

# Early Action Activities Requirements and Process

## Purpose of Early 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, even modest physical improvements and investment actions can help communities build momentum for change and transition from planning to implementation. These early actions undertaken during the planning process may help improve neighborhood confidence, sustain the community's energy, attract further engagement, and help convince skeptical stakeholders that positive change is possible.

## Early Action Activities Funding

All Planning Grantees are expected to implement Early Action Activities during the planning process (the first 24 months). Planning Grantees are required to use at least \$100,000 of their \$450,000 Planning Grant funds to implement these activities and may use up to \$150,000 for this purpose. Early Action Activities must meet the requirements set forth, below.

## How Early Action Activities Funds Can Be Used

You must use Early Action Activities funds for **physical** neighborhood improvements, specifically community development or economic development projects that enhance and accelerate transformation of the neighborhood. Early Action Activities must **support the planning process** by engaging the community, building capacity, fostering social cohesion, or otherwise reinforcing the planning process. Early Action Activities must also be responsive to the neighborhoods' needs and should be used for innovative solutions that address neighborhood challenges.

You **may not** use Early Action Activities funds for:

- non-physical uses, such as supportive services and marketing;
- administrative costs (e.g., staffing, meeting space), including those related to the Early Action Activities;
- basic infrastructure or as a substitute for basic municipal services; or
- 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.

## Types of Early Action Activities

You may only use Early Action Activities funds for the following activity types:

- Reclaiming and recycling vacant property\* into community gardens, pocket parks, or farmers markets;
- 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;
- 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".

When selecting and proposing Early Action Activities you are encouraged to consider the questions listed on the *Early Action Activities Planning Tool*.

\*If vacant or other land is acquired with Early Action Activities funding and that land is eventually re-purposed for housing, the property must carry 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).

### **Early Action Activities Proposal & Approval Process**

Planning Grantees must secure HUD approval and complete their Early Action Activities within the first 24 months of their grant. Grantees are strongly encouraged to secure HUD approval within the first 12 months of the grant, so that grantees have the time necessary to secure environmental review approvals and implement the activities. Early Action Activities are officially approved through a budget revision. Steps for approval include:

1) Planning Grantee discusses the proposed Early Action Activities with their HUD Team Coordinator. At a minimum, the HUD Team Coordinator will ask for the Grantee to submit the following:

- A description and justification of the Early Action Activity;
- Administration details, including who is responsible for administering the activity. Please note, administrative costs cannot be covered by Choice Neighborhoods Early Action Activity funds;
- A project budget that details the sources and uses for the Early Action Activity, including any other sources of funding; and
- A project schedule.

Depending on the activity, the HUD Team Coordinator may ask for more detailed information, such as:

- Evidence of firm commitments for leverage sources;
- A project's operational budget, if the project will continue to be operated after construction (e.g., for a farmer's market);
- A description of how program income will be used, in accordance with Grant Agreement requirements, if there is a possibility any program income might be generated from the project; and/or
- Program/Policy guidelines.

2) HUD Team Coordinator provides concept approval via email after reviewing the submitted information, clarifying any questions and, if a project's eligibility is unclear, consulting with the Choice Neighborhoods' Neighborhood Panel. Planning Grants should receive this concept approval before beginning the Environmental Review process.

3) After completing the Environmental Review, the Planning Grantee submits a revised Choice Neighborhoods Budget (Form HUD-53236) to HUD that includes each Early Action Activity as a budget item and requests to

release the funds. See more details below about the release of funds and evidence of Environmental Review approval that must be submitted to HUD.

4) HUD Team Coordinator approves budget revision and request to release funds. The budget approval letter serves as the official document that records and approves the Early Action Activities.

### **Release of Funds**

Funds for specific Early Action Activities will be authorized for expenditure in LOCCS once:

- HUD approves a Choice Neighborhoods Budget (Form HUD-53236) that includes the specific Early Action Activities identified in Budget Line Item 1430.
- The Planning Grantee has completed the Environmental Review process for all Early Action Activities, pursuant to 24 CFR Part 58. Release of funding will be contingent on Early Action Activities receiving Environmental Review approval. Prior to submitting a budget request for release of Early Action Activities funds, please send evidence of approval to your HUD 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, and HUD performs the Environmental Review, 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.

### **Other Considerations**

- 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 6 months or longer. HUD encourages you to begin the Environmental Review process early and to work closely with your local Environmental Officer.
- Because Early Action Activities are meant to have a lasting impact, HUD typically does not approve Early Action Activities that use land on an interim basis, unless it is for the purposes of reclaiming and recycling vacant land.
- If applicable, HUD encourages Grantees to provide Early Action Activities funds as grants, instead of loans. However, if you are considering Early 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.