



OFFICE OF COMMUNITY PLANNING
AND DEVELOPMENT

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

MEMORANDUM FOR: All Community Planning and Development (CPD) Directors
and CPD Program Managers

FROM: Kera M. Package, Deputy Assistant Secretary
for Grant Programs, DG

SUBJECT: Potential New Metropolitan Cities and Urban Counties
for Fiscal Year 2025
Community Development Block Grant (CDBG) Program

This memorandum provides guidance regarding the options available to potential new metropolitan cities and urban counties for Fiscal Year (FY) 2025. These potential new entitlement grantees are listed by category:

- Potential new metropolitan cities.
- Cities currently participating in an urban county that is requalifying this year for FYs 2025-2027.
- Cities located in a potential new urban county or located in but not currently participating in an urban county.
- Cities not located in an urban county.
- New, potentially eligible urban counties.
- Previously identified potentially eligible urban counties.

Cities and counties that have been identified as eligible for entitlement or urban county status for the first time appear in *italics* on these lists. Please use the information below to notify any community within your office's jurisdiction of its potential eligibility and the options available to it. Please notify such communities in writing no later than one week after receipt of this memorandum.

The potential new metropolitan cities and urban counties listed below are identified based on the Census Bureau's June 1, 2023, population estimates and the Office of Management and Budget's Metropolitan Statistical Area updates. Most of the newly identified cities qualify based on population rather than as new principal cities of metropolitan areas.

HUD has listed an estimated funding level for planning purposes for each potential new grantee. This planning estimate is based on what the jurisdiction's funding allocation would have been if it had been an entitlement program participant in FY 2024. Since the Census Bureau demographic data used for the formula is updated every year for every grantee, and since the number of participating grantees changes every year, HUD makes no guarantee that these estimates

are an accurate prediction of actual FY 2025 allocation amounts for any jurisdiction that decides to accept entitlement community status.

POTENTIAL NEW METROPOLITAN CITIES (NOT PART OF AN URBAN COUNTY)

Planning Estimates

New England (Region 1)

Everett, MA \$953,200

Southeast/Caribbean (Region 4)

Gallatin, TN \$309,000

Northwest/Alaska (Region 10)

East Wenatchee, WA \$93,700

These cities have two options:

1. Accept status as an entitlement grantee; or
2. Defer status as an entitlement grantee and participate through the State CDBG program.

**CITIES CURRENTLY PARTICIPATING IN AN URBAN COUNTY THAT IS
REQUALIFYING THIS YEAR FOR FYS 2025-2027**

Urban County

Planning Estimates

New England (Region 1)

South Portland City, ME Cumberland County \$351,300

Southeast/Caribbean (Region 4)

Apex, NC Wake County \$218,200

Huntersville Town, NC Mecklenburg County \$210,200

Wake Forest Town, NC Wake County \$157,500

Bartlett, TN Shelby County \$197,100

Collierville Town, TN Shelby County \$152,200

Midwest (Region 5)

Fishers, IN Hamilton County \$272,800

Noblesville, IN Hamilton County \$289,100

	<u>Urban County</u>	<u>Planning Estimates</u>
<i>Westfield, IN</i>	<i>Hamilton County</i>	<i>\$185,200</i>
Southwest (Region 6)		
Cedar Park, TX	Williamson County	\$351,800
Georgetown, TX	Williamson County	\$391,000
Leander, TX	Williamson County	\$278,100
Sugar Land, TX	Fort Bend County	\$440,500
Great Plains (Region 7)		
Lenexa, KS	Johnson County	\$212,000
Olathe, KS	Johnson County	\$639,800
Northwest/Alaska (Region 10)		
Lacey, WA	Thurston County	\$304,400
Tumwater, WA	Thurston County	\$113,800

Ordinarily, these cities may select one of the four options below. Most of these cities, however, may have already decided to remain participants in their respective urban counties' CDBG programs. Nevertheless, they must be notified of their entitlement status and given an opportunity to work with the urban county to void the cooperation agreements if they decide to accept entitlement status.

1. Accept status as an entitlement grantee;
2. Accept status as an entitlement grantee and enter into a joint agreement with the urban county in which it is located;
3. Defer status as an entitlement grantee and participate through the State CDBG program;
or
4. Defer status as an entitlement grantee and continue to participate as part of the urban county.

A unit of general local government (UGLG) may become a participant in an urban county's CDBG program during any year in the urban county's three-year qualification period. Once an UGLG becomes a participant in the urban county's CDBG program, however, it must remain with the county for the entire period of qualification that remains when the cooperation agreement is executed. A city may enter into a joint agreement with an urban county only when the county is requalifying for the next three-year period. Please note that most places located in requalifying urban counties have already decided whether they will participate in their respective urban counties.

CITIES LOCATED IN A POTENTIAL NEW URBAN COUNTY OR LOCATED IN BUT NOT CURRENTLY PARTICIPATING IN AN URBAN COUNTY

Planning Estimates

New York/New Jersey (Region 2)

Hammonton, NJ \$113,800

Southeast/Caribbean (Region 4)

Daphne, AL \$135,300

Fairhope, AL \$100,000

Foley, AL \$110,800

Gulf Shores, AL (see note below) \$69,300

Hoover, AL \$405,900

Apopka, FL \$310,200

Punta Gorda, FL* (see note in “Deferring Entitlement Status”) \$92,700

Johns Creek, GA \$314,100

North Myrtle Beach, SC \$81,600

Midwest (Region 5)

Georgetown Charter Township, MI \$230,600

Southwest (Region 6)

Little Elm, TX \$235,000

Richardson, TX** (see note in “Deferring Entitlement Status”) \$743,100

Wylie, TX \$299,200

Great Plains (Region 7)

Ankeny, IA** (see note in “Deferring Entitlement Status”) \$235,100

Rocky Mountains (Region 8)

Parker, CO \$201,700

Helena, MT \$301,000

Casper, WY* (see note in “Deferring Entitlement Status”) \$335,300

Planning Estimates**Pacific/Hawaii (Region 9)**

Kingman, AZ (see note below)	\$206,700
Lake Havasu, AZ (see note below)	\$414,000
Queen Creek, AZ	\$256,100

Daphne, Fairhope, Foley, and Gulf Shores, AL are located in Baldwin County, which qualifies as an urban county. If Baldwin County decides to qualify as an urban county, these cities may accept their entitlement status, defer their status and become a participating UGLG in Baldwin County's CDBG program, accept their status and enter into a joint agreement with Baldwin County, or defer their status and participate in the State CDBG program. If Baldwin County decides not to qualify as an urban county, these cities may either accept or defer their entitlement status.

Kingman and Lake Havasu, AZ are located in Mohave County, a previously identified potential new urban county. If either city accepts its entitlement status, Mohave County will not qualify as an urban county. Both cities may accept their entitlement status, defer their entitlement status to join Mohave County, or defer their status to participate in the State CDBG program.

CITIES NOT LOCATED IN AN URBAN COUNTY

The following cities were previously identified as potential new entitlement communities (not located in an urban county) but deferred their entitlement status. Please notify these cities that they are still potentially eligible for their entitlement status.

Planning Estimates**New England (Region 1)**

Amherst, MA	\$287,300
Methuen, MA	\$442,400
South Burlington, VT	\$98,000

Mid-Atlantic (Region 3)

Gettysburg Borough, PA	\$127,400
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Southeast/Caribbean (Region 4)

Madison, AL	\$201,800
Muscle Shoals, AL	\$55,200
Oxford, AL	\$133,500
Panama City Beach, FL	\$96,000
Sebring, FL	\$113,800

Planning Estimates

Vero Beach, FL	\$105,800
Wildwood, FL	\$146,600
Paducah, KY	\$496,100
Pinehurst Village, NC	\$54,000
Southern Pines Town, NC	\$72,400
Hendersonville, TN	\$297,800
Beaufort, SC	\$95,400
Bluffton, SC	\$111,300
Conway, SC**	\$152,200
Port Royal Town, SC	\$60,500
Southaven, MS	\$335,200
Midwest (Region 5)	
Beavercreek, OH	\$197,000
Mount Pleasant Village, WI	\$116,400
Onalaska, WI	\$64,000
Southwest (Region 6)	
Rockwall, TX	\$179,200
Great Plains (Region 7)	
Cape Girardeau, MO	\$324,300
Pacific/Hawaii (Region 9)	
Corcoran, CA	\$205,900
Prescott Valley, AZ	\$294,400
Northwest/Alaska (Region 10)	
Fairbanks, AK	\$189,800
Kelso, WA	\$131,200

NEW POTENTIALLY ELIGIBLE URBAN COUNTIES**Planning Estimates****Southeast/Caribbean (Region 4)**

<i>Santa Rosa County, FL</i>	\$976,310
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Pacific/Hawaii (Region 9)

<i>Tulare County, CA</i>	\$2,607,530
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These counties must be advised that they may qualify as urban counties this year for FYs 2025-2027. However, because this notification is being provided later than usual, it is recommended that the counties be advised to qualify in 2025 for FYs 2026-2028.

PREVIOUSLY IDENTIFIED POTENTIAL NEW URBAN COUNTIES

The following urban counties were previously identified as potential new urban counties, but deferred their entitlement status. Please notify these counties that they are still eligible to accept their urban county entitlement status for Fiscal Year 2024. These counties may also be advise of the recommendation that they qualify in 2025 for FYs 2026-2028.

Planning Estimates**New England (Region 1)**

Hillsborough County, NH	\$872,230
Rockingham County, NH	\$1,245,030

New York/New Jersey (Region 2)

Saratoga County, NY	\$1,154,250
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Mid-Atlantic (Region 3)

Frederick County, MD	\$720,380
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Southeast/Caribbean (Region 4)

Baldwin County, AL	\$1,166,530
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Charlotte County, FL	\$1,026,360
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Forsyth County, GA	\$961,580
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	<u>Planning Estimates</u>
Johnston County, NC	\$1,456,200
York County, SC** (see note in “Deferring Entitlement Status”)	\$947,020
Sumner County, TN	\$1,183,380
Midwest (Region 5)	
Delaware County, OH	\$601,960
Ottawa County, MI	\$1,226,100
Southwest (Region 6)	
Collin County, TX	\$2,108,760
Denton County, TX	\$1,647,930
Ellis County, TX	\$1,077,720
Rocky Mountains (Region 8)	
Douglas County, CO	\$874,980
Pacific/Hawaii (Region 9)	
Mohave County, AZ (see note below)	\$1,685,810

Mohave County, AZ may only qualify as an urban county if the cities of Kingman and Lake Havasu both decide to not accept their entitlement status and join the county instead. Both cities appear on the list of cities located in a potential new urban county.

COUNTIES THAT MAY QUALIFY AS URBAN COUNTIES IF METROPOLITAN CITIES RELINQUISH THEIR STATUS

[Attachment 6](#) of the 2024 Urban County Notice (Notice CPD-24-02) contains a list of counties that could qualify as an urban county, if one or more currently-participating entitlement grantees located in that county were to relinquish their metropolitan city status in favor of the county. Headquarters defers to field offices on the appropriateness of contacting those cities and counties, based on the field office’s prior interactions with, and knowledge of, those communities.

DEFERRING ENTITLEMENT STATUS

*Punta Gorda, FL and Casper, WY do not need to be notified of their potential entitlement status, as they have recently and consciously decided to give up their entitlement community status. These cities are listed because they are not 2024 CDBG program participants.

** Shaded cities and counties have previously notified HUD that they “permanently” defer their entitlement status. They do not need to be notified of their potential entitlement status. Any potentially eligible city or urban county may choose to “permanently” defer its entitlement status. This means that the city or county does not intend to accept its status in the foreseeable future. Any city or county that makes this choice should notify your office in writing of this intent. HUD will not send any further notifications to the grantee regarding its potential entitlement status. The city or county may elect in the future to accept its entitlement status, as its decision to “permanently” defer its entitlement status is reversible. It will be the responsibility of the city or county to notify HUD if it changes its mind in the future. Please notify the Entitlement Communities Division of any other cities or counties that choose to “permanently” defer their entitlement status.

QUALIFICATION DEADLINES

Please have each city identified above that is not located in a requalifying urban county notify you of its intent to accept or defer its entitlement status by September 27, 2024. Cities located in requalifying urban counties are required to notify you of their intent to accept or defer their entitlement status as soon as possible (again, most have already done so) but no later than September 6, 2024. Those cities should also consult the 2024 Urban County [Notice](#) regarding deadlines for notifying the urban county of their intentions. This may be particularly important in counties that use automatically-renewing cooperation agreements. You may email all decisions to Abubakari Zuberi and Dwight Jefferson of the Office of Technology, Innovation and Evaluation and Gloria Coates of the Entitlement Communities Division upon receipt.

Please contact all qualified potential new urban counties, provide each a copy of the 2024 Urban County [Notice](#) and review the qualification steps that a county must complete to qualify as an urban county under the CDBG program. Please also provide this Notice to any potential new metropolitan city that also has the option of signing a joint agreement with an urban county. For a potential new urban county to qualify for CDBG funding in Fiscal Year 2025 by no later than September 13, 2024, your office (and field counsel) must receive and review the documentation a potential new urban county is required to complete and submit to qualify as an urban county.

Potential new urban counties should also be aware of the qualification deadlines that apply to the HOME program, should a county qualify for HOME funds as well as CDBG funds. Section 217(b)(2)(B)(3) of the National Affordable Housing Act (42 U.S.C. 12747) established a statutory deadline for grantees to qualify as a participating jurisdiction for HOME funding in the following year. HUD must receive and approve the necessary documents before September 20, 2024, for a county to qualify for HOME funding in FY 2025. Because this deadline is based on a statutory requirement, it cannot be extended.

CONCLUSION

The attached guidance for new entitlement grantees identifies the requirements that must be followed if a potential new grantee elects to accept its entitlement status. Please share this information with potential new entitlement grantees. Any questions related to this memorandum should be sent to the Entitlement Communities Division.

Attachment

GUIDANCE FOR POTENTIAL NEW ENTITLEMENT GRANTEES COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) PROGRAM

Potential new CDBG entitlement grantees may be identified annually when the Census Bureau releases updated population data. In addition, the Office of Management and Budget periodically issues bulletins that update their designations of metropolitan areas, counties included in metropolitan areas, and principal cities of those metropolitan areas. This memorandum provides guidance to potential new entitlement communities on the process required to become entitlement communities.

Once they are notified that they may be eligible for CDBG funding, potential new entitlement grantees are required to provide a written response to their local HUD Field Offices stating that they accept or decline their entitlement status. This response may be sent via email with a PDF attachment, facsimile, or mailed to the Field Office.

Part 91 Requirements

Potential new entitlement grantees must select a program year start date between January 1 - October 1. New grantees are encouraged to select a program year start date from July 1 - October 1 because of the amount of time required to develop a citizen participation plan, Consolidated Plan/Action Plan, train and hire staff on CDBG program requirements, and perform other necessary administrative actions required for start-up. In addition, because the Congressional appropriation process is often not completed by the start of the federal fiscal year, grantees with a program year start date of April 1 or earlier often do not receive their CDBG grants until well after their program year start dates.

Grantees are required to prepare a citizen participation plan that gives their policies and procedures for citizen participation in accordance with 24 CFR 91.105(a)(1). According to 24 CFR 91.105(a)(2), the citizen participation plan must provide for and encourage citizens to participate in the development of the consolidated plan/action plan, substantial amendments to the consolidated plan, and the annual performance and evaluation report. Low and moderate persons should be encouraged to participate in this process, particularly those that reside in areas where CDBG assistance may be targeted. Grantees must also encourage the participation of minorities, non-English speaking persons, and persons with disabilities as well. Participation by nonprofits, community-based organizations, public housing agencies, businesses, developers, and faith-based organizations should also be encouraged.

A grantee is required to prepare a Consolidated Plan every three to five years and an annual Action Plan that details the activities it will carry out with CDBG funds. 24 CFR 91.5 defines a Consolidated Plan as the document submitted to HUD that serves as the comprehensive housing affordability strategy, community development plan, and submissions for funding under any of the Community Planning and Development formula programs (CDBG, HOME, ESG, and HOPWA) prepared in accordance with the process detailed in Subpart C of the Part 91 regulations.

Information required for a complete Consolidated Plan includes:

- A housing and a homeless needs assessment, which includes the jurisdiction's estimated housing needs, number and types of families in need of housing assistance for extremely low income, low income, moderate income, and middle-income families, renters or owners, elderly persons, single persons, large families, persons with HIV/AIDS and their families, and persons with disabilities.
- A homeless needs assessment which describes the nature and extent of homelessness; an estimate of the number of persons who are not homeless but require supportive housing; and the number of housing units occupied by low- and moderate-income families that contain lead paint hazards.
- A housing market analysis.
- A strategic plan which addresses non-housing community development needs and barriers to affordable housing.
- An anti-poverty strategy.

Grantees must address all of the requirements listed in the regulations.

HUD cannot provide an estimate of how many hours it would take to prepare a Consolidated Plan because the number would vary with each entitlement grantee. It is recommended that potential new entitlement grantees contact other comparable entitlement grantees or the HUD Field Office to ascertain this information.

The regulations at 24 CFR 91.15(a)(1) state that jurisdictions should submit their Consolidated Plans to HUD at least 45 days before the start of its program year. 24 CFR 91.15(a)(2) states that HUD will not accept a Consolidated Plan submission earlier than November 15 or later than August 16 of the federal fiscal year for which the grant funds are appropriated. It is important for grantees to understand that failure to submit their Consolidated Plan and Annual Action Plan by August 16 will result in the loss of funding for that fiscal year. Grantees should consult 24 CFR 91.220-230 for guidance concerning preparation of an annual Action Plan. Information on the Consolidated Plan may be accessed at <https://www.hudexchange.info/programs/consolidated-plan>. Grantees are required to submit their Consolidated Plan/Action Plan in the eCon Planning Suite: Consolidated Plan and IDIS. The eCon Planning Suite includes CPD Maps, a mapping tool to assist grantees in determining where to target CDBG assistance. Additional information on the eCon Planning Suite may be accessed at <https://www.hudexchange.info/programs/consolidated-plan/econ-planning-suite/>. Webcasts on use of the eCon Planning Suite may be accessed at <https://www.hudexchange.info/programs/consolidated-plan/econ-planning-suite-overview-webinars/>.

Grantees are also permitted to hire consultants to assist them in developing a Consolidated Plan. Consultants must be procured in accordance with the procurement requirements at 2 CFR 200.318-200.326, accessible at https://www.ecfr.gov/cgi-bin/text-idx?tpl=/ecfrbrowse/Title02/2cfr200_main_02.tpl. Notice CPD 96-5 also provides guidance on the procurement of consulting services. It may be accessed at https://www.hud.gov/program_offices/administration/hudclips/notices/cpd/99-95#1996

Once a grantee submits its Consolidated Plan/Action Plan to the HUD Field Office, HUD has 45 days to review and approve it. A Consolidated Plan/Action Plan is considered approved by HUD 45 days after HUD receives it unless HUD notifies the grantee before that date that its plan is disapproved. The Field Office may disapprove all or part of a grantee's Consolidated Plan/Action Plan. Reasons include but are not limited to the plan being substantially incomplete, developed without citizen participation and/or consultation, or HUD determined that one or more of the certifications submitted with the plan are inaccurate. A grantee has 45 days from the date of notification of disapproval by HUD to resubmit its Consolidated Plan/Action Plan, and HUD has 30 days to approve or disapprove the resubmitted Consolidated Plan/Action Plan.

Once HUD approves a grantee's Consolidated Plan/Action Plan, the HUD Field Office issues a grant agreement. After the grant agreement is executed by HUD and the grantee, an account is established in the grantee's name with the U.S. Treasury. This is the grantee's Line of Credit. Grantees must draw down funds by activity as they are needed rather than draw down the entire grant at once. Grantees are not permitted to draw down funds in advance of need and are required to minimize the time between the transfer of funds from the Treasury to disbursement by them or their subrecipients for eligible activities.

Preparation of Consolidated Plans/Action Plans

New CDBG grantees are permitted to incur costs for the preparation of their citizen participation plans, Consolidated Plans/Action Plan and other administrative costs before the date of their grant agreements. Under the authority of 24 CFR 570.200(h), reimbursement for pre-award costs, before the effective date of the grant agreement, a grantee may incur costs and then after the effective date of the grant agreement pay for those costs using its CDBG funds. Citizens must be advised of the extent that pre-award costs will affect future grants, and the costs must be in compliance with Subpart C of the Part 570 regulations and the environmental review procedures stated in 24 CFR Part 58. Pre-award authority is only permitted for preparation of the first year's Consolidated Plan/Action Plan.

CDBG Program Administration

CDBG grantees are permitted to spend no more than 20 percent of their CDBG grants plus 20 percent of program income earned that program year for planning and administration expenses. Planning and administration expenses include but are not limited to preparation of the Consolidated Plan/Action Plan, staff salaries for employees administering the CDBG program, and lease of office space. New grantees will require significant start-up costs associated with the development of their citizen participation and consolidated/action plans and capacity building.

New CDBG grantees are advised to carefully consider the options for administering their proposed CDBG-assisted activities. The option(s) selected may depend on the size of the CDBG grant, grantees' capacity for CDBG program administration, and the activities that they plan to carry out. In accordance with 24 CFR 570.200(f), a grantee may carry out CDBG activities:

- through its employees (the hiring of staff to administer the CDBG program is an eligible administrative cost).
- procuring with a consulting firm or for-profit grant administrator (the contract must be governed by the requirements of 2 CFR 200.318-200.326).
- through loans or grants made to subrecipients (see 24 CFR 570.500(c) for the definition of subrecipient) or
- the use of one or more public agencies (such as the county, a public housing authority or a redevelopment authority).

Grantees may use one or more of these options for carrying out CDBG-assisted activities. However, please note that 24 CFR 570.501(b) states that the grantee is responsible for ensuring that CDBG funds are used in accordance with all program requirements. The use of designated public agencies, subrecipients, or contractors does not relieve grantees of this responsibility. This means that grantees must ensure that designated public agencies, subrecipients, and contractors are carrying out CDBG-assisted activities in compliance with all CDBG program requirements. The grantee is responsible for monitoring such entities to ensure performance and compliance. The grantee remains responsible for any compliance problems and is financially responsible for any disallowed costs.

CDBG grantees are required to provide CDBG assistance only to areas within their jurisdictions' boundaries unless the requirements in 24 CFR 570.309 are met. This provision states that a grantee must determine that an activity funded outside of its jurisdiction is necessary to further the purposes of the Housing and Community Development Act of 1974 and its community development objectives, and that the grantee's residents are reasonably benefiting from the activity. It is important that grantees document the basis for this determination before CDBG funds are expended, and grantees must maintain that documentation. Urban counties are reminded that local governments which chose to opt out of the county's program or chose not to sign a cooperation agreement to participate in the county's program are not part of the CDBG Urban County. Even though these local governments may lie within the county's corporate boundaries, they are outside the jurisdiction of the county for CDBG program purposes.

Reporting Requirements

CDBG grantees are required to be proficient in the use of the Integrated Disbursement and Information System (IDIS). IDIS is the system through which grantees enter activity accomplishments and draw funds from the Line of Credit. Grantees are required to report on all CDBG-assisted activities in IDIS on a regular basis. Grantees are required to enter information on the proposed activity and national objective. As the activity progresses, grantees are required to

report on activity accomplishments and performance measures. For activities that will meet the low- and moderate-income jobs national objective, grantees are required to enter information on race and income of the beneficiaries and identify the number of jobs created or retained. For activities that will meet the low- and moderate-income limited clientele national objective, grantees are required to enter information on race and income of the beneficiaries. For activities that will meet the low- and moderate-income area benefit national objective, grantees are required to enter information on the Census block groups that comprise the service area of the activity. The IDIS training manual may be accessed at <https://www.hudexchange.info/resource/2685/idis-online-for-cdbg-entitlement-communities-training-manual/>. The IDIS home page, providing IDIS resources, news, and announcements may be accessed at <https://www.hudexchange.info/programs/idis/>.

To obtain an IDIS account, a grantee's chief executive officer (or their designee) must fill out the IDIS Online Access Request Form, have it notarized, and submit it to their local HUD Field Office. For security and separation of duties purposes, multiple staff members will require IDIS access. The form and additional information on the requirements for acquiring an IDIS account may be accessed at <https://www.hudexchange.info/programs/idis/idis-technical-assistance/>.