



HUD FACT SHEET:

Community Development Block Grant Program, Consolidated Plans, and Indian Community Development Block Grant Program, Notice of Proposed Rulemaking

On January 10, 2024, HUD published a Proposed Rule in the Federal Register, which would update regulations for the Community Development Block Grant (CDBG) program, and related regulations for the Indian Community Development Block Grant (ICDBG). HUD is soliciting public comment on the proposed rule until March 11, 2024.

The proposed rule would streamline the use of CDBG funding for economic development and recovery in low- and moderate-income communities, spur investments in underserved areas, update provisions related to the Consolidated Plan and citizen participation to ensure equitable outcomes and to increase access to public announcements, and update timely performance regulations to encourage larger, transformational construction projects.

HUD is also proposing to make certain corresponding minor conforming changes to the ICDBG program regulations to align the ICDBG program with the revisions being made to the CDBG program regulations.

The Proposed Rule

The Proposed Rule focuses on three primary areas of change:

1. Economic Development
2. Consolidated Plan and Citizen Participation
3. Timely Performance

Economic Development

The Proposed Rule will ease and promote economic development and recovery in low- and moderate-income communities and support investments in underserved areas. Some of the key changes include:

- Enabling communities to better achieve **CDBG National Objectives**
 - Expansion of definitions and broadening criteria to enable greater use for economic development projects
 - Simplification of recordkeeping requirements for documenting Low-Moderate Income (LMI) jobs

- Elimination of multiple poverty rate thresholds for presumptive Low-Moderate Income job determinations
 - Expansion of regulatory criteria to allow greater flexibility to undertake economic development projects
- Supporting **Mixed-Use Financing** by allowing recipients greater flexibility in structuring eligible activities
- Allowing recipients greater flexibility to demonstrate **non-monetary public benefit**
- Revising the **public benefit standards** by removing the aggregate standards, increasing the amount of the individual standards, and providing new options for grantees to demonstrate a public benefit
- Permitting **pass-through financing** for economic development projects via direct financial assistance to tax credit entities

Consolidated Plan and Citizen Participation

- Encouraging prioritization of **target areas** and require grantees who choose to target to set quantitative, neighborhood-level outcome goals in their Consolidated Plans and to measure their performance in each required report
- Requiring grantees to describe in **Consolidated Plans how they will measure impact** of CDBG grants in low-income communities
- Clarifying that the addition of new activities requires a **substantial amendment** to the grantee's plan and will require citizen participation
- Expanding grantee's options to make the Consolidated Plan more **publicly accessible** to persons with disabilities and provide meaningful access to limited English proficient persons

Timeliness and Grant Based Accounting Changes

- Creating a new **grant-based timeliness review method** to encourage larger, transformational construction projects
- Updating **closeout** regulations
- Establishing a **time limit** by which a grantee must demonstrate a CDBG-assisted activity has met a national objective

The Intended Impact of the Proposed Rule

The proposed rule will incentivize transformative investments in underserved communities through eligible housing, community development, public service, and economic development activities. This rule also supports the Administration's commitment to streamline and modernize programs to make them easier to use and to reduce the burden on grantees.

Submit your comment!

HUD is now accepting public comments until March 11, 2024 as follows:

- 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 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>.