

CHOICE NEIGHBORHOODS PLANNING GRANT BUDGET GUIDANCE

I. GENERAL BUDGET GUIDANCE

A. Introduction

This document provides detailed information for Choice Neighborhoods Planning Grantees to use when developing and revising their program budgets. Included are examples of costs and where they should be placed in the budget; however, none of the lists of activities are meant to be exhaustive. If a particular activity cost is not listed, if an expense is unclear, or there is a question whether the cost is allowable, Grantees should request assistance from their Choice Neighborhoods Team Coordinator.

B. Budget Form

Choice Neighborhoods program budgets must be submitted on the Choice Neighborhoods Planning Grant Budget Form (Form HUD-53421), Parts I, II, and III. The Choice Neighborhoods grant amount is divided into Budget Line Items (BLIs), as provided on Part I of the Budget Form. On Part II, those BLIs are broken down into specific costs or work items in accordance with these guidelines detailed below. Part III is used for grantees to provide information about leverage committed to supporting the planning process. The blank form (an Excel workbook) can be obtained on the Planning Grants page of the Choice Neighborhoods website (www.hud.gov/cn).

C. Allowable Expenditures from Award Notice

Funds may be requested for eligible costs incurred after the notification of grant award (this includes activities carried out before the Grant Agreement is executed). The grant award date is the date of HUD's notification letter to the Grantee that it has received an award. The date is also stated in the Grant Agreement. However, grantees will not be able to draw funds for reimbursement of these costs until after (1) the grantee has signed the Grant Agreement (including the HUD-1044) and returned it to HUD and (2) HUD has approved the program schedule and budget.

D. BLI 2000 and Requests for Funds

Although each Choice Neighborhoods Planning Grant has a budget that shows the entire amount of the grant by BLI, those individual amounts are not automatically made available to the Grantee. Instead, the entire amount of the grant is placed into BLI 2000 initially, which is a special "holding" account where funds remain unavailable to the Grantee until HUD authorizes their expenditure and distributes, or "spreads," them into the applicable BLIs. Grant funds are placed into BLI 2000 so that HUD can control the

amount of funds that Grantees have access to and ensure that major expenditures have been approved before they are disbursed.

E. HUD Approval and Release of Funds

The authorized signatory of the Grantee must sign and date the budget form. When approvable, the Choice Neighborhoods Director will sign the approved budget and return a copy to the Grantee. HUD will then spread the amounts on the budget into the appropriate BLIs from BLI 2000, thus making funds available for the Grantee to draw down. HUD will generally release funds for activities on an annual basis for the planning process. Funding for Action Activities projects will be released on a project-by-project basis as HUD approves each project. Grantees may submit interim spread requests as needed.

F. Drawdown Limit per Budget Line Item

Once HUD has approved the budget and spread funds in LOCCS, the Lead Grantee may draw down Choice Neighborhoods Grant funds for a Budget Line Item (BLI) up to the amount of that BLI that HUD has approved and made available for drawdown. LOCCS will automatically reject payment requests that exceed the amount approved for each BLI. Any request for funds in excess of 10 percent of the entire grant amount in any month must be manually approved by the HUD grant manager. In such instances, the Grantee must submit copies of the invoices supporting the LOCCS draw to their HUD Team Coordinator for review and approval. Upon approval, an OPHI LOCCS Administrator will release the draw in LOCCS. Please refer the Choice Neighborhoods Planning Grantee Financial Instructions (posted to the Choice Neighborhoods website) for additional information on LOCCS program edits.

II. SPECIFIC BUDGET LINE ITEM GUIDANCE

BLI 1408 – CAPACITY BUILDING (MANAGEMENT IMPROVEMENTS) *

Costs applicable to BLI 1408 are those related to activities that build enduring capacity of the Grantee's organization and of other stakeholders to plan and undertake comprehensive neighborhood revitalization.

Capacity building is costs that assist the Grantee's organization and other stakeholders, including but not limited to residents, to work more efficiently and effectively. Activities include identifying and securing the training and technical assistance needed for you and your partners to create a comprehensive and feasible Transformation Plan, and strengthening the capacity of your partners to participate in decision-making and planning processes and coordinate on cross-programmatic, place-based approaches in order to develop and implement an effective Transformation Plan.

The costs in this BLI are for activities not directly related to the activities related to creating the Transformation Plan. This BLI does not include the costs of your general

resident and community engagement activities, surveys or meetings with residents to solicit opinions, or anything else not specifically arranged for capacity building of the Grantee, stakeholders, or residents. Those costs should be included in BLI 1410 or 1430. As such, HUD expects this BLI to contain a much smaller portion of your budget than the other two BLIs.

Regardless of whether costs for capacity building activities are incurred by Grantee staff or contractors, all such costs (except for staff time) should be included in BLI 1408. Staff time should be included in BLI 1410 and contractor time in BLI 1430, as discussed below.

Specific Eligible Costs

- Hiring expert presenters for capacity-building trainings
- Renting meeting space for such trainings
- Transportation for residents to/from training/capacity building meetings (e.g. running a van shuttle from the target housing site to the meeting location) and/or childcare of residents' children during such meetings.
- Travel expenses for residents to attend HUD-sponsored Choice Neighborhoods grantee convenings/conferences

* Note: BLI 1408 is also called "Management Improvements" in other HUD documents/systems including the Choice Neighborhoods Planning Grant Budget Form and the LOCCS system. For the purposes of the Choice Neighborhoods Planning Grant, all BLI 1408 costs should be associated with Capacity Building.

BLI 1410 – ADMINISTRATION

This BLI 1410 is for organizational costs attributable to the administration of the Choice Neighborhoods Planning Grant by the Grantee (and Co-Grantee, if applicable). Any administrative expenses on the part of the Grantee that are charged to the Choice Neighborhoods budget must be prorated in accordance with the time spent on Choice Neighborhoods grant-related activities. The Grantee may itemize the pro-rata cost of personnel that will be working on the planning grant. Note that all staff costs, including costs associated with preplanning and resident capacity building must be included in BLI 1410. For FY2011 and FY2012 Grantees, no more than 20 percent of the total grant award may be used for Administration. While there is not a specific limit for Grantees in other years, costs must be reasonable and limited only to activities directly related to the planning process. It is not sufficient to just allocate some percentage of the grant to this BLI. Choice Neighborhoods does not use an "indirect cost rate" like some other HUD programs.

Specific Eligible Costs (when incurred specifically for the Planning Grant)

- Staff salaries and benefits, including resident employment when directly hired by the Grantee (and Co-Grantee, if applicable)
- Staff attorney costs related to planning
- Staff training and related travel (including to attend HUD-sponsored Choice Neighborhoods grantee convening/conferences)
- Printing and postage for materials

- Expendable equipment
- Advertisements to support solicitations for bids (planning-related)
- Publications
- Office space and utilities used exclusively for grant purposes
- Rental of office equipment
- Accounting and auditing expenses
- Grantee's insurance, including worker's compensation, vehicle, fire, and public liability

BLI 1430 – FEES AND COSTS

Fees and Costs are expenditures made to entities that are contracted by the Grantee to perform specific services related to the planning process. They do not include the salaries of employees of the Grantee. The only exception to this is that fees and costs associated with resident capacity building should be charged to BLI 1408. As noted in the sections above, Grantee (and Co-Grantee, if applicable) staff costs are charged to BLI 1410.

Specific Eligible Costs

- Consultant fees
 - Planning Coordinator
 - A&E Fees paid to architectural or engineering firms for planning and design service.
 - Financial
 - Legal
- Housing surveys, market surveys, needs assessments outside of those done for resident capacity building
- Environmental reviews
- Early Action Activities, as defined in the Notice of Funding Availability (NOFA) - up to \$50,000 of the grant funds that may be used toward limited, physical neighborhood improvements during the planning process. Funds must be used during the first two-years and must support the planning process through engaging the community, building capacity, fostering social cohesion, or otherwise reinforcing the planning process. They must also be responsive to the neighborhoods' needs and must be used for physical community development or economic development projects that enhance and accelerate the transformation of the neighborhood.

BLI 1481 – ACTION ACTIVITIES

Certain grant awards include funding for Action Activities. Grantees that were awarded a Planning-only Grant may not use grant funds for Action Activities. The term "Action Activities" refers to the portion of a grant awarded for limited, physical neighborhood improvements. Grantees identify potential Action Activities projects throughout the planning process and, in accordance with the Grant Agreement, submit a proposal to HUD for review and approval. Funds must be used for physical community development or economic development projects that enhance and accelerate the transformation of the neighborhood. The projects funded may also build community capacity and social cohesion through the way in which the projects are designed, led, and implemented. These

funds should be used for innovative solutions to neighborhood challenges and must be used for projects that can be completed within the grant term.

Specific Eligible Costs

- 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
- Owner-occupied home or business façade improvement programs;
- Neighborhood broadband/Wi-Fi infrastructure and installation (internet service must be paid for by non-Choice Neighborhoods funds);
- Fresh food initiatives, such as farmers markets and mobile fresh food vendors; and
- Gap financing for economic development projects that are ready for implementation and have secured all the necessary financing except a modest “gap.”
- If during the planning process, another use is identified, HUD has the discretion to consider whether the use is allowable based on the criteria listed in the opening paragraph of this definition.

Specific Ineligible Costs

- Non-physical uses, such as supportive services, administrative costs (e.g. staffing, meeting space), and marketing.
- Basic infrastructure or as a substitute for basic municipal services.
- Housing development activities (including the public or HUD-assisted housing targeted in the application), such as acquisition, relocation, demolition and remediation, rehabilitation, or construction.

III. INELIGIBLE COSTS

The following costs are some of the specifically **ineligible** uses of Choice Neighborhoods Planning Grant funds. These costs may not be in your budget or charged to any BLI in LOCCS.

- Costs related to implementing the Transformation Plan, such as:
 - Acquisition, demolition, construction or rehabilitation costs.
 - Site improvements and infrastructure.
 - Cost of providing case management and supportive services for residents, including but not limited to services for families that will be displaced, such as mobility and relocation counseling, moving costs, and security deposits.
 - Administration of any programs to create jobs and job training opportunities.

- Relocation assistance, including tenant-based rental assistance under Section 8 of the United States Housing Act of 1937.
 - Implementation of any community improvements.
- Costs associated with writing and submitting a Choice Neighborhoods Implementation Grant Application.
- Administrative costs (under BLI 1410) of the Grantee not directly related to developing the Choice Neighborhoods Transformation Plan.
- Gifts/prizes for participation incentives (e.g. gift cards for residents that complete the needs assessment/survey).
- Meals (other than when included in per diem while on grant-related travel to attend training).