



American Recovery and Reinvestment Act of 2009
*Department of Housing and Urban Development
Program-Level Plan
Community Development Block Grant (CDBG) Entitlement Grants*

a. FUNDING TABLE:

ACTIVITY	FUNDING LEVEL
CDBG projects. Projects will range from small scale, single family rehabilitation activities to major infrastructure and economic development activities	\$980,000,000.00
TA Activities. HUD will provide training, technical assistance, monitoring, enforcement, research and evaluation activities	\$10,000,000.00
TOTAL	\$990,000,000.00

b. OBJECTIVES:

HUD's Recovery Act funds support three themes that align with the broader goals of the Recovery Act: (1) promoting energy efficiency and creating green jobs, (2) unlocking the credit markets and supporting shovel-ready projects, and (3) mitigating the effects of the economic crisis and preventing community decline. HUD's overriding objective in support of these goals is the creation and preservation of jobs.

The Recovery Act includes a \$1 billion appropriation for Community Development Block Grants (CDBG) to be used to assist states, local governments and the Insular Areas in funding a wide range of community development activities eligible under section 105 of the Housing and Community Development Act of 1974. \$10 million of this amount has been provided to the Indian CDBG program administered by the Office of Public and Indian Housing and is not covered by this plan.

The expected benefits of CDBG are to stabilize property values and prevent neighborhood blight. In addition, we will meet HUD's overriding goal of creating and preserving jobs. CDBG funds will provide financing for infrastructure activities, housing activities, economic development activities, public service activities, real property acquisition, and administrative costs. All activities, other than administrative costs, must meet one of the CDBG three national objectives: provide benefits to low- and moderate income persons; eliminate slums and blighting conditions; or address urgent needs and/or imminent threats within the community.

c. ACTIVITIES:

Kinds and scope of projects and activities: Grantees will identify projects and activities to be assisted with CDBG funds in action plan amendments that all grantees will be required to submit in order to receive their funding. HUD estimates that grantees will propose between 10,000 and 12,500 discrete activities to be assisted with CDBG funds. These will not be known until grantees submit their action plan amendments. Projects will range from small scale, single family rehabilitation activities to major infrastructure and economic development activities. Grantees have the discretion to choose activities for funding, subject to the limitations of the Recovery Act which prohibits assistance to aquariums, casinos





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(and other gambling establishments), golf courses, swimming pools, and zoos, as well as the guidelines for responsible spending outlined in a Presidential memorandum dated March 20, 2009. As a result, HUD cannot at this time identify specific projects or activities that will be funded with CDBG

Project/Activity: CDBG projects will be described in the grantee action plan amendments. HUD plans to list these projects and activities on its website (HUD.gov/Recovery) as grantees submit them for approval.

Description: Projects will range from small scale, single-family rehabilitation activities to major infrastructure and economic development activities.

Funding: \$980,000,000.00

Project/Activity : HUD will provide training, technical assistance, monitoring, enforcement, and research and evaluation activities.

Description: HUD will hire staff, build IT systems and work with grantees to ensure effective and efficient implementation

Funding: \$10,000,000.00

d. CHARACTERISTICS:

Type of Financial Award: A - Formula Grants

Funding Amount: \$980,000,000.00

Methodology for Award Selection: The Recovery Act directed HUD to distribute CDBG-R funds to jurisdictions that received CDBG funds in FY 2008 and to use the existing CDBG formulas at codified in statute at 42 USC 5306. This meant that \$973 million would be distributed by formula to states and local governments, \$10 million would be available to Indian tribes through a competition, and \$7 million to the Insular Areas.

Type(s) of Recipients: Government - Local-City or Township, Government - Local-County, Government - states

Type(s) of Beneficiaries: States, Local – County, Local - City or Township, Public nonprofit institution/organization, Individual/Family, Small business (as defined in 13 CFR part 121), Individual, For-Profit Organization (Other than Small Business), Anyone/general public, Other private institution/organization, Moderate Income, Low Income, Major Metropolis (over 250,000), Other Urban, Suburban, Rural, Unemployed, Welfare Recipient, Pension Recipient, Senior Citizen (60+), Youth (16-21), Child (6-15), School Preschool Infant (0-5), Juvenile Delinquent, Alcoholic Drug Addict, Mentally Disabled, Physically Afflicted (e.g., TB, Arthritis, Heart Disease), Persons with Disabilities, Women, Public/Indian Housing Authority, Nonprofit with 501C3 IRS Status (Other than Institution of Higher Education), Nonprofit without 501C3 IRS Status (Other than Institution of Higher Education), Profit organization, Private nonprofit institution/organization, Quasi-public nonprofit organization, Small Business Person (an owner or employee as defined in





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13 CFR Part 121), Consumer, Homeowner, Land/Property Owner, African American, American Indian, Spanish Origin, Asian, Other Non-White, Migrant, US Citizen, Refugee/Alien, Veteran/Service person/ Reservist (including dependents), Industrialist/Business person, Farmer/Rancher/Agriculture, Producer, Builder/Contractor/Developer, Engineer/Architect, Artist/Humanist Scientist/Researchers, Graduate, Student, Student/Trainee, Education Professional, Health Professional, Native American Organizations, Alaska Native and Native Hawaiian Serving Institutions, Historically Black Colleges and Universities (HB-CUs), Hispanic-serving Institution, Private Institution of Higher Education, Indian/Native American Tribal Designated Organization, Indian/Native American Tribal Government (Other than Federally Recognized), Indian/Native American Tribal Government (Federally Recognized), Specialized group (e.g., health professionals, students, veterans), Minority group, Federally Recognized Indian Tribal Governments, Other public institution/organization, Sponsored Organization, Independent School District, Regional Organization, Special District Government

Estimated dollar amount of Federal in-house activity: \$10,000,000.00

e. DELIVERY SCHEDULE:

Milestone Description: The key milestones for the CDBG formula grants include the processing and approval of action plan amendments, the obligation of funds by grantees and the expenditure of funds by grantees.

Milestone: HUD provides 100% of grantees with approved “action plan amendments” (e.g. plans for use of funds) with access to CDBG funds not later than September 30, 2009

Expected Completion Date: 9/30/2009

Milestone: HUD ensures that CDBG grantees obligate at 100% by the end of FY 2011

Expected Completion Date: 9/30/2011

Milestone: HUD ensures that 100% of CDBG funds are expended not later than September 30, 2012

Expected Completion Date: 9/30/2012



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f. ENVIRONMENTAL REVIEW COMPLIANCE:

AREA OF COMPLIANCE	CDBG PROJECTS
Compliance with National Environmental Policy Act (NEPA)	All CDBG assisted activities are subject to NEPA and HUD Departmental environmental requirements unless they are statutorily exempt. Exempt activities include administrative and management activities, environmental and other studies, and technical assistance and training.
Compliance with National Historic Preservation Act and related statutes	Under the environmental review process, CDBG grantees must certify that they have complied with other environmental laws and authorities that apply to HUD and its programs.
Milestones dependent on environmental review process	CDBG-assisted activities that are not exempt are subject to an environmental review prior to the release of funds. Grantees may not take choice limiting actions prior to the release of funds.
Potential impact of environmental reviews on project implementation	Unless exempt, failure to undertake required environmental reviews makes the activity ineligible for CDBG assistance.

g. MEASURES:

HUD is collecting from CDBG-R grantees information on proposed activities and projects to be assisted with CDBG-R funds. As entitlement grantees will submit this information not later than June 5, 2009 and states not later than June 29, 2009, HUD will be able to provide a relatively complete inventory of activities to be assisted with CDBG-R by mid-July and, based on the proposed activities, be able to provide informed estimates for these measures at that time. Estimates to be revised based on proposed activity and project lists.

Given programmatic differences between annual CDBG and CDBG-R funds, more specifically the intent to use Recovery Act funds to support projects that generate jobs in the near-term and create a foundation for future economic growth, HUD does not anticipate that the historical percentages for uses of CDBG will apply. HUD is projecting the following distribution of uses of CDBG-R funds: Public Facilities and Improvements - 55% (20% water and sewer; 20% streets and roads; 15% public facilities), Housing - 15%, Public Services - 10%, Economic Development - 10%, Administration - 10% (capped).

Measure: Funds obligated by grantees

Measure Type: Efficiency

Measure Frequency: Quarterly

Direction of Measure: Increasing

Unit of Measure: Dollars



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Explanation of Measure: Quantifies efficiency and timeliness by measuring the dollar amount of funds obligated by grantees on a quarterly basis. Please note that the sum of the incremental changes in performance (which is the Recovery funding) for 2009 and 2010 is less than the total funding since activity continues in the out years.

Actual: TBD

Goal Lead: Stan Gimont

Measurement Methodology: HUD will collect Quarterly Recipient Reports from grantees.

How result will be readily accessible to the public: This data will be made available on HUD.gov/Recovery.

2009 Projections			2010 Projections		
<u>Original Program Target</u>	<u>Revised Program Target</u>	<u>Target (incremental change in performance)</u>	<u>Original Program Target</u>	<u>Revised Program Target</u>	<u>Target (incremental change in performance)</u>
\$3,641,000,000	\$3,741,000,000	\$100,000,000	\$4,185,000,000	\$4,965,000,000	\$780,000,000

Measure: Funds expended by grantees

Measure Type: Efficiency

Measure Frequency: Quarterly

Direction of Measure: Increasing

Unit of Measure: Dollars

Explanation of Measure: Quantifies efficiency and timeliness by measuring the dollar amount of funds expended by grantees on a quarterly basis. Please note that the sum of the incremental changes in performance (which is the Recovery funding) for 2009 and 2010 is less than the total funding since activity continues in the out years.

Actual: TBD

Goal Lead: Stan Gimont

Measurement Methodology: HUD will collect Quarterly Recipient Reports from grantees.

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2009 Projections			2010 Projections		
Original Program Target	Revised Program Target	Target (incremental change in performance)	Original Program Target	Revised Program Target	Target (incremental change in performance)
\$3,651,347,280	\$3,671,347,280	\$20,000,000	\$3,626,154,480	\$3,946,154,480	\$320,000,000

Measure: Number of Jobs Created or Retained

Measure Type: Output

Measure Frequency: Quarterly

Direction of Measure: Increasing

Unit of Measure: FTEs

Explanation of Measure: Tracks the number of jobs created or retained through Program activity each quarter.

Actual: TBD

Goal Lead: Stan Gimont

Measurement Methodology: HUD will collect Quarterly Recipient Reports from grantees.

How result will be readily accessible to the public: This data will be made available on HUD.gov/Recovery.

2009 Projections			2010 Projections		
Original Program Target	Revised Program Target	Target (incremental change in performance)	Original Program Target	Revised Program Target	Target (incremental change in performance)
N/A	N/A	167	N/A	N/A	2,622

h. MONITORING AND EVALUATION:

(1) Data Collection and Reporting

- a. Spend Plans: This list will include the amount of funds allocated to the proposed activities. HUD intends to compile and display these lists on the HUD Recovery Act website prior to approving the substantial action plan amendment. HUD field staff will review grantee plans for compliance with both CDBG and Recovery Act requirements, including the President's March 20, 2009 memorandum on responsible spending of Recovery Act funds.





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- b. **Financial Reports:** HUD generates two financial reports that will be analyzed weekly. These include a Summary Financial Report that indicates the amount of funds for each program, and a Funding Notification Report, which shows the amount of funding by program for every jurisdiction, including local governments and states.
 - c. **Quarterly Recipient Reports:** The cornerstone of HUD's monitoring and evaluation system is the project data collected from grantees. The Recovery Act specifically requires data collection fields for grantees and contractors. A list of data requirements can be found on www.hud.gov/recovery. In addition, CDBG grantees will be required to provide data for all fields within the Integrated Disbursement and Information System (IDIS) that are applicable to the CDBG eligible activities being funded by the grantee. The link to IDIS is: www.hud.gov/offices/cpd/systems/idis/idis.cfm.
- (2) **Ongoing Grantee Management:** HUD categorizes grantees by risk, then monitors and allocates interventions, including training, technical assistance and if warranted, disciplinary action. High Risk grantees will be identified through application of Community Planning and Development's (CPD) established risk analysis process which encompasses the CDBG program. Risk analysis provides the information needed for CPD to effectively target its resources to grantees that pose the greatest risk to the integrity of CPD programs, including identification of the grantees to be monitored on-site and remotely, the program areas to be covered, and the depth of the review. The selection process should result in identifying those grantees and activities that represent the greatest vulnerability to fraud, waste, and mismanagement. CPD will monitor grantee disbursement patterns via reports available through IDIS and other HUD systems. CPD will also evaluate substantial action plan amendments and proposed activities prior to approval of amendment and will monitor CDBG grantee implementation actions for consistency with approved plans. To ensure budget/cost compliance CPD will monitor grantees consistent with established CDBG monitoring guidelines as identified in the CPD Monitoring Handbook (Handbook 9509.2, Rev. 5). Sanctions relating to improper use of funds will be based upon sanctions available to CDBG program under HCD Act of 1974 and 24 CFR 570, Subpart O. CPD will use Recovery Act set aside funds as well as regular CDBG technical assistance funds to provide guidance to grantees or special requirements associated with the use of funds.

i. and j. TRANSPARENCY AND ACCOUNTABILITY:

With respect to reporting, OMB has issued detailed guidance on the requirements for recipients of the Recovery Act funds. Specifically, each prime and first tier recipient is required to report specified information to HUD 10 days after the end of each calendar quarter. This includes, but is not limited to, a detailed list of all projects and activities for which Recovery Act funds were obligated or expended, an evaluation of the completion status of the project or activity, and an estimate of the number of jobs created or retained. In addition to the overarching requirements of the Recovery Act, HUD has also identified a number of program-specific measures that will be collected through this reporting process.

HUD expects that the transparency requirements of the Recovery Act, specifically the requirement to publish both spending and recipient performance reports, will create accountability amongst its manag-



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ers and grantees. In addition, HUD will establish internal management controls to create a greater level of accountability for performance. There are three levels of internal performance reviews: 1) The HUD Recovery Act program management team will work with the leads of the program and cross-cutting teams to prepare a bi-weekly program snapshot report for the steering committee to review with the Deputy Secretary and Secretary. Drawing from the program and risk management plans, the reports will include summary-level quantitative financial and programmatic performance measures and targets, key milestones, issues or risks, and actions being taken to address the issues. Interim spending and performance targets will be set to ensure that annual objectives from the program plans are met. Performance data will be summarized by grantee risk category, as defined in the agency's risk management plan. Performance measure targets and milestones that are missed, or that are in jeopardy of being missed, will be accompanied by an explanation of the reasons why, including any issues affecting progress and the specific plan for their resolution or mitigation. 2) In addition to the bi-weekly program management team meeting and reporting, each program team will meet with the Secretary, Deputy Secretary and Steering Committee on a monthly basis to review a more detailed set of Recovery Act performance measures. 3) On a quarterly basis, these monthly meetings will include updated grant recipient data described above.

HUD is requiring CDBG-R grantees to submit a list of proposed activities along with their substantial action plan amendment. CDBG-R grantees will forward this spreadsheet to HUD which will then post all proposed activities to its Recovery Act website for public review and comment. The purpose of this exercise is to ensure the highest possible level of transparency and accountability in the use of CDBG-R funds. Once the activities are approved, HUD will post these activities on the HUD Recovery website as well.

k. BARRIERS TO EFFECTIVE IMPLEMENTATION:

Phase	Barrier/Concern	Proposed Solution	Targeted Resolution Date
Pre-Implementation	<u>Staffing Resources :</u> CDBG management has identified the need to hire additional staff. The current staffing is insufficient to monitor use of the additional funds.	Identified additional staff to be hired for technical assistance and monitoring for NSP 2 and CDBG-R	September 2009



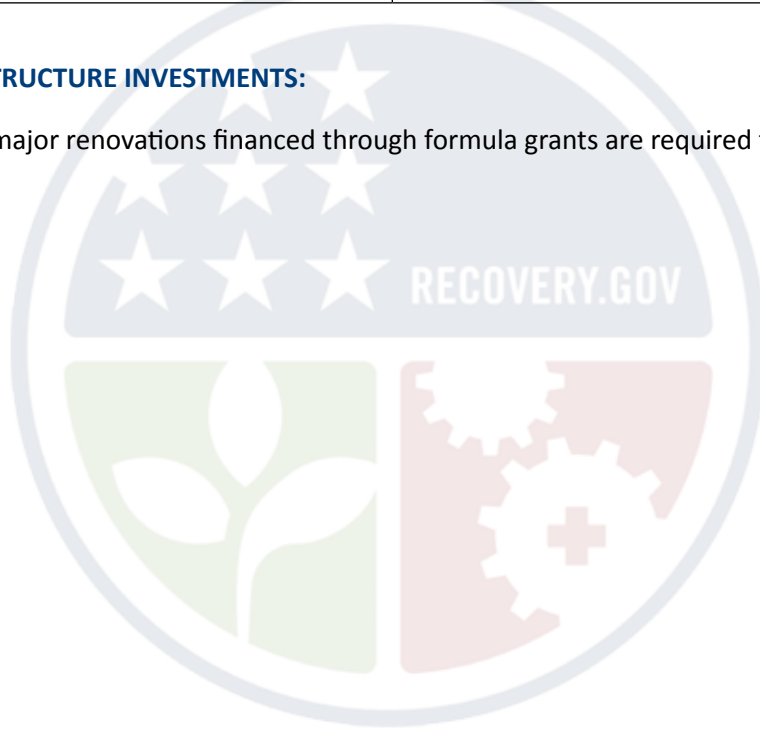


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Phase	Barrier/Concern	Proposed Solution	Targeted Resolution Date
Post- Implementation	<u>Systems Capability:</u> Modifications to IDIS, such as changes to current codes, addition of new activity categories (e.g., construction jobs) and a quarterly reporting schedule.	Upgrade IDIS	October 2009

I. FEDERAL INFRASTRUCTURE INVESTMENTS:

New buildings and major renovations financed through formula grants are required to meet local energy codes.





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