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U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT  
Community Planning and Development  
WASHINGTON, DC 20410-7000

Special Attention of:  
All CPD Division Directors  
HUD Field Offices  
HUD Regional Offices  
All CDBG Grantees  
All HOME Participating Jurisdictions  
All ESG Formula Grantees  
All HOPWA Formula Grantees

NOTICE: CPD-13-010  
Issued: December 13, 2013  
Expires: September 30, 2014

Subject: Guidance on submitting Consolidated Plans and Annual Action Plans  
for Fiscal Year (FY) 2014

**Purpose:**

The purpose of this notice is to instruct grantees on the timing of submission of FY 2014 consolidated plans and action plans, and to inform Entitlement CDBG grantees of a waiver being made available to certain grantees to assist in the implementation of these instructions. Provisions of this Notice covering the Entitlement CDBG program also apply to Insular Areas grantees and CDBG nonentitlement county grantees in Hawaii, as the Entitlement CDBG program regulations also apply to their CDBG funds.

**Background:**

Pursuant to 24 CFR 91.15(a)(1), each jurisdiction should submit its consolidated plan to HUD at least 45 days before the start of its program year. The earliest date on which HUD will accept a consolidated plan or action plan submission is November 15; and the latest submission deadline is August 16. However, in most years, HUD does not receive its annual funding appropriation until several months into the federal fiscal year (rarely earlier than December, and sometimes as late as April). Once a fiscal year's appropriation is enacted, HUD needs time to compute grantees' allocation amounts for the four formula programs covered by the consolidated plan. When appropriations are significantly delayed, grantees with program year start dates prior to the announcement of allocations do not know their actual allocation amounts when they are developing their plans, conducting citizen participation, and submitting their plans.

According to 24 CFR 91.500(a), a plan will be deemed approved 45 days after HUD receives the plan, unless HUD notifies the jurisdiction before that date that the plan is disapproved. Heretofore, HUD has typically not disapproved a plan solely because it is based on estimated allocation amounts. As a result, a plan submitted by a grantee before its allocation amounts are announced typically receives automatic approval, even though the plan does not list the grantee's actual allocation amounts.

This practice results in significant additional work for both HUD and grantees. After the actual allocation amounts are announced, a grantee must submit a revised, re-signed SF-424 form listing the actual allocation amounts for each of its formula grants; and in many cases, the grantee must make additional changes to amend its plan to reflect its actual allocation amounts. This may constitute a substantial amendment under 24 CFR 91.505, which is subject to the grantee's citizen participation plan process. HUD will not execute a grant agreement with a grantee until HUD has received an amended plan which incorporates the actual allocation amounts a grantee is to receive for that fiscal year.

### **Revised Procedures for Submission of FY 2014 Action Plans by Grantees with Early Program Year Start Dates:**

HUD is issuing the following revised procedures to govern the submission and review of consolidated plans and action plans for FY 2014 funding prior to the enactment of a FY 2014 HUD appropriation bill. These procedures will apply to any grantee whose program year start date for FY 2014 funding occurs during the period starting October 1, 2013, and ending August 16, 2014 or 60 days after HUD announcement of FY 2014 allocation amounts for CDBG, ESG, HOME and HOPWA formula funding (whichever comes first).

Congress has not completed the appropriations process for HUD's FY 2014 appropriation. At this time, HUD cannot predict when its FY 2014 appropriations bill will be enacted and when it will be able to announce FY 2014 allocation amounts. Thus, HUD cannot say how many grantees – or which program year start dates – will be subject to these revised procedures. Similarly, HUD cannot provide estimated FY 2014 allocation amounts for grantees to use for planning purposes in developing annual action plans.

**Note:** These procedures do not apply to action plans for FY 2013 funding. Neither will these procedures apply to a grantee whose program year start date is more than 60 days after HUD announcement of FY 2014 allocation amounts; those grantees should have sufficient time to revise their plans to match actual allocation amounts prior to the due date for their plan.

#### **I. Revised Submission Dates for FY 14 Action Plans**

Any grantee with an FY 2014 program year start date during the period starting October 1, 2013, and ending August 16, 2014 or 60 days after HUD announcement of FY 2014 allocation amounts (whichever comes first), is advised not to submit its consolidated plan/action plan until the FY 2014 formula allocations have been announced. Once HUD informs the grantee of its FY 2014 formula funding allocation amounts, the grantee should, prior to submission, ensure that the actual FY 2014 allocation amounts are reflected in the SF-424, in the description of resources and objectives, and in the description of activities to be undertaken (or, for states, the method of distribution). It may be necessary for the grantee to revise its action plan before submission to HUD.

An affected grantee may delay submission of its action plan to HUD until 60 days after the date allocations are announced, or until August 16, 2014 (whichever comes first). This delay

will give a grantee time to revise its action plan to incorporate actual allocation amounts, and to conduct any additional citizen participation, if necessary.

However, in no case may a consolidated plan/action plan be submitted to HUD later than August 16, 2014. Failure to submit an Action Plan for FY 2014 by August 16, 2014, will result in the automatic loss of FY 2014 CDBG funds to the grantee. This requirement is established by statute, and HUD cannot waive the August 16 submission deadline.

24 CFR 91.15(a)(1) states that "...each jurisdiction should submit its consolidated plan at least 45 days before the start of its program year." HUD has determined that it is not necessary to waive this provision in order to implement the procedures in this Notice for FY 2014 action plans. This provision does not prohibit a grantee from submitting a plan after that time. It is not necessary for an affected grantee to request an exception to its normal action plan submission date under 24 CFR 91.15(a)(1), nor is it necessary for a field office to grant an exception to the action plan submission deadlines, under 24 CFR 91.20, in order to implement the procedures in this Notice.

## II. HUD Review of Action Plans

HUD will disapprove as substantially incomplete any action plan covering FY 2014 funding that does not reflect actual allocation amounts on the SF-424, in the description of resources and objectives, and in the description of activities to be undertaken (or, for states, the method of distribution). A grantee whose action plan is disapproved for this reason is advised to not resubmit a revised plan until HUD has announced the actual FY 2014 allocation amounts, and until the grantee has incorporated the actual allocation amounts into its plan.

Some grantees with January 1 program year start dates have already submitted their FY 2014 action plans. HUD will disapprove such already-submitted plans as substantially incomplete.

24 CFR 91.500(d) states that "(t)he jurisdiction may revise or resubmit a plan within 45 days after the first notification of disapproval." HUD has determined that it is not necessary to waive this provision in order to implement the procedures in this Notice for FY 2014 action plans. This provision does not prohibit a grantee from re-submitting a plan after that time period.

24 CFR 91.105(c), 91.115(c) and 91.505 require a grantee to comply with citizen participation requirements when it undertakes a substantial amendment to an approved plan. A plan that has been disapproved by HUD is by definition not an approved plan. When a grantee's plan is disapproved by HUD, the Consolidated Plan regulations do not necessarily require a grantee to undertake further citizen participation on the changes the grantee makes before re-submitting it. (A major exception to this, however, would be if the reason for disapproval involved the grantee's failure to fulfill citizen participation requirements to begin with.) However, as noted in Section III. below, there are circumstances in which a grantee may need to make major revisions to a disapproved plan which could trigger further citizen participation efforts. A grantee with a disapproved plan should review its citizen participation plan and local

policies to determine whether it will need to conduct further citizen participation as a result of the changes it makes to incorporate actual allocation amounts into its plan, prior to re-submission of the revised plan.

### III. Development of Proposed Action Plans and Citizen Participation During The Interim

A grantee has several options regarding fulfilling its citizen participation obligations while waiting for HUD to announce FY 2014 allocation amounts:

- a. A grantee may conduct citizen participation on its draft plan (with estimated funding amounts) according to its normal timetable and citizen participation procedures. (Grantees are cautioned, though, that they should not submit their plan until allocation amounts are known.) A grantee doing so should include “contingency provision” language in its action plan which explains how it will adjust its proposed plan to match its actual allocation amounts, once actual amounts become known. By including such contingency language, a grantee can avoid the need to make significant revisions to its plan (beyond incorporating the final allocation amounts into the plan and the SF-424 form). The grantee may also avoid the potential need to conduct additional citizen participation on a plan that has to be significantly revised in order to reflect actual allocation amounts.

Examples of contingency provisions include:

- A plan could state that all proposed activities’ budgets will be proportionally increased or decreased from the estimated funding levels to match actual allocation amounts.
- A grantee could express its budget in terms of percentages of the allocation to be budgeted to each planned activity, along with the grantee’s current estimate of how many dollars that equates to for each activity. [E.g., regardless of what the final allocation amounts are, the United Interfaith Street Outreach Program will receive 22% of the grantee’s total ESG allocation (currently estimated to be approximately \$38,000), and the Tenant-Based Rental Assistance activity will receive 10% of the HOME allocation (currently estimated to be about \$68,750).
- A plan could state that any increase or decrease in funding to match actual allocation amounts will be applied to one or more specific activities (e.g., any increase or decrease relative to the grantee’s estimated allocation amount will be applied to the single family housing rehabilitation grant program).
- A plan could list its proposed activities in priority order and indicate that the East Side Sidewalk Replacement activity listed in the plan is a “backup” activity that will be funded only if sufficient CDBG funding exists; or conversely, if the grantee’s actual allocation is less than estimated, the East Side Sidewalk Replacement activity will not be funded in FY 2014.
- A plan could state that, should the actual allocation amount exceed the grantee’s estimate, the grantee will increase the Uptown Sewer Separation activity budget

and will extend the service area block-by-block along the 600-900 blocks of Cherry Street, based on the amount of additional funding available.

A grantee may include these or other comparable provisions singly or in any combination to meet its needs. A grantee may adopt a different contingency approach for each of its formula programs (CDBG, ESG, HOME, and HOPWA).

Any Entitlement CDBG grantee intending to incur pre-award costs must also ensure that its proposed action plan and its citizen participation process meets the requirements of 24 CFR 570.200(h)(i) and (ii). (See Section IV.) Any ESG grantee intending to incur pre-agreement costs must also ensure that it has described the pre-agreement cost activities in its proposed action plan and has complied with the citizen participation requirements of 24 CFR 91.105 or 91.115 (See Section V.).

- b. Alternatively, a grantee may prepare a proposed action plan according to its normal timetable, but wait until actual allocation amounts are known before undertaking citizen participation actions. Once allocation amounts are announced by HUD, the grantee will need to update relevant sections of its plan (such as the listings of resources and objectives, and the description of activities or the state's method of distribution) to reflect actual allocation amounts before conducting citizen participation. Grantees intending to incur pre-award/pre-agreement costs under the Entitlement CDBG and ESG programs should be aware that this option will not be available to them, as citizen participation requirements must be met before pre-award/pre-agreement costs are incurred. (See Sections IV. And V. below.)

HUD has developed these procedures to minimize disruption to grantees and to minimize duplication of effort on grantees' part. A grantee that does not follow either option a. or b. above (i.e., the grantee undertakes citizen participation according to its normal timetable, based solely on estimated funding levels, and the plan does not contain any contingency language on how the final plan will be adjusted to match actual allocation amounts) runs the risk of increasing its own work obligations and costs. The grantee will still be required to update its plan to incorporate actual allocation amounts before submission to HUD. The grantee may need to undertake additional publication and citizen participation processes, depending on the difference between its actual allocation amounts and the estimated amounts in its proposed action plan, and how the grantee plans to adjust its proposed activities in order to match its actual allocation amounts. Local policies and procedures may also require the grantee to obtain re-approval of the revised plan from its legislative body or authorizing officials.

A plan that has not yet been submitted to HUD is also not an approved plan, and is not subject to the citizen participation requirements of a substantial amendment. However, a grantee that delays its plan submission should review its citizen participation plan and local policies to determine whether it will need to conduct further citizen participation as a result of the changes it makes to incorporate actual allocation amounts into its plan, prior to its submission.

#### IV. Pre-Award Costs – Entitlement CDBG Program

The Entitlement CDBG program regulations specify situations under which a grantee may incur costs prior to the effective date of its grant agreement. The provisions of this Notice will affect how grantees comply with the pre-award cost reimbursement requirements.

- a. 24 CFR 570.200(h) defines the effective date of a grantee's agreement as the grantee's program year start date or the date that the consolidated plan/action plan is received by HUD (whichever is later). Under the provisions of this Notice, a grantee's action plan may not be submitted to (and thus received by) HUD until several months after the grantee's program year start date. This may negatively affect grantees' ability to incur pre-award costs. Therefore, HUD has issued a waiver of 24 CFR 570.200(h) to the extent necessary to implement an alternative requirement: the effective date of a grantee's FY 2014 grant agreement will be considered to be the earlier of the grantee's program year start date or the date that the consolidated plan/action plan (with actual allocation amounts) is received by HUD.
- b. Attachment A contains the HUD memorandum authorizing this waiver. This waiver is available for use by any applicable Entitlement CDBG grantee seeking to incur pre-award costs, whose action plan submission is delayed past the normal submission date because of delayed enactment of FY 2014 appropriations for the Department. An affected community taking advantage of this waiver shall document in writing the conditions giving rise to the need to utilize this waiver, and shall maintain such documentation for HUD's review. Grantees' authority to make use of this waiver is only in effect until August 16, 2014, as that is the last date that a grantee may submit its FY 2014 action plan.
- c. 24 CFR 570.200(h)(i) and (ii) require that the activity for which the costs are being incurred must be included in a consolidated plan/action plan prior to the costs being incurred; and citizens must be advised of the extent to which the pre-award costs will affect future grants. The requirement that a grantee conduct citizen participation on its proposed activities is statutory, and cannot be waived. Therefore, a grantee intending to incur pre-award costs against its FY 2014 CDBG allocation must fulfill the citizen participation requirements of 24 CFR 91.105 prior to incurring pre-award costs for an activity, even if the grantee must wait until final allocation amounts are known before submitting its action plan to HUD. For those grantees, option b. described in Section III. above is not likely to be a feasible alternative. HUD advises any Entitlement CDBG grantee intending to incur pre-award costs to follow the process described in Section III.a. above; in doing so, the grantee will need to ensure that it has met the notification requirements of 24 CFR 570.200(h)(ii). In order to meet the timing requirements of 24 CFR 570.200(h)(i), the grantee must complete its citizen participation process on its proposed plan (but need not submit the plan to HUD) prior to incurring the pre-award costs. The Entitlement CDBG regulations at 24 CFR 570.200(h) currently allow pre-award costs to be incurred before a plan is approved by HUD as the regulation provides that the effective date of a grant agreement may be when the plan is received by HUD. Thus, proposed plans

discussed in the notice are contemplated within the term “consolidated plan action plan” as used in 24 CFR 570.200(h)(1)(i).

#### V. Pre-Agreement Costs –ESG Program

HUD will permit each ESG recipient subject to these procedures to use its FY 2014 ESG grant funds to pay pre-agreement costs incurred on or after the recipient’s program year start date, under the following conditions:

- a. The costs and corresponding activities must comply with the Emergency Solutions Grants regulations at 24 CFR part 576 and the environmental review requirements at 24 CFR part 58.
- b. Before incurring pre-agreement costs, the recipient must describe the corresponding activities in its proposed action plan and satisfy the recipient’s citizen participation plan requirements addressing 24 CFR 91.105(b) (for local governments and territories) or 24 CFR 91.115(b) (for states).

#### VI. Applicability of This Notice to Future Years

This Notice only applies to consolidated plans/action plans submitted for FY 2014 funding on or before August 16, 2014, or 60 days after HUD announcement of the FY 2014 allocation amounts for CDBG, ESG, HOME and HOPWA formula funding (whichever is earlier). HUD anticipates revising the Consolidated Plan regulations (and other related regulations) for future years to explicitly include, as a basis for disapproval of a plan, that a plan does not contain and reflect a grantee’s actual allocation amounts.

#### **For further information:**

Grantees with questions concerning this Notice should direct their inquiries to their local HUD Field Office Community Planning and Development Division. Field Offices should direct their questions to the following Headquarters program offices as applicable:

Office of Block Grant Assistance at (202) 708-1577 for the Entitlement CDBG program  
or (202) 708-1322 for the State CDBG program

Office of Affordable Housing Programs at (202) 708-2684

Office of Special Needs Assistance Programs at (202) 708-4300

Office of HIV/AIDS Housing at (202) 708-1934 or at [hopwa@hud.gov](mailto:hopwa@hud.gov)



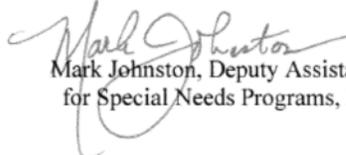
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT  
WASHINGTON, DC 20410-7000

OFFICE OF THE ASSISTANT SECRETARY FOR  
COMMUNITY PLANNING AND DEVELOPMENT

DEC 13 2013

MEMORANDUM FOR: All CPD Field Office Division Directors

FROM:

  
Mark Johnston, Deputy Assistant Secretary  
for Special Needs Programs, DN

SUBJECT:

Waiver of 24 CFR 570.200(h) regarding FY 2014 Action Plans  
Community Development Block Grant (CDBG) Program

HUD is issuing revised procedures to govern the submission and review of action plans for FY 2014 funding prior to the enactment of a FY 2014 appropriation bill. Any grantee with a program year start date prior to, or up to 60 days after, HUD's announcement of the FY 2014 formula program funding allocations is advised not to submit its consolidated plan or action plan until the FY 2014 formula allocations have been announced. However, an action plan must be submitted to HUD no later than August 16, 2014.

Lengthy delays in the receipt of annual appropriations by HUD and implementation of this policy for FY 2014 may have negative consequences for CDBG grantees that intend to incur eligible costs prior to the award of FY 2014 funding. Some activities might otherwise be interrupted while implementing these revised procedures. In addition, grantees might not otherwise be able to use CDBG funds for planning and administrative costs of administering their programs. In order to address communities' needs and to ensure that programs can continue without disturbance, I find that good cause exists pursuant to 24 CFR 5.110 to waive the provisions of 24 CFR 570.200(h) for the Entitlement CDBG program, the Insular Areas CDBG program, and for grants to nonentitlement counties in Hawaii. 24 CFR 570.200(h) is waived to the extent necessary to treat the effective date of the grant agreement as the program year start date or the date that the consolidated plan/action plan (with actual allocation amounts) is received by HUD, whichever is *earlier*.

This waiver will apply to any Entitlement, Insular or Hawaii nonentitlement CDBG grantee whose program year start date for FY 2014 funding occurs during the period starting October 1, 2013, and ending August 16, 2014 or 60 days after HUD announcement of FY 2014 allocation amounts for formula program funding (whichever comes first). This waiver is available for use by any applicable CDBG grantee whose action plan submission is delayed past the normal submission date because of delayed enactment of FY 2014 appropriations for the Department. Any affected grantee taking advantage of this waiver shall document in writing the conditions giving rise to the need to utilize this waiver, and shall maintain such documentation for HUD's review. This waiver authority is only in effect until August 16, 2014.