

Frequently Asked Questions: CDBG Proposed Rule

Q: What is the CDBG and ICDBG Proposed Rule?

A: HUD seeks to improve the ability of CDBG grantees and Section 108 borrowers to implement funding more effectively and efficiently in their communities. The proposed changes will enhance the CDBG program's goal of primarily benefiting low- and moderate-income persons while removing obstacles that prevent the use of the program in targeted areas and for economic development activities. The proposed changes will not have any impact on the allocation of CDBG funds among recipients.

The changes will particularly benefit underserved communities, including historically marginalized communities of color experiencing disproportionate disinvestment and denial of economic opportunities. The proposed rule also aims to improve data collection to measure effectiveness and improve program outcomes through more effective use of CDBG funds, while ensuring CDBG and Section 108 recipients use funds efficiently and in a timely manner to benefit their communities.

The proposed rule will make corresponding minor conforming changes to the ICDBG regulations in part 1003, where appropriate, to ensure that the CDBG and ICDBG regulations continue to align. Finally, the proposed rule will remove outdated provisions and make technical corrections.

Q: Why did HUD issue this Proposed Rule?

A: This Proposed Rule enables the Federal government to continue bolstering economic recovery through job creation while addressing economic inequities, by strengthening small businesses and investing in enduring job opportunities in underserved communities, for example. The proposed rule will incentivize investment in vulnerable communities by streamlining and improving mechanisms for greater flexibility of funds to flow to economically distressed communities while signaling the Federal government's willingness to support these investments. These investments will enable communities to encourage, build, and expand activities that revitalize communities.

The proposed revisions would be the first substantial regulatory update since 1995. If enacted, this proposed rule would be a significant step to modernizing and strengthening the programs to allow funds to flow more quickly to economically distressed communities. It would also improve data collection to measure effectiveness and program outcomes.

Q: When will the Rule go into effect?

A: The CDBG/ICDBG Rule will go into effect 30 days after the Final Rule publication. For more details about the typical rulemaking process, please review https://www.federalregister.gov/uploads/2011/01/the_rulemaking_process.pdf

Q: Which entities are subject to the Rule?

A: The Proposed Rule refers to "recipients." For the CDBG program, this refers to CDBG grantees and Section 108 borrowers.

Q: Can I submit comments on the Rule?

A: For Electronic Submission of Comments, interested persons may submit comments electronically through the Federal eRulemaking Portal at <http://www.regulations.gov>. HUD strongly encourages

commenters to submit comments electronically. Electronic submission of comments allows the commenter maximum time to prepare and submit a comment, ensures timely receipt by HUD, and enables HUD to make them immediately available to the public. Comments submitted electronically through the <http://www.regulations.gov> website can be viewed by other commenters and interested members of the public. Commenters should follow the instructions provided on that website to submit comments electronically.

Comments may also be submitted by mail to the Regulations Division, Office of General Counsel, Department of Housing and Urban Development, 451 7th Street, SW, Room 10276, Washington, DC 20410-0500.

Please note that Facsimile (Fax) comments are not acceptable.

Copies of all comments submitted will be available for inspection and downloading at <http://www.regulations.gov>.

Q: What does HUD do after the comment period closes?

A: HUD compiles all submitted comments for further inspection and downloading at <http://www.regulations.gov>. HUD will provide a summary of comments and publish it in the Final Rule. In addition, HUD will revise and incorporate comments into the preamble and the Final Rule if necessary. In parallel, HUD will modify the Final Rule text as necessary.

Q: Why did HUD focus on economic development?

A: The last substantive update occurred in 1995. HUD wants to change national objectives criteria to remove impediments to conduct economic development activities, update the public benefit standards to allow recipients greater flexibility in undertaking economic development activities, and incorporate several changes to eligible activities under the CDBG and Section 108 loan guarantee programs.

The Rule will update regulations implementing statutory national objectives, streamline requirements, and make other programmatic improvements that will simplify the rules governing the use of CDBG and ICDBG funds for economic development activities.

Q: How will the Rule target resources towards communities with the greatest need?

A: HUD wants CDBG and Section 108 recipients to make greater use of CDBG funds in economically distressed communities, particularly those designated through other Federal or state programs. The proposed rule addresses aspects of 24 CFR part 570 that HUD considers to be unnecessarily cumbersome to economic development activities and otherwise proposes to revise or add additional flexibility for CDBG and Section 108 recipients in facilitating economic development. The proposed rule would make it easier for CDBG and Section 108 recipients to carry out job creation and retention activities while reducing recordkeeping burdens on CDBG and Section 108 recipients and assisted businesses alike. HUD has re-envisioned the public benefit standard and proposes to simultaneously remove disincentives for economic development, add flexibility in demonstrating public benefit, and update standards to reflect current and future market conditions. HUD believes these proposed changes would provide CDBG and Section 108 recipients with a greater ability to support business development and assist states and local governments in bolstering job creation.

Q: Why does HUD want to improve data collection?

A: HUD wants to improve data collection to measure effectiveness and improve program outcomes through more effective use of CDBG funds, while ensuring recipients use funds efficiently and in a timely manner to benefit their communities.

Q: Which definitions are clarified in the Rule?

A: The Rule seeks to clarify the eligible uses of CDBG by defining the following terms: activity delivery costs, elderly, entitlement amount, and period of performance.

Q: What types of technical assistance will be available?

A: After the Final Rule is issued, HUD will hold briefing sessions, conduct webinars for grantees and stakeholders, issue FAQs, update monitoring exhibits, update website information

Q: Will the proposed rule impact the formula grant allocation method?

A: No, this proposed rule does not impact the formula grant allocation method. The proposed changes will not have any impact on the allocation of CDBG funds among recipients.