Action Activities Requirements and Process:
Planning and Action Grantees

Purpose of Action Activities
Neighborhood planning is an important first step in rebuilding community confidence and establishing a shared vision for the future. Over time, the planning process may start to lose momentum and the community, especially communities that have seen plans come and go in the past, may wonder when all this planning is going to turn into results. For this reason, tangible, early actions help communities build momentum for further planning and the eventual transition from planning to implementation of that plan. These actions can improve neighborhood confidence and attract investment, which in turn sustains the community’s energy, attracts more engagement and resources, and helps convince skeptical stakeholders that positive change is possible.

How Action Activities Funds Can Be Used
You must use Action Activities funds for physical neighborhood improvements, specifically community development or economic development projects that enhance and accelerate the transformation of the neighborhood. Action Activities should be used for innovative solutions that address neighborhood challenges. Action Activities must also be responsive to the neighborhoods’ needs and should build on the Transformation Plan. Additionally, you are encouraged to use Action Activities to build community capacity and social cohesion through the way in which the projects are designed, led, and implemented.

You cannot use Action Activities funds for:
- non-physical uses, such as supportive services, staffing, and marketing;
- basic infrastructure or as a substitute for basic municipal services;
- redevelopment of the public or HUD-assisted housing targeted in this application, including acquisition, relocation, demolition and remediation, rehabilitation, or construction of the targeted housing; or
- the planning and proposal process for Action Activities.

Types of Action Activities
You can only use Action Activities funds for the following activity types:
- Reclaiming and recycling vacant property* into community gardens, pocket parks, farmers markets, or land banking (with maintenance);
- Beautification, placemaking, and community arts projects, such as creative signage to enhance neighborhood branding, murals and sculptures, specialty streetscaping, or garden tool loan programs;
- Homeowner** and business façade improvement programs;
- Neighborhood broadband/Wi-Fi;
- Fresh food initiatives, such as farmers markets and mobile fresh food vendors; and
- Gap financing for economic development projects.

If your planning process identifies an innovative use not listed here, HUD has the discretion to consider whether that use is allowable.

*If vacant or other land is acquired with Action Activities funding and that land is eventually used for housing, the housing carries a 20-year affordability restriction of up to 120% of Area Median Income (AMI).

**Homeowner façade improvement programs may only address the exterior (or façade) of homes. Any interior improvements carry a 20-year affordability restriction of up to 120% of Area Median Income (AMI).
Required Elements of Action Activities Plan Proposal

In your draft proposal, you must respond to elements 1-4 for each Action Activity. Your final proposal must respond to all elements (as applicable). In your response to each element, you are encouraged to consider the questions listed on the Action Activities Planning Tool. More information may be required and you should work closely with your Team Coordinator to identify and provide additional documentation.

1) Action Activity Description: Provide a succinct narrative description of each Action Activity. Discuss how the activity supports the grantee’s Transformation Plan and meets the Action Activities goals, such as enhancing and accelerating the transformation of the neighborhood and attracting neighborhood investment. Describe how this activity will build community capacity or social cohesion through the way in which it is designed, led, and/or implemented. Describe the specific scope of the activity and expected outcome (e.g., 10 home-owner occupied homes rehabbed; 20 commercial façades improved; a 10,000 sq ft grocery store). Describe how the Action Activity is strategically located, aligns with other neighborhood improvements/assets, and/or aligns with other Action Activities. Provide maps and, if applicable, photographs of the project and/or area to be impacted.

2) Administration: Discuss how the Action Activity will be administered. Identify all responsible parties and describe their roles. Include past experience implementing and/or managing similar projects. Provide an administrative budget for each activity and discuss how administrative costs will be funded. Administrative costs cannot be covered by Choice Neighborhoods Action Activity funds.

3) Project Development Budget: Provide a budget for each Action Activity showing all sources and uses of funds, including Choice Neighborhoods funds, leverage commitments listed in the application, and other sources that directly support proposed activities. Provide evidence of firm commitments for all leverage sources. A “firm commitment” means that the amount of the resource and its dedication to specific Choice Neighborhoods Action Activities is explicit. Endorsements or general letters of support from organizations or vendors alone are not sufficient. Commitment documents should be on official letterhead or other official documentation (e.g., city council resolution), signed by a person authorized to make the commitment, and dated. Funding commitments may be contingent upon approval and release of Choice Neighborhoods Action Activities funds for the specific Action Activity.

4) Project Schedule: Provide a detailed schedule including all major milestones for developing and implementing each proposed Action Activity.

5) Project Operational Budget: If applicable, show that the operations of the project are sustainable by providing a preliminary 5-year operating budget for business related activities and describing the sources of funds for operations. Provide evidence of firm financial commitments for operations when possible.

6) Use of Program Income: If income will be generated as a result of the Action Activity, indicate how the income will be reinvested and used for eligible activities within the development or target neighborhood. For example: if Choice Neighborhoods Action Activity funds are used to land bank lots and those lots are eventually sold to nonprofit builders, discuss how sale proceeds will be used.
7) **Program/Policy Guidelines:** If applicable, submit detailed Program and/or Policy Guidelines outlining your strategy with clear, step-by-step instructions targeting the implementation of your Action Activity. Guidelines are generally applicable if your project is an on-going program, such as a homeowner façade or business façade program.

**Action Activities Proposal & Approval Process**

Grantees have three and a half years from the grant award date to propose, secure approval, and complete their Action Activities. Grantees should work closely their Team Coordinator throughout their Action Activities process and development of their proposed Action Activities plan. Below is a summary of the key milestones associated with the proposal and approval process.

**Month 21: Grantee Provides Draft Proposal**

- Grantee provides HUD Team Coordinator with a draft proposal of Action Activities Plan, which includes preliminary descriptions of the activities to be proposed and responds to elements 1-4. Grantee may also, but is not required to, submit additional elements (as listed above). Grantee follows the Action Activities Requirement and Process guidance and uses the Action Activities Planning Tool to help shape their proposal.

**Month 22: HUD Provides Early Feedback**

- Within a month of the submission, HUD Team Coordinator provides early feedback to the grantee.

**Month 24: Grantee Submits Final Proposal**

- By month 24, grantee provides HUD Team Coordinator with final proposal for Action Activities Plan that includes all required elements of the Action Activities Plan Proposal (as listed above), as well as additional documentation as requested by the HUD Team Coordinator.

**Review and Approval**

- HUD Team Coordinator reviews submission with the HUD Team and requests clarification or documentation from the grantee, as needed.
- Grantee provides additional information as requested by the HUD Team Coordinator.
- Within a month of receipt of additional information, HUD Team Coordinator presents the proposal to the panel. The panel reviews the proposal and either approves in concept, disapproves, or requests additional information.
- If the proposed Action Activities plan is not approved in concept, the grantee must revise their proposal and resubmit within 30 days, unless another timeframe is established by the Action Activities panel.
- Upon completion of HUD’s review and approval, HUD provides a concept approval letter for the overall Action Activities Plan and identifies requirements related to each specific activity before funds can be released.

**Release of Funds**

- Grantees should not begin implementing Action Activities that have been approved “in concept.” HUD may approve Action Activities projects “in concept” and require additional information prior to HUD authorization of Choice Neighborhoods funds for expenditure. For example, a façade grant program may be approved in concept, but Choice funds may not be made available for expenditure until program
guidelines have been submitted, revised, and approved. HUD reserves the right to withdraw approval “in concept” of a specific Action Activity if additional requirements are not met.

- The grantee must also complete the Environmental Review process for all Action Activities, pursuant to 24 CFR part 58. Release of funding will be contingent on Action Activities receiving Environmental Review approval. Please send evidence of approval to your Team Coordinator in the form of:
  1) The Request of Release of Funds/Environmental Certification (RROF/C) Form (HUD-7015.15) signed by the Responsible Entity and the Authority to Use Grant Funds (AUGF) Form (HUD-7015.16) signed by HUD; OR
  2) Documentation that the activity is: Exempt; Categorically Excluded Not Subject To the laws and authorities at 58.5 (CENST); or Categorically Excluded Subject To the laws and authorities at 58.5 (CEST) and converted to exempt because there are no circumstances which require compliance with 58.5. Documentation is provided through a letter by the Responsible Entity or the HUD Environmental Review Officer certifying that the Environmental Review has been completed pursuant to 24 CFR Part 58 and the activity has been determined to be Exempt, CENST, or CEST converted to exempt; OR
  3) In the rare circumstance where the NOFA exception detailed under the “Environmental Requirements” section is met and the Environmental Review is being completed under 24 CFR Part 50 (HUD as the Responsible Entity), release of funding will be contingent on completion of the review in HEROS and a copy of the electronic certification of the 7015.16 HEROS screen by HUD.

- All Action Activities must be included in the Choice Neighborhoods Planning Grants Budget form (HUD-53236). For any changes to the Action Activities budget, a budget revision must be submitted to HUD for review and approval. Funds for specific Action Activities will be authorized for expenditure in LOCCS once all submissions have been made and approved by HUD.

**Other Considerations**

- Action Activities are not the same as Implementation Grant Critical Communities Improvements. Action Activities are limited to certain types of activities and are required to be completed within a much shorter time frame.

- If land is acquired with Action Activities funding and that land is eventually used for housing, the housing carries a 20-year affordability restriction of up to 120% of Area Median Income (AMI).

- HUD encourages the use of Action Activities funds for grants, instead of loans. However, if you are considering Action Activities that involve providing loans, please consult your HUD Team Coordinator as soon as possible to determine whether this can be accomplished within the required timeframe and what additional documentation and restrictions are required.

- Gap financing for economic development projects are typically limited to projects that are near implementation and have all the finances in place apart from a small “gap.”

- Because Action Activities are meant to have a lasting impact, HUD typically does not approve Action Activities that use land on an interim basis, unless it is for the purposes of reclaiming and recycling vacant land.

- If there is a possibility that the project or site involves historic preservation, you should contact your State Historic Preservation Officer (SHPO) as early as possible.

- Environmental Reviews can take as many as 6 months or longer. HUD encourages you to work closely with your local Environmental Officer throughout the Action Activities process.