

## CHAPTER 7. GUIDELINES FOR CONSORTIA

- 7-1 INTRODUCTION. This Chapter provides guidance concerning the requirements for forming and administering consortia in accordance with Section 511.65 of the Rental Rehabilitation Program regulations. Generally, all program requirements applicable to direct formula grantees are applicable to consortia.
- 7-2 ELIGIBLE PARTICIPANTS. Units of general local government eligible to participate in consortia include cities with populations of less than 50,000 and urban counties which did not qualify for the minimum formula allocation established by HUD. In addition, non-urban counties (which are not otherwise eligible for a formula allocation of Rental Rehabilitation Program funds) may participate as a member of a consortium. Assistance under the program may not be used in portions of otherwise eligible jurisdictions which are eligible for assistance under Title V of the Housing Act of 1949 (Farmers Home Administration (FmHA)). Members of approved consortia are ineligible for the State or HUD-Administered Rental Rehabilitation Program for Small Cities.
- 7-3 ELIGIBILITY CRITERIA. Consortia of units of local government that meet the requirements set out below may qualify for a formula allocation determined under 24 CFR 511, Subpart D, for any fiscal year. In accordance with 24 CFR 511.65(a), to be eligible, a consortium must:
- A. Be comprised of units of local government that are geographically proximate, located in the same State, not otherwise eligible for a formula allocation for that year, and located outside areas eligible for assistance under Title V of the Housing Act of 1949. While geographic proximity for purpose of forming a consortium does not mean that communities must be contiguous, they should normally be located within the same MSA. Where consortium members are not within the same MSA, they must provide justification as to why they should be considered geographically proximate (for example, the members are in neighboring counties);
  - B. Have a combined population of 50,000 or more among its participating units of general local government and be eligible for a formula allocation meeting the minimum specified in 24 CFR 511.31;

- C. Submit to the appropriate HUD Field Office a notice

of intent (discussed below) to be considered a consortium at least 60 days before the start of the fiscal year for which the election notice is applicable;

- D. Have executed an agreement among its members designating one participating unit of general local government as the grantee under the RRP regulations (24 CFR Part 511); and
- E. Have executed memoranda of understanding (see Chapter 13 of this Handbook) with all participating Public Housing Agencies (PHAs) governing the use of Section 8 housing vouchers and certificates in accordance with HUD requirements.

7-4 NOTICE OF INTENT. A Notice of Intent from units of general local governments electing to participate as a consortium must be received by the appropriate Field Office no later than August 1 of the year preceding the fiscal year for which the election is applicable. The Notice must be in writing and signed by the Chief Executive officer of the unit of general local government designated as the grantee. The Notice of Intent must be supported by the following information:

- A. A copy of the executed agreement by consortium members indicating their willingness to participate as part of the consortium and designating one member as grantee for purposes of 24 CFR Part 511 and authorizing HUD to deal with that participating unit of general local government as necessary in connection with the grant;
- B. A statement of agreement from the appropriate PHA(S) to participate in the Rental Rehabilitation Program and to provide Section 8 housing vouchers and certificates in support of the grantee's (consortium's) Rental Rehabilitation Program in accordance with a Memorandum of Understanding with the grantee and with the applicable HUD requirements;
- C. The name and address of each participating unit of general local government and its designated administrative agency, and the name and telephone number of the individual in each agency which will be coordinating the Rental Rehabilitation Program;

- D. Documentation which evidences that the consortium has a combined population of 50,000 or more; and

- E. A statement which describes why consortium members should be considered geographically proximate.

7-5 FUNDING ALLOCATION. Under 24 CFR 511.31(a), \$50,000 is the minimum allocation to a consortium unless the consortium participated in the program in the year immediately preceding the current fiscal year. In that instance, the consortium may elect to accept the lower amount or to decline and participate in the State's program. (See 24 CFR 511.31(b).) Rental Rehabilitation Program funds will be allocated to consortia based on the allocation formula described at 24 CFR 511.30 (see Chapter 10 of this Handbook). The amount of the allocation for a consortium for any fiscal year will be deducted from the formula allocation for that year from the State in which the consortium is located. Members of consortia found ineligible under 24 CFR 511.65(a) may compete for funding, if eligible, through the State or HUD-Administered Small Cities Program.

7-6 GRANTEE RESPONSIBILITIES. As grantee for the consortium, the lead jurisdiction, through its Chief Executive Officer and principal administering agency, is responsible for ensuring that rental rehabilitation funds allocated to the consortium are administered in accordance with the requirements of 24 CFR 511. This includes responsibility for ensuring that the consortium carries out its Rental Rehabilitation Program in compliance with all applicable program requirements including all of the following:

- A. Submitting the Program Description, and certifications on behalf of the consortium, as required by 24 CFR 511.20(b) and (c);
- B. Maintaining records, and ensuring that members maintain records, that clearly document performance as required by 24 CFR 511.73;
- C. Providing grantee reports to HUD as required by 24 CFR 511.81;
- D. Undertaking environmental and related responsibilities under 24 CFR 511.16(b) and 24 CFR Part 58;
- E. Taking any corrective and remedial actions for performance deficiencies by consortium members, including reimbursement of amounts expended on

ineligible program costs, in accordance with 24 CFR 511.82. Although the agreement between consortium members may pass such responsibilities along to other

consortium participants, HUD will deal with the consortium only through the grantee jurisdiction; and

- F. Performing the Cash and Management Information (C/MI) System functions on behalf of all consortium members (see Chapter 11). The consortium grantee will be the only consortium member with access to the C/MI System. As such, the grantee will be responsible for requesting disbursement of administrative funds, establishing project accounts and requesting disbursement of funds for all projects listed by the consortium. The grantee will also be responsible for ensuring that all C/MI System documents are submitted in a timely manner. The consortium members should develop and sign an agreement detailing how the administrative funds will be divided and disbursed. Only the grantee, however, may actually request such funds through the C/MI.

7-7 FIELD OFFICE CONSULTATION. Field Offices should consult with the office of Urban Rehabilitation in Headquarters prior to approving or disapproving a consortium application. Field Offices should also consult with the Regional CPD Director and the Office of Urban Rehabilitation as Notices of Intent are received for consortia applicants. This early consultation is needed so that appropriate adjustments may be made in the formula process.

7-8 SUBMISSION TIME FRAMES. Notices of Intent are due to Field Offices no later than August 1 of the year preceding the fiscal year for which the election is applicable. Notices from consortia applicants need not include all of the documentation described in Paragraph 7-4 above when submitted. In those instances where Notices are incomplete, Field Offices may extend the deadline for submitting the completed documentation to August 24 of the fiscal year for which the Notice is applicable.