



OFFICE OF COMMUNITY PLANNING
AND DEVELOPMENT

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

MAR 07 2014

MEMORANDUM FOR: All CPD Field Office Directors

FROM: Yolanda Chávez, Deputy Assistant Secretary for
Grant Programs, DG

SUBJECT: Summary of significant changes contained in HUD Notice
CPD 13-002 Procedures for Designation of Consortia as a
Participating Jurisdiction for the HOME program

On April 9, 2013, the Office of Affordable Housing Programs (OAHP) issued HUD Notice CPD 13-002, *Procedures for Designation of Consortia as a Participating Jurisdiction for the HOME program*, superseding HUD Notice CPD 08-01. In anticipation of receiving qualification documents from proposed new consortia and re-qualification documents from existing renewing consortia for fiscal year (FY) 2015 HOME participation, the purpose of this memorandum is to highlight the most significant changes between the two notices.

1. Adding new members to a consortium with automatic renewal

The previous Notice (HUD Notice CPD 08-01) instructed that an existing consortium with automatic renewal must submit a new agreement signed by all members if it was adding new members for the first year of a new qualification period. The new Notice (HUD Notice CPD 13-002) changes this requirement to allow an existing HOME consortium with automatic renewal provisions to add new members to the consortium during the last fiscal year of qualification period (to be effective during the first year of the new qualification period) through an amendment to the current consortium agreement. This change will ease the administrative burden for consortia with automatic renewal that wish to add new members. Consequently, a consortium may add new members at any time during its qualification period through an amendment to the current consortium agreement.

2. Amending the consortium agreement to add automatic renewal provisions

The new Notice (HUD Notice CPD 13-002) also provides guidance to consortia regarding amending the consortium agreement to add automatic renewal provisions. The previous Notice (HUD Notice CPD 08-01) did not contemplate this type of amendment. The consortium agreement can be amended at any time to add automatic renewal provisions. If the consortium agreement is amended in the last year of a consortium's qualification period, the automatic renewal provisions will be used to re-qualify the consortium for the next three-year qualification period provided the amendment is executed prior to the September 30 statutory deadline for participation and the consortium follows the procedures for re-qualifying with automatic renewal provisions.

3. Requirement for a State Certification

HUD Notice CPD 13-002 also clarifies that a State certification is required for (1) all new consortia, (2) all renewing consortia without automatic renewal, and (3) all renewing consortia with a change (addition or subtraction) in membership. A State certification is not required for all renewing consortia with automatic renewal and no change in membership.

4. Federal fiscal year requirement

HUD Notice CPD 13-002 further clarifies the requirement that the consortium agreement must clearly state the three Federal fiscal years for which it is applicable. HUD will reject any consortium agreement that does not state specifically and accurately the three Federal fiscal years of the consortium's qualification period. This is in addition to any language contained in the consortium agreement regarding the participating jurisdiction's program year start and end dates.

5. Automatic renewal language and checklist

As a result of the significant number of consortia agreements and amendments that contained inadequate automatic renewal provisions, HUD Notice CPD 13-002 contains sample automatic renewal language (Attachment 2) that HOME consortia can adopt or modify that will satisfy both OAHP and the Office of General Counsel. The Notice also incorporates a checklist (Attachment 1) for automatic renewal provisions to help HOME consortia developing automatic renewal provisions to ensure their draft provisions contain all of the required elements.

If you have any questions regarding HUD Notice CPD 13-002 or HOME consortia please contact Dora Rivera in OAHP at dora.i.rivera@hud.gov or 202-402-2410.