by state and local laws. These provisions may legally require a participating UGLG to undertake necessary actions, as determined by your county, to carry out a community development program and the approved Consolidated Plan and/or meet other requirements of the CDBG program (and, where applicable, HOME and ESG programs) and other applicable laws.

## 4.5 Attachment 5: Sample Cooperation Agreement Language

HUD Cooperation Agreement Requirement		HUD Sample Language <i>[Text in italics is explanatory and not part of the sample language]</i>
1	It must be authorized by governing bodies and signed by CEOs.	<p><i>This may best translate to a “Whereas” clause, paired with the execution on the signature block.</i></p> <p><i>Example:</i></p> <p><b>WHEREAS</b>, the Mayor of the Municipality is authorized to execute this Agreement on the Municipality’s behalf; and</p> <p><b>WHEREAS</b>, the County Executive is authorized to execute this Agreement on the County’s behalf</p>
2	It must state that your county and the participating UGLG will cooperate to carry out essential community development and housing assistance activities.	The County and the Municipality agree to cooperate to undertake, or assist in undertaking, essential community development and housing assistance activities, as approved and authorized between the parties in the CDBG Agreements, including the Consolidated Plan.
3	It must state that the agreement covers the CDBG program and that your county and the participating UGLG may not seek CDBG funding from the State’s CDBG program while participating in the Urban County.	The participating Municipality understands and agrees that it may not apply for grants under the State CDBG Program for the fiscal years during the period in which the Municipality participates in the Urban County’s CDBG Program.
4	It must state that the agreement also covers: 1) the HOME program (if your Urban County receives HOME	<i>Example, covering CDBG, HOME, and ESG:</i>



	<p>funding); and 2) the ESG program (if your county receives ESG funding). The participating UGLG may only receive HOME and ESG formula-allocated funds from your Urban County.</p>	<p>This Agreement covers the following formula funding programs administered by HUD where the County is awarded and accepts funding directly from HUD: the CDBG Program, the HOME Program, and the ESG Program.</p> <p>The participating Municipality understands and agrees that it may receive a formula allocation under the HOME and ESG Programs only through the Urban County. This does not preclude the Urban County or the Municipality from applying for HOME or ESG funds from the State, if the State allows.</p>
5	<p>It must specify the qualification period for your Urban County (the three fiscal years covered by the agreement) OR the remaining 1-2 years of your qualification period (for amendments to auto-renewal agreements).</p>	<p><i>Example, auto-renewing:</i></p> <p>This Agreement shall remain in effect for the three-year program period of Federal Fiscal Years <b>XXXX</b>, <b>XXXX</b>, and <b>XXXX</b>, and until funds granted and program income received during the three-year program period are expended and the funded activities completed. Neither the County nor the Municipality may terminate, withdraw, or be removed from the program during the three-year program period.</p> <p>This Agreement will renew automatically for participation in successive three-year Urban County qualification periods, unless the Municipality or the County provide written notice to the other party that it elects not to participate in a new qualification period. The terminating party shall send a copy of the notice of termination to the HUD field office by the date specified in HUD's Urban County Qualification Notice. The County will notify the Municipality in writing of the Municipality's right to make this election. A copy of the County's notification must be sent to the HUD field office by the date specified in the Urban County Qualification Notice.</p>
6	<p>If your cooperation agreement is an auto-renewal agreement, it must state that your Urban County and the</p>	<p>The Parties agree to adopt amendment(s) to this Agreement as may be required by HUD to meet any new Urban County Qualification requirement(s) for subsequent qualification cycles, when applicable. Failure by either Party to</p>

	participating UGLG will amend the agreement to meet requirements for future Urban County qualification.	adopt any such amendment, and to submit such amendment to HUD, will void the automatic renewal of such qualification period.
7	It must state that the agreement remains in effect until all funds (CDBG, HOME, ESG, and any program income) are expended and all activities are completed.	<i>See above language in #6</i>
8	It must state that your county and the participating UGLG will comply with all federal laws and regulations specified in HUD's Urban County Notice	The County and the Municipality shall take all actions necessary to assure compliance with the County's certification under Section 104(b) of Title I of the Housing and Community Development Act of 1974, as amended, that the grant will be conducted and administered in conformity with Title VI of the Civil Rights Act of 1964, and the implementing regulations at 24 CFR Part 1, and the Fair Housing Act, and the implementing regulations at 24 CFR Part 100, and will comply with the obligation to affirmatively further fair housing. The Parties shall comply with Section 109 of Title I of the Housing and Community Development Act of 1974, and the implementing regulations at 24 CFR Part 6, which incorporates Section 504 of the Rehabilitation Act of 1973, and the implementing regulations at 24 CFR Part 8, Title II of the Americans with Disabilities Act of 1974, and the implementing regulations at 28 CFR Part 35, the Age Discrimination Act of 1975, and the implementing regulations at 24 CFR Part 146, and Section 3 of the Housing and Urban Development Act of 1968, and all other applicable laws and regulations. The Parties agree that Urban County funding in no event will be used for activities in, or in support of, any cooperating unit of general local government that impedes the County's actions to comply with the County's fair housing certification and duty to affirmatively further fair housing.

9	It must include a provision prohibiting excessive use of force and prohibiting physically barring entrance to or exit from a facility or location which is the subject of non-violent civil rights demonstrations within jurisdictions.	<p>The County and the Municipality each have adopted and are enforcing:</p> <ol style="list-style-type: none"> <li>1. A policy prohibiting the use of excessive force by law enforcement agencies within its jurisdiction against any individuals engaged in non-violent civil rights demonstrations.</li> <li>2. A policy of enforcing applicable State and local laws against physically barring entrance to or exit from a facility or location that is the subject of non-violent civil rights demonstrations within its jurisdiction.</li> </ol>
10	It must NOT include a veto provision that could obstruct implementation of your Urban County's Consolidated Plan.	<i>No provision necessary to satisfy this requirement</i>
11	It must state that the participating UGLG is subject to the same requirements as subrecipients in the CDBG program.	Pursuant to 24 CFR 570.501(b), the Municipality is subject to the same requirements applicable to subrecipients, including the requirement of a written agreement as described in 24 CFR 570.503.
12	It must include a provision that the participating UGLG may not sell, trade, or transfer any HUD funds provided by your Urban County.	Parties to this Agreement understand and agree that they may not sell, trade, or otherwise transfer all or any portion of CDBG funds to a Metropolitan City, Urban County, unit of general local government, or insular area that directly or indirectly receives CDBG funds in exchange for any funds, credits, or non-Federal considerations, but must use such funds for activities eligible under Title I of the Housing and Community Development Act of 1974, as amended.

4.6 Attachment 6: Urban County Scenario Comparison Table

Urban County Requirements	FY 2025 REQUALIFIERS Currently Qualified Urban Counties requelifying in FY 2025	FY 2026 OR FY 2027 REQUALIFIERS Currently Qualified Urban Counties NOT requelifying in FY 2025	FIRST-TIME QUALIFIERS Counties seeking to qualify as an Urban County for the first time in FY 2025
Determination of Essential Powers	<ul style="list-style-type: none"><li>HUD may rely on previous Determination(s) of Essential Powers (unless there is evidence that essential powers have changed)</li></ul>	<ul style="list-style-type: none"><li>HUD does not conduct a Determination of Essential Powers for counties in the middle of a qualification period</li></ul>	<ul style="list-style-type: none"><li>HUD OGC Field Counsel must certify a Determination of Essential Powers</li></ul>
Notification Requirements for UGLGs (Letters)	<ul style="list-style-type: none"><li>In general, the requelifying Urban County should communicate with its participating UGLGs to determine if they want to continue participating in the Urban County for FYs 2026-28</li><li>If the county has essential powers in UGLGs (only applies to a few states), they must send a <b>Notification of Opportunity to be Excluded</b> letter to participating UGLGs</li><li>If the county has auto-renewal cooperation agreements, they must send a <b>Notification of Opportunity to Terminate Agreement</b> letter to participating UGLGs</li><li>If the county has split places, they must send a <b>Notification of Split Places</b> letter notifying them of their options for FYs 2026-28</li></ul>	<ul style="list-style-type: none"><li>There is only one <u>optional</u> notification letter that these counties may choose to send: the <b>Notification of Opportunity to be Included</b>. The Urban County can choose to notify any nonparticipating UGLGs (if any) that they have the opportunity to join the Urban County for the rest of the qualification period</li></ul>	<ul style="list-style-type: none"><li>In general, they must send official letters to all UGLGs notifying them of their opportunity to participate in the new Urban County</li><li>If the county has essential powers in its UGLGs, they must send a <b>Notification of Opportunity to be Excluded</b> letter</li><li>If the county has split places, they must send a <b>Notification of Split Places</b> letter notifying them of their options for FYs 2026-28</li></ul>

Urban County Requirements	FY 2025 REQUALIFIERS Currently Qualified Urban Counties requalifying in FY 2025	FY 2026 OR FY 2027 REQUALIFIERS Currently Qualified Urban Counties NOT requalifying in FY 2025	FIRST-TIME QUALIFIERS Counties seeking to qualify as an Urban County for the first time in FY 2025
Notification Requirements for Metropolitan Cities (Letters)	<ul style="list-style-type: none"> <li>Must communicate with <u>previously identified potential Metropolitan Cities</u> to determine their plans for participation or nonparticipation in the Urban County for FYs 2026–28</li> <li>Must communicate with <u>potential new Metropolitan Cities</u> (identified in July 2025 by the U.S. Census) to determine their plans for participation or nonparticipation in the Urban County for FYs 2026–28</li> </ul>	<ul style="list-style-type: none"> <li>No action is required because the Urban County is in the middle of its three-year qualification period</li> </ul> <p>NOTE 1: Metropolitan Cities that are part of the Urban County under a joint agreement or deferring their entitlement status to participate in the Urban County as a participating UGLG may not withdraw from the Urban County during the middle of a qualification period</p> <p>NOTE 2: UGLGs that surpass a population of 50,000 (becoming eligible to be a Metropolitan City) may not withdraw from the Urban County during the middle of a qualification period</p>	<ul style="list-style-type: none"> <li>In general, must send official letters to any Metropolitan Cities notifying them of the opportunity to participate in the new Urban County for FYs 2026–28 either by: <ol style="list-style-type: none"> <li>deferring their entitlement status and executing a cooperation agreement with the county to participate as an UGLG in the Urban County; or</li> <li>accepting their entitlement status and executing a joint agreement allowing the county to carry out their CDBG program for them.</li> </ol> </li> </ul> <p>NOTE: Metropolitan Cities have every right to continue accepting their entitlement status (administering their own CDBG award) and not participate in the new Urban County</p>
Cooperation Agreements with Participating UGLGs	<ul style="list-style-type: none"> <li>If the county has regular cooperation agreements in place with participating UGLGs (not auto-renewing), they must execute new cooperation agreements between their county and the UGLGs</li> <li>If the county has auto-renewal cooperation agreements in place, they must make any required amendments to their cooperation agreements with participating UGLGs</li> </ul>	<ul style="list-style-type: none"> <li>No action is required because the Urban County is in the middle of their three-year qualification period</li> <li>If the county adds any nonparticipating UGLGs to their Urban County for the remainder of its qualification period, they must execute cooperation agreements with newly added UGLGs and submit these agreements to HUD</li> </ul>	<ul style="list-style-type: none"> <li>If the county does not have essential powers in its UGLGs (most counties), they must execute cooperation agreements between their county and the UGLGs</li> </ul>

<b>Urban County Requirements</b>	<b>FY 2025 REQUALIFIERS</b> Currently Qualified Urban Counties requalifying in FY 2025	<b>FY 2026 OR FY 2027 REQUALIFIERS</b> Currently Qualified Urban Counties NOT requalifying in FY 2025	<b>FIRST-TIME QUALIFIERS</b> Counties seeking to qualify as an Urban County for the first time in FY 2025
<b>Joint Agreements with Metropolitan Cities</b>	<ul style="list-style-type: none"> <li>• If a Metropolitan City within the county wants the county to administer its CDBG award, the county and the Metropolitan City must execute a joint agreement</li> </ul>	<ul style="list-style-type: none"> <li>• No action is required because the Urban County is in the middle of its three-year qualification period</li> </ul>	<ul style="list-style-type: none"> <li>• If a Metropolitan City within the county wants the county to administer its CDBG award, the county and the Metropolitan City must execute a joint agreement</li> </ul>
<b>Documents the county must submit to HUD</b>	<ul style="list-style-type: none"> <li>• New cooperation agreements with participating UGLGs (if applicable)</li> <li>• Amendments (if they have auto-renewal cooperation agreements)</li> <li>• Joint agreements with Metropolitan Cities (if applicable)</li> <li>• Legal opinion from county counsel</li> <li>• All official letters exchanged between their county and UGLGs or Metropolitan Cities about participation in the Urban County</li> </ul>	<ul style="list-style-type: none"> <li>• No action is required because the Urban County is in the middle of its three-year qualification period</li> <li>• If <b>adding nonparticipating UGLGs</b> to the Urban County, they must submit:               <ol style="list-style-type: none"> <li>1. Notification of Opportunity to be Included letters sent to nonparticipating UGLGs</li> <li>2. Response letters from UGLGs choosing to join the Urban County</li> <li>3. New cooperation agreements with UGLGs joining the Urban County</li> <li>4. Updated legal opinion from county counsel</li> </ol> </li> </ul>	<ul style="list-style-type: none"> <li>• Cooperation agreements with participating UGLGs</li> <li>• Joint agreements with Metropolitan Cities (if applicable)</li> <li>• Legal opinion from county counsel</li> <li>• All official letters exchanged between their county and UGLGs or Metropolitan Cities about participation in the Urban County</li> </ul>

## **4.7 Attachment 7: Guidance for Unique Grantee Situations**

### **4.7.1 What happens when an UGLG dissolves or unincorporates**

An UGLG located in your Urban County may unincorporate, dissolve, or merge with another UGLG. Assuming your Urban County possesses essential powers in your unincorporated areas, the dissolved UGLG (now an unincorporated area) will automatically become part of your Urban County. If the dissolved UGLG merges into another UGLG that already participates in your Urban County, then the newly expanded UGLG will be a participant in your Urban County. The cooperation agreement between your Urban County and the expanded UGLG must be submitted to your local CPD field office and OGC Field Counsel for review. If the dissolved UGLG merges with another UGLG not in your Urban County, that UGLG is still considered part of the Urban County until it requalifies.

The Bureau of the Census's (Census) designation of a former incorporated UGLG as dissolved or a former unincorporated UGLG as incorporated is important because Section 102(b) of the HCDA requires the definitions in Section 102(a) (such as City, Metropolitan City, and Urban County) to be based on the most recent data compiled by Census. Therefore, Census must recognize the former incorporated UGLG as dissolved for HUD to recognize it as no longer being an incorporated UGLG.

If your Urban County is requalifying this year or the following year, and the UGLG is recognized by Census as dissolved, the former UGLG will be considered a part of the unincorporated area of your Urban County. In that instance, CDBG funds may be used for activities in the former UGLG, and its residents may benefit from CDBG-funded activities.

If your Urban County is requalifying this year, and the UGLG is not recognized as dissolved by Census (although dissolution has occurred), it will become part of your Urban County, since the UGLG has legally ceased to exist.

### **4.7.2 Qualification of New York Towns as Metropolitan Cities (Entitlements)**

In the State of New York, there are towns that can qualify as Metropolitan Cities. These towns must secure participation of all the incorporated villages in their boundaries to attain Metropolitan City (entitlement) status. There are eight New York towns in existing Urban Counties that are eligible to be Metropolitan Cities but have not taken steps to qualify as Metropolitan Cities: Greensburgh, Hempstead, North Hempstead, Oyster Bay, Clarkstown, Ramapo, Smithtown, and Southampton.

These eight towns decided to participate in their respective Urban Counties' CDBG programs as participating UGLGs. But when the Urban Counties in which the towns are located requalify, these eight towns may decide to become Metropolitan Cities and administer their own CDBG programs. This means that the towns would leave the Urban Counties in which they were participating UGLGs.

If a New York town decides to become a Metropolitan City and administer its own CDBG program, they must take the following steps:

1. The New York town should decide before the Urban County requalification process starts whether it will accept its Metropolitan City (entitlement) status. HUD's past experience has shown that UGLGs need plenty of time to complete all of the necessary processes, so HUD recommends that this decision-making process start the year before the requalification year.

The town must secure the participation of all the villages in its boundaries by executing a cooperation agreement with those villages. Depending on local circumstances, it may take several months to notify every village by letter of its intent to become a separate entitlement community and to secure the participation of all the villages.

The town can't qualify as a Metropolitan City unless it secures participation of all the villages. For example, hypothetical Blue County is requalifying in FY 2026 for FYs 2027–2029. The Town of Purple has been participating in the Urban County's CDBG program but would like to become an entitlement grantee and administer its own CDBG program. The Town of Purple should make this decision in FY 2025 so it can begin to contact the villages and secure their participation in the town's CDBG program.

2. The Urban County must notify all participating UGLGs by letter (typically in April) that they may choose to opt out of participation in the Urban County's CDBG program. The UGLGs must notify the Urban Counties by letter of their decisions by June 27, 2025. The New York town must respond to the Urban County's correspondence by that date. If the town has an auto-renewal cooperation agreement with the Urban County, it must notify the county (typically by mid-June) that it is terminating the cooperation agreement.

The Urban County must be notified by the deadlines in this Notice so that it may complete the requalification process on time. Failure to meet the deadlines may result in the New York town having to remain part of the Urban County for the next three-year qualification period.

If one of these New York towns notifies its Urban County it is leaving, but does not sign up all the villages, then the town (and villages that have signed on to the town's decision to seek entitlement status) may be excluded from the Urban County. But the town (and the villages that signed on) can't receive CDBG funding as an entitlement grantee because the town did not qualify as a Metropolitan City due to failing to sign up all its villages.



#### **4.7.3 Guidance for Wake County, NC and San Diego County, CA**

Section 854(c) of the AIDS Housing Opportunity Act was amended by the Housing Opportunity Through Modernization Act of 2016 (HOTMA) to preserve the continued eligibility of FY 2016 HOPWA formula grantees, including Wake County, North Carolina (which is the HOPWA grantee for the Raleigh, North Carolina Metropolitan Statistical Area). Wake County is the only Urban County that receives a HOPWA formula award from HUD under this arrangement. Separately, San Diego County, California also receives a HOPWA grant.

HOTMA also amended section 854(c) to allow a HOPWA formula grantee to enter into an agreement with an eligible alternative grantee, including an UGLG (which includes a county), to receive and administer the HOPWA formula allocation in its place. San Diego County, CA administers the City of San Diego's HOPWA grant. More information is available in Notice CPD-17-12, available at: <https://www.hudexchange.info/resources/documents/Notice-CPD-17-12-Implementation-of-HOTMA-Changes-to-the-HOPWA-Program.pdf>