

# CHAPTER 2: ACTIVITY SELECTION AND IMPLEMENTATION



## CHAPTER PURPOSE & CONTENTS

This chapter provides an overview of the framework within which states must make decisions concerning activities and units of general local government to fund under their CDBG programs.

SECTION	TOPIC
2.1	The Planning Framework & Consolidated Plan
2.2	Project and Grantee Selection
2.3	Methods of Administering UGLG Programs

### 2.1. The Planning Framework & Consolidated Plan

- ✓ Within the framework established by the CDBG rules, states need to make strategic choices about how they administer their programs. This chapter highlights the planning framework under which the state will make these choices.

Key Topics in This Section	✓ The Consolidated Plan
Statutory Citations	Section 104, §91
Other Reference Materials on This Topic	<ul style="list-style-type: none"> <li>✓ Consolidated Plan Guidelines for States (also at end of this chapter) <a href="http://www.hud.gov/offices/cpd/about/complan/toolsandguidance/guidance/">http://www.hud.gov/offices/cpd/about/complan/toolsandguidance/guidance/</a></li> <li>✓ HUD User CHAS Data <a href="http://socds.huduser.org/scripts/odbic.exe/chas/index.htm">http://socds.huduser.org/scripts/odbic.exe/chas/index.htm</a></li> </ul>

- ✓ To begin the process of implementing CDBG activities, states must understand unit of general local (UGLG) government community needs, interests, and objectives in order to make effective choices about how to administer their CDBG programs.
- ✓ Based on this analysis, states can then make decisions about:
  - What types of activities will be funded?
  - Who will implement these activities?
  - How will UGLG be selected?
- ✓ The remainder of this chapter highlights these key program administration questions and the framework within which these key decisions are made. The first step in this process is the creation of a Consolidated Plan.



### 2.1.1. Consolidated Plan Components

- ✓ Completing the Consolidated Plan (and annual Action Plans) will help states determine what activities and organizations to fund in the coming year.
  - The Consolidated Plan is a plan of three to five years in length, which describes community needs, resources, priorities, and proposed activities to be undertaken under certain CPD four formula programs: CDBG, HOME, ESG, and HOPWA.
  - Each year, states must submit an updated Action Plan to HUD. The Action Plan describes the specific planned uses of funds for the four CPD formula programs. For the State CDBG program, the annual Action Plan must contain the Method of Distribution (MOD).
- ✓ To meet the minimum requirements set forth by HUD, the Consolidated Plan must include the following main components:
  - A description of the lead agency or entity responsible for overseeing the development of the Consolidated Plan and a description of the process undertaken to develop the plan;
  - Citizen participation;
  - Housing, homeless and community development needs;
  - A strategic plan (three to five years in length); and
  - A one-year Action Plan.
- ✓ States should use existing data that is available through HUD as well as other state resources. Specifically, states may use comprehensive housing affordability strategy (CHAS) data through HUDuser. (See website included above in this section for further information.)
- ✓ See Exhibit 2-1 for specific information on what each of these components must include and in the guidelines attached to this chapter.

#### Exhibit 2-1: Contents of a Consolidated Plan

A **description of the lead agency** or entity responsible for overseeing the development of the Consolidated Plan and a description of the process undertaken to develop the plan. This includes the consultation and coordination process, the institutional structure, collaboration and partnerships, and development of the state's economic strategy.

A summary of the **citizen participation plan**, including a description of how the state will encourage citizen participation by LMI residents, information on state programs, a summary of comments, ways that citizens can comment on performance reports, and procedures for handling complaints.

A **housing, homeless and community development needs assessment**:

- ✓ Number and type of families in need of housing assistance;
- ✓ Nature and extent of homelessness;
- ✓ Existing facilities for homeless persons;
- ✓ Number of persons requiring supportive services;
- ✓ Number of housing units occupied with LMI families with lead-based paint hazards;
- ✓ Characteristics of the housing market;
- ✓ Barriers to affordable housing;
- ✓ Analysis of impediments to fair housing.



A **strategic plan** which includes the following:

- ✓ Priority housing needs;
- ✓ Priority homeless needs;
- ✓ Other special needs;
- ✓ Priority non-housing community development needs;
- ✓ Housing objectives;
- ✓ Community development objectives;
- ✓ Homeless strategy;
- ✓ Anti-poverty strategy;
- ✓ Public housing initiatives;
- ✓ Lead based paint;
- ✓ Reduction of barriers;
- ✓ Low income housing tax credits;
- ✓ A description of activities to enhance coordination between public and private housing providers.

An **action plan** which contains:

- ✓ An Executive Summary which includes objectives and outcomes for the upcoming year;
- ✓ A description of Federal and other resources expected to be available;
- ✓ Annual objectives expected to be achieved;
- ✓ Outcome measures;
- ✓ Method of distribution;
- ✓ Outcome measures for proposed activities;
- ✓ Allocation priorities and description of the geographic distribution of investment;
- ✓ Annual affordable housing goals;
- ✓ A description of planned homeless and other special needs activities;
- ✓ A description of other actions proposed to:
  - Address obstacles to address underserved needs;
  - Foster and maintain affordable housing;
  - Remove barriers to affordable housing;
  - Evaluate and reduce lead-based paint hazards;
  - Reduce the number of families in poverty;
  - Develop the community's institutional structure;
  - Enhance coordination between public and private housing providers, social service agencies; and
  - Foster public housing improvements and resident initiatives.
- ✓ Citizen participation;
- ✓ General certifications;
- ✓ Actions to monitor housing and community development activities;
- ✓ Program-specific certifications.

### **2.1.2. Method of Distribution (MOD)**

- ✓ The Method of Distribution (MOD) describes how the state will allocate its CDBG funds to UGLG. States have many options for allocation and may use a combination of approaches. The following are a few examples:
  - Mini-entitlement designated by the state;
  - Competitive with specific criteria; and/or
  - Regional “fair share” approach.
- ✓ See below under section 2.2 for a more detailed description of a range of options for distributing funds and selecting projects.



- ✓ The MOD is a part of the Action Plan, which flows from the Consolidated Plan.
- ✓ The MOD is described in the Consolidated Plan regulations at 24 CFR 91.320(k)(1). It is required to include:
  - All criteria and scoring used to select applications, including the relative importance of the criteria if developed;
  - How all CDBG resources will be allocated among all funding categories;
  - Threshold factors and grant size limits;
  - Available Section 108 loan guarantee amounts and how applicants will be selected, if the state will allow 108;
  - The state’s process and criteria for approving local Community Revitalization Strategy Areas (CRSA), if the state will allow these; and
  - Sufficient information so that UGLG will be able to understand and comment on the MOD and be able to prepare responsive applications.
- ✓ In designing its program, a state faces a multitude of decisions and options for its MOD. How a state designs its MOD will affect numerous implementation procedures, and vice versa. The MOD will depend on what kind of environment and governmental structures the state operates in. For example:
  - What kinds of activities a state wants to fund will affect what requirements a state establishes for localities’ reporting of program income?
  - What process a state already has in place for environmental review & approval of projects may affect the application deadlines or application submission requirements the state puts into its MOD?
  - Does the state have a “single application” process by which localities apply for CDBG as well as other state programs using one process & one set of forms? Application timetable, process & forms may be driven by those state programs.
  - Will the funding process be completely objective (i.e. formula-based) or scored?
- ✓ States certify that they will not refuse to distribute funds under MOD to a UGLG on the basis of an eligible activity selected by the UGLG for funding.
  - However, states may consider that the eligible activity selected by the UGLG to be of low priority and provide fewer points under its application criteria for these activities.
- ✓ States should clearly document the criteria and scoring processes used for making awards, including recommendations and denials for funding.

### **2.1.3. New Consolidated Planning Tools**

- ✓ In May 2012, HUD CPD introduced the eCon Planning Suite, including the Consolidated Plan template in IDIS Online and the CPD Maps website. The eCon Planning Suite supports grantees and the public to assess their needs and make strategic investment decisions.



- ✓ The Consolidated Plan template in IDIS facilitates the planning process by making data on housing and community development needs readily accessible to grantees in the format required by HUD.
- ✓ CPD Maps is an online data mapping tool for place-based planning. Grantees and the public can use CPD Maps to analyze and compare housing and economic conditions across their jurisdictions. The Consolidated Plan template allows grantees to insert maps and data tables from CPD Maps throughout their plan. The maps can be found at: <http://egis.hud.gov/cpdmaps/>

### **2.1.4. Citizen Participation**

- ✓ The Consolidated Plan regulations stipulate that grantees meet certain minimal citizen participation requirements. In fact, each state is required to prepare a Citizen Participation Plan that details the state's procedures for involving the public in its program planning and implementation.
- ✓ At a minimum, the Citizen Participation Plan must ensure that the following requirements are met:
  - The Plan must indicate how the state will provide for and encourage citizen participation in the development of the Consolidated Plan;
  - Information must be provided on the funds expected to be received and the range of activities to be undertaken;
  - The state must hold a public hearing to obtain citizens' views and to respond to questions before the Consolidated Plan is published;
  - The state should also consider alternative public involvement techniques, such as focus groups or the use of the internet;
  - The proposed Consolidated Plan must be published. At a minimum, the state may publish a summary of the proposed plan in one or more newspapers of general circulation, and make copies available in libraries, government offices, and public places;
  - There must be a 30-day period for citizen review and comment prior to submitting the plan to HUD;
  - Public comments must be given consideration. The plan should include a summary of comments received and reasons the comments/suggestions were not incorporated;
  - The criteria for a substantial Plan amendment and citizen opportunity to comment on such amendments;
  - Citizen information regarding performance reports, including a period of at least 15 days to comment on the state's reports to HUD;
  - The availability of the plan to the public;
  - Reasonable and timely access to records; and
  - Procedures to handle complaints.
- ✓ States must include a summary of all public hearing comments and other citizen written comments as an attachment to the final Consolidated Plan, amendment to the plan or performance report.



- ✓ Meeting or exceeding the minimum citizen participation requirements may help states to:
  - Better inform the public about community needs and the resources available to address needs;
  - Learn about “hidden” community needs and issues;
  - Allow citizens and organizations to bring forward ideas on how to address community needs; and
  - Generate involvement in and commitment to proposed solutions.
- ✓ In developing the Consolidated Plan and deciding the types of projects to be undertaken, states need to think about the range of possible CDBG activities and about how these activities compare to the needs of the community.

### **2.1.5. Plan Review and Approval**

- ✓ A state's Consolidated Plan must be submitted to its respective CPD Field Office for review and approval at least 45 days before the start of the state's program year. A submission will not be accepted earlier than November 15 or later than August 16 of the Federal fiscal year for which the grant funds are appropriated.
- ✓ The CPD Field Office will review the consolidated plan upon receipt. The state should consider the Plan approved after 45 days unless the CPD Field Office notifies the state before that date that it is disapproved.
  - Within 15 days of a disapproval notice, the CPD Field Office must provide the state with written reasons for disapproval and corrective actions.
  - The state then has 45 days to resubmit its corrected Consolidated Plan.
- ✓ The CPD Field Office will disapprove a plan related to CDBG programs if:
  - Any portion of the Plan is inconsistent with the Housing and Community Development Act, as amended; or
  - It is "substantially incomplete," meaning:
    - The Plan was developed without the required citizen participation or the required consultation;
    - The Plan does not include all of the elements listed in 24 CFR 91.300 through 91.330; or
    - The Plan contains an inaccurate certification.
- ✓ There are times when states must amend their Consolidated Plans after they have been approved. A state must amend its Plan:
  - To make a change in its allocation priorities or a change in its method of distributing funds;
  - To carry out a new activity using funds covered under the consolidated plan; or
  - To change the purpose, scope, location or beneficiary of an activity.
- ✓ The citizen participation plan must specify what program changes constitute a substantial amendment to the Consolidated Plan, and what procedure will be followed to amend the plan. While all amendments must be made public, it is substantial amendments that are subject to a citizen participation process, in accordance with the state grantee's citizen



participation plan. Such plan must provide a period of not less than 30 days to receive public comments on substantial amendments before they are implemented.

- ✓ States may submit a copy of each amendment to HUD as it occurs, or at the end of its program year.

### 2.1.6. Reporting on the Consolidated Plan

- ✓ Grantees are required to submit an annual Performance and Evaluation Report (PER) 90 days after the end of the state grantee’s program year. The PER must include the following:
  - Financial, detailed accomplishments by activity and civil rights data;
  - A description of the resources made available and programmatic accomplishments;
  - Status of actions taken during the year to implement the Consolidated Plan; and
  - A self evaluation of progress made in the past year in addressing priority needs and objectives.
- ✓ Refer to Chapter 13 of this manual for further details on the PER.

## 2.2. Project and Grantee Selection

- ✓ There are several common ways that states may choose their UGLGs. The section below highlights some possible processes for selecting UGLG partners.

Key Topics in This Section	✓ Application processes
Statutory Citations	Not applicable
Other Reference Materials on This Topic	Not applicable

- ✓ There are a variety of approaches that states use to select UGLGs and activities for funding under CDBG program within the framework of the Consolidated Plan. States describe this process in their Consolidated Plan under the Method of Distribution.
- ✓ There are five basic models upon which the UGLG selection process can be based; however, different variations of these approaches may be necessary or appropriate to meet state needs. These models are discussed below.

### 2.2.1. Formal, Competitive Application Process

- ✓ Requires the submission of a formal application or proposal from the UGLG and is typically undertaken once a year in conjunction with the state grantee’s planning and budgeting process. Some states may do multiple competitions per year.
- ✓ Under the formal application process, UGLG applications are evaluated based on explicit selection criteria.
- ✓ This process works best in states with:
  - Numerous or complex activities;
  - Numerous potential applicants with varying degrees of experience; or



- Politics or other issues require standardized, consistent treatment of all requests for funding.
- ✓ Advantages to a formal application process are that:
  - It requires the UGLG to provide all the information needed (e.g., details on the proposed activity and on the organization’s experience and capacity); and
  - It helps to ensure consistency throughout the evaluation process.
- ✓ Disadvantages to a formal proposal approach are that:

This type of process tends to favor more experienced UGLG (i.e., those familiar with the application process);

  - Staff time to ensure consistency, from the preparation of application packages to the review and evaluation of submissions, may be substantial; and
  - This approach may limit new activities or new UGLG recipients to only one chance per year.

### **2.2.2. Two Stage Process With Technical Assistance**

- ✓ This approach is similar to the formal application process, but it usually involves a pre-application and then a second, follow-up submission to the state. The pre-application is not usually as detailed as a standard formal application. States review UGLG pre-applications and narrow the number of applications under consideration before requesting additional detailed project information from the UGLG.
- ✓ In addition, states may provide technical assistance to UGLGs as a part of this process.
- ✓ This two stage approach may be useful for states interested in encouraging the participation of potential UGLG not familiar with the program or the application process.
- ✓ Some of the advantages of the limited application approach include the fact that it is more open and flexible and may attract new UGLG applications or new ideas to the program.
- ✓ On the other hand, this approach shifts the responsibility for determining capacity and experience to the state grantee. This, in turn, may require more state staff time. In addition, this process may not ensure the consistency and fairness that is more evident in the formal application process.

### **2.2.3. “Open Door” Or Unsolicited Application Process**

- ✓ This process for selecting activities involves a first-come, first-served approach. It either encourages or allows consideration of requests for funding at any time during the program year, and may or may not include an actual application.
- ✓ In reality, unsolicited applications may occur regardless of the type of approach in place in the state. However, if there is another process in place (e.g., formal application), the unsolicited application should be required to meet the requirements of the process already in place. This may mean that the application is held until the next application process is conducted, or the application is evaluated based on the criteria used during the regular application process.



- ✓ If the state uses the open door process as its only means for accepting applications, it must ensure that all applications are treated consistently and that the same types of information are received and reviewed by the state grantee.
- ✓ One of the advantages of this type of process is that it is open and may allow opportunities for states and UGLG to more quickly respond to community needs.
- ✓ The primary disadvantage of this approach is that it is unplanned. Applications may come in at any time and require crucial staff time and effort to respond.
- ✓ Another disadvantage to this approach is timing. By not conducting the process at a specific time of year, grantees may commit funds to projects before other, more qualified applications are received. This process may result in budget changes and program amendments throughout the year.

### **2.2.4. Mini Entitlement Approach**

- ✓ Mini-entitlements are localities which automatically receive CDBG funding based on some special criteria determined by States and described in the MOD.
- ✓ The advantage of this approach is that UGLG are given flexibility to select activities that meet their local needs. In addition, it may ease the administrative burden on the state because they do not need to do an annual UGLG application process.
- ✓ The disadvantage of this process is that each UGLG may only get a very small amount of money and this may then make it very difficult for them to undertake larger projects. In addition, it places greater administrative burden on the UGLG, which may not have sufficient depth and capacity to manage complex activities.

### **2.2.5. Regional Fair Share Approach**

- ✓ Some states allocate their funding by region, with each region getting its fair share of the total available.
- ✓ Under this approach, the funds must ultimately be provided to UGLG, who undertake the projects. However, regional planning districts have input into the funding choices for their region. The state may have varying degrees of oversight or decision making power regarding the funding suggestions by the regional organizations.
- ✓ The advantage of this approach is that regional organizations may have a better idea of the needs in their area and can help to target resources toward those needs. In addition, this approach helps ensure a fair distribution of funds statewide.
- ✓ The disadvantage of this process is that unless the regional fare share is based on depth and type of need, equally distributing funds by region may not enable the state to fully address its most difficult target areas, issues and concerns. In addition local politics may play a greater role in this type of process than might be evident if the state solely made the funding decisions.

### **2.2.6. Mixed Approach**

- ✓ As mentioned previously, the reality in many states may be that one application process only is not feasible or does not work given selected activity types and community needs. In these



cases, a variation of any of the above approaches or a mix of the four approaches may be more appropriate.

- ✓ States should use caution however when mixing very different types of application processes and strive to maintain accountability to applicants and consistent treatment of requests for funds regardless of the process used.

### **2.2.7. The Application Package**

- ✓ The specific elements of a state grantee's application package will vary based on the type of application process used as well as the state grantee's preferred level of information requested on the UGLG applicant organization and project/activity.
- ✓ In order for an application package to be effective, it should:
  - Provide a clear explanation of the state grantee's CDBG program in order for prospective UGLG to understand what they are applying for, how their proposed project fits into the overall program and what their responsibilities will be;
  - Provide detailed information regarding eligible activities and national objectives to eliminate the possibility of applications for ineligible activities;
  - Not be so complicated that UGLG organizations are discouraged from applying; and
  - Require enough information about the organization to permit the state to make informed reasonable decisions about the UGLG's ability to carry out the proposed activity.

### **2.2.8. General Contents of an Application Package**

- ✓ The general contents of an application package fall into two categories:
  1. Information provided to applicants; and
  2. Information required from the applicants when their applications are submitted.

#### **Information Provided to Applicants**

- ✓ In order to provide a clear picture to prospective UGLG of the state CDBG program as a whole and the state grantee's program in particular, the application package may contain the following elements:
  - Summary of funding available (total and, if applicable, by activity type);
  - Summary of the state grantee's funding priorities (if applicable);
  - Current income limits for the program;
  - Summary of eligible activities;
  - Summary of national objectives;
  - Description of the policies and criteria used to determine funding allocations;
  - Schedule for determining funding allocations;
  - Summary of rules and requirements applicable to UGLG;
  - Name and telephone number of a contact person for questions; and



- Application deadline and location where applications are to be submitted.

### Information Required from Applicants

- ✓ Types of information required from UGLG applicants often includes:
  - Project summary:
    - Need/problem to be addressed;
    - Project location;
    - Population/area to be served;
    - Description of work;
    - Proposed budget (including staff and other sources of funding);
    - Proposed schedule of work; and
    - Agency capacity information.
- ✓ The amount of information required from applicants under a state grantee's CDBG program will vary depending upon the type of application process used.
  - For example, if a state uses the formal application process, this process typically requires applicants to provide all the information needed (e.g., details on the proposed activity and on the organization's experience and capacity).
  - On the other hand, if using a two stage technical assistance application or open door process, the amount of information required from UGLG applicants is typically less. In this case, the state either makes decisions based on a lesser amount of information, or it requests the detailed information later in the process.

### 2.2.9. Evaluating Applications

- ✓ States should establish criteria for selecting UGLG and assessing risk. The criteria should be used to determine whether a prospective UGLG has the necessary systems in place to carry out the proposed project/activity **and** to comply with applicable rules and regulations.
- ✓ At a minimum, the criteria should include:
  - Eligibility of the activity under CDBG;
  - Compliance with a CDBG national objective;
  - Consistency with the priorities and specific objectives established in the Consolidated Plan;
  - Prior experience with CDBG and/or other grant programs;
  - Prior experience in the community;
  - Prior experience in the type of project/activity being proposed;
  - Organization's administrative and financial capacity to carry out the proposed activity; and
  - Appropriateness of the design of the proposed project or program delivery approach.
- ✓ In addition to general selection criteria, some states perform a risk analysis. This process provides for a way to assess potential risks associated with proposed projects. The analysis



can also be used to guide the allocation of training, technical assistance and monitoring resources once activities are funded.

**Exhibit 2-2:**

**Six Key Questions for States to Address Prior to Funding an Activity**

1. **How is the activity eligible?** Determine if the activity falls within a category of explicitly authorized activities in the HCDA. Generally, if an activity does not fall within a category of explicitly authorized activities in the statute, the activity is considered ineligible.
2. **Is the activity expressly ineligible?** If the activity is not specifically statutorily ineligible, determine if a proposed activity that appears not to be included in the statute's list of eligible activities has actually been interpreted as eligible under the statute by the CDBG Entitlement regulations, or if it falls into the area where the state has Maximum Feasible Deference (MFD) to interpret the statutory list of eligible activities.
3. **How will the activity meet a national objective?** Determine if the proposed activity meets one of the three national objectives and describe in detail how it does.
4. **If the activity is not a low/mod activity, what impact will it have on the 70% overall low/mod benefit requirement?** Ensure that assisting the activity with CDBG funds will not result in the state violating its certification that at least 70 percent of CDBG expenditures will be for activities that benefit low- and moderate-income (LMI) persons over one, two, or three consecutive program years specified by the grant recipient.
5. **Are the costs reasonable and necessary?** Ensure that costs of the activity appear to be necessary and reasonable and will otherwise conform with the requirements of OMB Circular A-87 (Cost Principles for State, Local and Indian Tribal Governments), A-122 (Cost Principles for Nonprofit Organizations), A-21 (Cost Principles for Educational Institutions) and 24 CFR parts 84 (Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals, and Other Non-Profit Organizations) and 24 CFR Part 85, (Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments), as applicable. Parts 84 and 85 are only applicable to the State CDBG program if the state chooses to follow these requirements.
6. **Have the environmental reviews and clearance procedures been completed?** Ensure that the procedures set forth in 24 CFR Part 58 have been followed.

### 2.3. Methods of Administering UGLG Programs

- ✓ States distributes funds to UGLGs, which then carry out activities or distribute the funds to their grant recipients.
- ✓ UGLG have many options for how they can administer their CDBG programs. This section highlights the range of possible options.

Key Topics in This Section	<ul style="list-style-type: none"> <li>✓ UGLG responsibilities</li> <li>✓ Subgrantees</li> <li>✓ Nonprofit development organizations under 105(a)(15)</li> <li>✓ Community Development Financial Institutions (CDFIs)</li> </ul>
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	<ul style="list-style-type: none"> <li>✓ Faith Based Organizations</li> <li>✓ Contractors</li> </ul>
Statutory Citations	Section 105(a)(15)
Other Reference Materials on This Topic	<ul style="list-style-type: none"> <li>✓ Managing CDBG: A Guidebook for Grantees on Subrecipient Oversight <a href="http://www.hud.gov/offices/cpd/communitydevelopment/library/subrecipient/">http://www.hud.gov/offices/cpd/communitydevelopment/library/subrecipient/</a></li> <li>✓ Guidance to Faith-Based and Community Organizations on Partnering with the Federal Government: <a href="http://www.whitehouse.gov/government/fbci/guidance/">http://www.whitehouse.gov/government/fbci/guidance/</a>; and</li> <li>✓ CPD Notice 04-10: Notice of Guidelines for Ensuring Equal Treatment of Faith-based Organizations: <a href="http://www.hud.gov/offices/cpd/lawsregs/notices/2004/04-10.pdf">http://www.hud.gov/offices/cpd/lawsregs/notices/2004/04-10.pdf</a>.</li> </ul>

### 2.3.1. Overview

- ✓ As part of the planning process, UGLGs decide who will administer and carry out CDBG activities. Options for carrying out eligible activities include use of:
  - UGLG staff;
  - Subgrantees and intermediary organizations such as planning districts or councils of government;
  - Nonprofit development organizations under 105(a)(15);
  - Community Development Financial Institutions (CDFIs);
  - Faith Based Organizations; and
  - Contractors.

### 2.3.2. UGLG Staff Administration of Programs

- ✓ Some communities' CDBG programs are run with few staff and a large number of subgrantees or contracted organizations while others are administered primarily by UGLG staff and a few subgrantee or contracted organizations. Factors which tend to affect the degree to which UGLG staff are relied upon more heavily for all CDBG functions include:
  - Size of the community and of the grant amount received from the state;
  - Types of programs undertaken;
  - Local politics;
  - Capacity of in-house staff; and
  - Capacity and availability of subgrantee organizations.
- ✓ Before undertaking any CDBG-funded activity, UGLGs should consider the following issues:
  - Is there political will to undertake the project through the development, approval, and implementation phases?
  - Does the required staffing experience currently exist?



- Is there sufficient time to take on new or expanded work?
- Are there adequate and appropriate administrative resources (e.g., legal, financial, etc.)?
- Are there subgrantees or contracted partners with the capability to assist with the program/project?
- Will consultants be needed?
- Are there sufficient funds to carry out the program/project and/or to invest the level of effort necessary for its implementation?
- ✓ Staffing for CDBG programs and activities generally requires:
  - Conducting a skills inventory of staff members;
  - Developing a list of required skills;
  - Assessing where gaps exist between existing staff skills and required skills; and
  - Undertaking the appropriate training, capacity building, and staff expansion necessary to administer the programs/activities.
- ✓ Based upon the UGLGs analysis of staffing capacities and upon programmatic needs, the UGLG must determine whether and/or to what extent it will work with subrecipients, other nonprofits, contractors, and CDFIs.

### **2.3.3. Subgrantees and Intermediary Organizations Such as Planning Districts or Councils of Government**

- ✓ A subgrantee is a public or private non-profit agency or organization receiving CDBG funds from a UGLG or another subgrantee to undertake eligible activities. For example, the UGLG may elect to administer programs through public and quasi public agency partners such as councils of government and regional planning districts.
- ✓ The state and UGLG are responsible for ensuring that CDBG funds are used in accordance with all program requirements. The use of designated public agencies, subgrantees, or contractors does not relieve the state or UGLG of this responsibility. The state and UGLG are also responsible for determining the adequacy of performance and for taking appropriate action when performance problems arise.
- ✓ Before disbursing funds to any organization that is carrying out CDBG activities on behalf of the UGLG, a written agreement should be executed. Certain requirements should be included in all written agreements with subgrantees or other partners. These clauses are not required but suggested elements are listed in the section below.
- ✓ Written agreements should remain in effect for the length of time that the subgrantee or other partner has control over any CDBG funds, including program income. However, it is good practice to update agreements annually to ensure the agreements are current with regulations and requirements. This process also allows an opportunity to revisit and clarify problem areas or issues.

### **2.3.4. Subgrantee Agreements**

- ✓ Subgrantees compliance with applicable requirements is usually covered through a written agreement. The following general requirements are applicable:



- All CDBG requirements are applicable to subgrantees.
- Procurement by the subgrantee must follow the open and competitive requirements of the state's procurement code.
- Uniform administrative requirements in OMB Circular A-87 and A-133 must be met.
- The state and UGLG may allow the subgrantee to retain program income for use for specified eligible activities. The written agreement should specify the activities that will be undertaken. Program income is subject to all CDBG requirements.
- ✓ At a minimum, it is suggested (but not required) that the UGLG's written agreement with the subgrantee or other partners include provisions concerning the following items:
  - Statement of work - The agreement shall include a description of the work to be performed, a schedule for completing the work, and a budget. These items shall be in sufficient detail to provide a sound basis for the state to effectively monitor performance under the agreement.
  - Records and reports – The UGLG should specify in the agreement the particular records the subgrantee or partner must maintain and the particular reports the subrecipient/partner must submit in order to assist the state in meeting its recordkeeping and reporting requirements.
  - Program income - The agreement should cover the disposition of any program income received as a result of the CDBG project in compliance with all CDBG requirements.
  - Uniform administrative requirements - The agreement should require subgrantees to comply with applicable uniform administrative requirements, (OMB Circular A-110, A-122, and A-133).
  - Other program requirements - The agreement should also require the subgrantee or partner to carry out each activity in compliance with all applicable Federal and state laws and regulations.
  - Conditions for religious organizations - Where applicable, the conditions prescribed by HUD for the use of CDBG funds by religious organizations should be included in the agreement.
  - Suspension and termination - The agreement should specify that suspension or termination may occur if the subgrantee or partner materially fails to comply with any terms of the agreement, and that the agreement may be terminated for convenience.
  - Reversion of assets - The agreement should specify that upon its expiration, the subgrantee shall transfer to the UGLG any CDBG funds on hand at the time of expiration and any accounts receivable attributable to the use of CDBG funds.

### **2.3.5. Nonprofit Development Organizations Under 105(a)(15)**

- ✓ CDBG funds may also be provided to Nonprofit Development Organizations under 105(a)(15) of the statute to carry out certain activities in connection with community revitalization, community economic development or energy conservation projects.
  - A community revitalization project must include activities of sufficient size and scope to have an impact on the decline of a particular community.



- The neighborhood can be designated in a local comprehensive plan or other local planning document or ordinance.
- A community economic development project must include activities that will increase economic opportunity, principally for LMI persons, or that retain or create jobs.
  - Projects that address a lack of affordable housing accessible to existing or planned jobs may be considered eligible under a community economic development project.
- Energy conservation projects must include activities that address energy conservation, principally for LMI persons in the community.

### **2.3.6. Community Development Financial Institutions**

- ✓ A community development financial institution (CDFI) is a community-based lending institution. The CDBG regulation changes that took effect in 1995 included certain flexibilities for activities carried out by CDFIs.
- ✓ As defined in the Community Development Banking and Financial Institutions Act of 1994, CDFIs have the following characteristics:
  - Primary mission of promoting community development;
  - Serve an investment area or targeted population;
  - Have as its predominant business the provision of loans or development investments and provides development services in conjunction with such loans and investments;
  - Maintains accountability to residents of its investment area or targeted population through representation on its governing board or some other means; and
  - Is not an agency or instrumentality of the government (Federal, state or local).
- ✓ CDFIs are not considered subgrantees or contractors. A CBDO may qualify as a CDFI.
- ✓ Types of organizations that may meet these criteria include community development banks; community development loan funds; microenterprise loan funds; and venture capital organizations.
- ✓ The Community Development Banking and Financial Institutions Act of 1994 also created a CDFI Fund to promote economic revitalization and community development through investment in and assistance to CDFIs.
  - The CDFI Fund is managed by the Department of Treasury and provides assistance to qualified organizations.
  - CDFIs then provide funds to other organizations in accordance with their missions.
- ✓ Activities carried out by CDFIs receive special consideration under the new CDBG regulations regardless of whether or not the CDFI is actually receiving assistance from the CDFI Fund.
  - For a CDFI whose charter limits its investment area to a primarily residential area with 51 percent LMI persons:
    - Job creation/retention activities may be qualified as meeting area benefit requirements;
    - Scattered site housing activities may be considered to be a single structure for the purposes of applying the LMI benefit national objective (housing) criteria; and



- Economic development activities may be exempt from the aggregate public benefit standards.
- ✓ For any CDFI, regardless of its investment area, job creation/retention national objective requirements may be met by aggregating the jobs created/retained by all businesses for which CDBG assistance was obligated during the program year.

### **2.3.7. Faith Based Organizations**

- ✓ Effective October 30, 2003, HUD issued a new final rule to remove barriers to the participation of faith-based organizations in eight CPD programs, including the CDBG program.
- ✓ The amended CDBG regulations establish the following policies (see §570.480(e), which refers the state to 570.200j).
  - Faith-based organizations are eligible for CDBG funding on an equal footing with any other organization. There is no Federal requirement that an organization incorporate or operate as a nonprofit to obtain tax-exempt status under section 501(c)(3) in order to receive CDBG funds.
  - Organizations may not use direct CDBG funds to support inherently religious activities such as worship or religious instruction. If an organization does conduct such activities, the activities must be offered separately than activities funded by the CDBG program, in time or location.
  - Faith-based organizations retain their independence from Federal, state, and local governments, including their exemption from the federal prohibition on employment discrimination on the basis of religion for employees not involved in CDBG funded activities.
  - Faith-based organizations, like all organizations implementing HUD-funded programs, must serve all eligible beneficiaries without regard to religion. The CDBG statute and regulations prohibit any person from being denied the benefits of, or being subjected to discrimination, on the basis of religion under any activity funded in whole or in part with CDBG funds.
  - Faith-based organizations, like all organizations, may receive CDBG funds to acquire, construct, or rehabilitate buildings and other real property as long as the funds only pay the costs attributable to CDBG activities.
  - The final rule applies to state or local funds if a state or local government chooses to commingle its own funds with CDBG funds.
- ✓ For more information regarding the participation of faith-based organizations in the CDBG Program, see the following resources:
  - HUD Center for Faith-Based and Community Initiatives: <http://www.hud.gov/offices/fbci/>;
  - Guidance to Faith-Based and Community Organizations on Partnering with the Federal Government: <http://www.whitehouse.gov/government/fbci/guidance/>; and
  - CPD Notice 04-10: Notice of Guidelines for Ensuring Equal Treatment of Faith-based Organizations: <http://www.hud.gov/offices/cpd/lawsregs/notices/2004/04-10.pdf>.



### **2.3.8. Contracted Administrators**

- ✓ A contractor can be either a for-profit or a nonprofit entity that is paid CDBG funds by the UGLG (or subgrantee) in return for specific services, where payment is made to the contractor as compensation for such services.
- ✓ A contractor is different than a 105(a)(15) nonprofit development organization and/or subgrantee in the following ways:
  - A contractor must be procured competitively according to the OMB rules; and
  - Most of the uniform administrative requirements do not apply to contractors (once the procurement process is complete).
- ✓ Typically, UGLG use a contractor when:
  - The project is a discrete activity and does not involve program management or administration;
  - There will be a specific activity under contract with a clearly defined beginning and end date; and
    - The specific activity undertaken by a contractor may be a physical project (like a multi-family rehabilitation) or a social service activity (like running a day care center.)

# Attachment 2-1: State Guidelines for Preparing a Consolidated Plan

## GUIDELINES FOR PREPARING A STATE CONSOLIDATED PLAN SUBMISSION FOR HOUSING & COMMUNITY DEVELOPMENT PROGRAMS

U. S. Department of Housing and Urban Development, Office of Community Planning and Development

### INTRODUCTION

The Consolidated Plan is designed to be a collaborative process whereby a state or local jurisdiction establishes a unified vision for community development actions. It offers state and local jurisdictions the opportunity to shape the various housing and community development programs into effective, coordinated community development strategies. The vision outlines the state's overall policies and objectives for housing and community development throughout the state. It also creates the opportunity for strategic planning and citizen participation to take place in a comprehensive context, and to reduce duplication of effort at the state level, and serves as a management tool that helps the state, local governments, and citizens assess performance and track results.

The Consolidated Plan approach is also the means to meet the submission requirements for the Community Development Block Grant (CDBG), HOME Investment Partnerships (HOME), Emergency Shelter Grant (ESG), and Housing Opportunities for Persons with AIDS (HOPWA) formula programs. This process replaces prior CPD planning and submission requirements with a single document that satisfies the submission requirements of the four CPD formula programs for state and local jurisdictions.

The statutes for the formula grant programs set forth three basic goals and objectives against which the plan and the state's performance under the plan will be evaluated by HUD. Each state's plan must state how it will pursue these goals for all community development programs, as well as all housing programs. These goals are: First, the programs provide decent housing. Included within this broad goal are the following: assist homeless persons to obtain affordable housing; retain the affordable housing stock, increase the availability of permanent housing that is affordable to low-income Americans without discrimination; and increase supportive housing that includes structural features and services to enable persons with special needs to live in dignity. Second, the programs provide a suitable living environment. This includes improving the safety and livability of neighborhoods; elimination of blighting influences and deterioration of property and facilities, increasing access to quality facilities and services; reducing the isolation of income groups within areas by deconcentrating housing opportunities and revitalizing deteriorating neighborhoods; restoring, enhancing and preserving natural and physical features of special value for historic, architectural, or aesthetic reasons; and conserving energy resources. The third major statutory goal of the programs is to expand economic opportunities. Within this goal are job creation and retention: stabilization and expansion of small businesses (including micro businesses); the provision of public services concerned with employment; the provision of jobs involved in carrying out activities under programs and activities; providing access to credit for community development that promotes long-term economic and social viability; and empowering low- and moderate-income persons in federally-assisted and public housing to achieve self-sufficiency.

States develop a "strategy" toward meeting their policies and objectives that may express varying levels of detail on the direction that the state wishes to establish in housing and community development. States have the flexibility to determine the specificity of their plans depending on the extent to which they want to influence choices that localities make in housing and community development. States also have significant flexibility in determining the format of the plan and the method of collecting the data necessary for development of the plan, whether at the state, regional, or local levels. The geographic area that will be covered by the state's plan will be determined by the state, but must cover at least those areas that are eligible to receive funds directly from the state.

## **WHAT'S NEW**

### **Requirements and Guidance:**

The five steps for preparing a consolidated plan submission presented below clearly differentiate between what the state is required to submit and guidance in preparing the consolidated plan submission. The requirements are stated as "must do" statements, while guidance statements are not requirements but offered as "should" statements or presented as questions the state should take into consideration during plan development.

### **Plan Format:**

HUD does not prescribe a specific, uniform presentation format for submitting the plan, but the plan must contain each of the required elements described below and the required tables. Tables 1 (Housing, Homeless and Special Needs) and Table 2A (Priority Housing Needs and Activities) are required. States are encouraged to use other new optional tables, such as Tables 3A (Summary of Annual Specific Objectives) and Table 3B (Annual Housing Goals) to provide information required by the consolidated plan final rule that was published on February 9, 2006. Tables 3A and 3B are similar to worksheets that are included in the latest version of the Consolidated Plan Management Process Tool. They are based on tables developed by grantees or in response to suggestions made by researchers and grantees. Tables 3A, 3B and 3C can help states illustrate the linkages between the performance measurement outcomes/objectives requirements of the Consolidated Plan and the Federal Register Notice on Performance Measurement that was published on March 7, 2006.

### **Use of Existing Documents:**

HUD encourages states to draw from existing data, documents, materials, and processes in preparing their consolidated plan. CHAS data at: <http://socds.huduser.org/scripts/odbc.exe/chas/index.htm> is available to help identify housing needs. States also have the option to cross-reference pages of relevant documents like the TANF Plan and Continuum of Care Plan in order to streamline the consolidated plan process.

### **HUD's Strategic Plan Goals:**

In developing Consolidated Plans, states should be aware of national goals that have been established in HUD's strategic plan – to end chronic homelessness and to increase minority homeownership. HUD requests the cooperation of all grantees in achieving these goals. Each state is encouraged to include ways in which it intends to address these goals as part of its Consolidated Plan. HUD's ability to report its progress in reaching these goals depends on information provided by states and local governments. These goals are not additional Consolidated Plan requirements; rather they provide a sharper focus to existing elements.

### **Consolidated Plan Final Rule:**

The consolidated plan final rule published on February 9, 2006 contained several revisions and updates that are highlighted in italics in the following guidelines. Included among the revisions are new requirements regarding an Executive Summary, revised citizen participation and consultation requirements, an annual summary of specific objectives, annual housing goals, the manner in which the plan of the state will address the needs of public housing (including any "troubled" public housing agencies), estimates of the percentage of funds dedicated to target areas, annual goals for the use of HOPWA funds, and a discharge policy certification.

### **Performance Measurement Framework:**

States are encouraged to identify specific objectives under general outcome and objective categories involving the availability/accessibility, affordability, and sustainability of decent housing, a suitable living environment, and economic opportunity. Each state must also provide outcome measures for activities included in its action plan in accordance with the Federal Register Notice dealing with Outcome Performance Measurement Systems, dated March 7, 2006.

## STEPS FOR PREPARING A CONSOLIDATED PLAN AND SUBMISSION

These steps will guide the state through the process of preparing its housing and community development plan for submission to HUD.

### I. Coordinating and Managing the Process

The consolidated plan submission process envisions that housing and community development planning and programming will be accomplished through a unified and comprehensive framework that encourages opportunities for collaboration and collective problem-solving. Partnerships among government agencies and between government and private groups enhance the use of government and private resources to achieve intended public purposes. These steps require states to take and/or describe specific actions and initiatives relevant to the preparation of their housing and community development plan.

#### Presubmission requirements

Required consultation -- States must consult and coordinate with local jurisdictions, various public and private agencies, that provide assisted housing, health services, social and fair housing service agencies, and among its own departments regarding the housing needs of children, elderly persons, persons with disabilities (including persons with HIV/AIDS and their families), homeless persons, and other persons served, to assure that its consolidated plan is a comprehensive document and addresses statutory purposes.

Lead-Based Paint -- The state must consult with state and local health and child welfare agencies, and examine existing data on hazards and poisonings, including health department data on the addresses of housing units in which children have been identified as lead poisoned.

#### Submission requirements:

Lead Agencies -- The state must identify the lead entity or entities for overseeing the development of the plan and the major public and private agencies responsible for administering programs covered by the consolidated plan.

Consultation/Coordination -- The state must identify the significant aspects of the process by which the plan was developed, and with statewide and regional institutions, agencies, groups, and organizations (including businesses, developers, community and faith-based organizations), that participated in the process. It must briefly describe the state's consultation with housing, health, social, and fair housing service agencies, including those focusing on services to children, elderly persons, persons with disabilities (including persons with HIV/AIDS and their families), homeless and chronically homeless persons, as well as activities it will undertake to enhance coordination between public and assisted housing providers, and among private and governmental health, mental health, and service agencies. The description should include the means of cooperation and coordination with local jurisdictions in developing, submitting and implementing its consolidated plan.

Institutional Structure -- The state must explain the institutional structure through which it will carry out its consolidated plan, including private industry, non-profit organizations, community and faith-based organizations, and public institutions. It must also assess the strengths and gaps in the delivery system, describing what it will do to overcome those gaps.

#### Guidance:

Collaboration and partnership -- In organizing to prepare the consolidated plan and submission, has the state considered establishing new relationships and organizational structures among various agencies and organizations in order to maximize the benefits that should arise from the collective problem-solving and coordinated activities? This will aid in data gathering and reporting, while increasing commitment to the plan.

Economic Development -- The consolidated plan should describe efforts made to enhance coordination

with private industry, businesses, developers, and social service agencies, particularly with regard to the development of the state's economic development strategy.

## **II. Citizen Participation:**

The consolidated plan must result from an effective citizen participation process. Existing, ongoing citizen participation activities may be used, and states will have the flexibility to choose the most effective participation process.

States must adopt and follow a citizen participation plan that describes the state's policies and procedures for citizen participation. The citizen participation plan must also describe the citizen participation requirements (outlined in 24 CFR 570.486) for units of general local government receiving CDBG funds from the state and explain how the requirements will be met.

When preparing the consolidated plan, states must consult with local elected officials from among units of general local government in nonentitled areas in determining the state's method of distributing CDBG funds. In preparing the consolidated plan, states must consult with other public and private agencies that provide assisted housing, health, social, and fair housing services. As the section on lead-based paint hazards is prepared, the states must consult with state or local health and child welfare agencies.

The state's citizen participation plan must address the following, which mirrors the regulatory requirements and describe actions to be taken to encourage citizen participation. Citizens and units of general local governments must be provided a reasonable opportunity to comment on the citizen participation plan prior to implementation and on any substantial amendments thereto. The final citizen participation plan must be made public and be available in a format accessible to persons with disabilities, upon request.

**Participation --** The state must indicate in the citizen participation plan how it will provide for and encourage citizen participation in the development of the state's consolidated plan, emphasizing the involvement of low- and moderate-income residents where housing and community development funds may be spent. States are expected, in all stages of the process, to take whatever actions are appropriate to encourage the participation of all its residents, including minorities and non-English speaking persons, as well as persons with mobility, visual or hearing impairments in all stages of the process.

**Access to Information --** In developing the consolidated plan, the state will make available to units of general local government, citizens, public agencies, and other interested parties, including those most affected, information on the amount of funds the state expects to receive to be available for community development and housing activities, and the range of activities that may be undertaken, including the estimated amount proposed to benefit low-, moderate-income residents; and the plans to minimize displacement, and assist those displaced, as a result of these activities.

**Publishing the Consolidated Plan --** The state must publish its proposed consolidated plan in a manner to afford affected citizens, units of general local government, public agencies and other interested parties a reasonable opportunity to examine its content, and to submit comments on the proposed consolidated plan. This requirement to publish the plan may be met by publishing a summary of the proposed consolidated plan in one or more newspapers of general circulation, and by making copies of the proposed consolidated plan available at libraries, government offices, and public places. The summary must describe the contents and purpose of the consolidated plan, and must include a list of the locations where copies of the entire proposed consolidated plan may be examined. In addition the state must provide a reasonable number of free copies of the plan to citizens and groups that request it.

**Public Hearings --** The state must hold at least one public hearing to obtain the views of citizens on community development and housing needs before the proposed consolidated plan is published for comment. The citizen participation plan must: describe how and when adequate advance notice of the hearing will be provided to citizens (with sufficient information having been published about the subject of the hearing to afford citizens opportunity to provide informed comment); specify how the state will assure that the hearing be held at a time and location convenient to potential and actual beneficiaries with accommodation for persons with disabilities (describing in the citizen participation plan how these requirements will be met); and identify how the needs of non-English speaking residents will be met in the case of a by public hearing where a significant number of non-English speaking residents can be expected to participate.

Public Involvement -- explore alternative public involvement techniques and quantitative ways to measure efforts that encourage citizen participation in a shared vision for change in communities and neighborhoods, and the review of program performance, e.g., use of focus groups, and use of the Internet.

Comments -- The state must provide a period of not less than 30 days to receive comments from citizens and units of general local governments on the proposed consolidated plan. States must consider the views of citizens and units of general local government that are received in writing, or orally at public hearings, in preparing the final consolidated plan. A summary of these comments or views and a summary of any comments or views not accepted must be attached to the final consolidated plan and made public. The summary must include an explanation of the comments not accepted and the reasons why these were not accepted. These requirements also apply to any substantial amendments made to the consolidated plan.

Amendments to the Consolidated Plan -- The state must specify in the citizen participation plan the criteria it will use for determining what changes in the state's planned or actual activities constitute a substantial amendment to the consolidated plan. This criteria for a substantial amendment must include changes to the method of distributing the funds covered by the consolidated plan. Prior to the submission of an amendment, the state shall provide citizens and units of general local government with reasonable notice and an opportunity to comment on the substantial amendments (the citizen participation plan must describe how this will occur). A period of at least 30 days must be provided in which to receive comments on the substantial amendment before the amendment is implemented.

Performance Reports -- The state must describe in its citizen participation plan how citizens will be given reasonable notice and an opportunity to comment on performance reports. A period of not less than 15 days must be given to receive comments on the performance report that is to be submitted to HUD prior to such submission. States must consider the views of citizens that are received in writing, or orally at public hearings, in preparing the performance report. A summary of these comments or views must be attached to the performance report.

Availability to the Public -- The state must make the consolidated plan as adopted, any substantial amendments, and the performance reports available to the public, including the availability of materials in a form accessible to persons with disabilities upon request. The citizen participation plan must explain how these documents will be available to the public.

Access to records -- The state must provide citizens, public agencies and other interested parties with reasonable and timely access to information and records relating to its consolidated plan and the state's use of assistance under programs covered by the consolidated plan for the preceding five years.

Complaints -- The state shall describe, in the citizen participation plan, its procedures to handle complaints from citizens related to the consolidated plan, amendments and performance report. States must provide for timely, substantive response to each written complaint within a specific time period (within 15 working days, where practicable, if the state receives a CDBG grant).

### **Submission Requirements:**

Executive Summary -- a clear, concise executive summary that included the objectives and outcomes identified in the plan and an evaluation of past performance.

Citizen Participation -- a concise summary of the citizen participation process, a summary of citizen comments or views on the plan, and efforts made to broaden public participation in the development of the consolidated plan, including outreach to minorities and non-English speaking persons, as well as persons with disabilities. The summary of citizen comments must include a written explanation of comments not accepted and the reasons why these comments were not accepted.

### **Guidance:**

Examination of existing participation -- The state should evaluate the success of existing methods to solicit public comment and participation at the state level and at the local level. Have all avenues for increasing citizen awareness of hearings, particularly at the local level and the importance of these programs been explored?

Citizen Committees -- The state should consider how various citizen advisory committees/ boards can work together at the state level to provide input as the consolidated plan is being developed.

Local Citizen Committees -- The state should encourage localities to consider how various citizen advisory committees could work together at the local government level.

Facilitation -- The state should encourage localities to use various forms and techniques for citizen participation, ranging from small, issue-oriented forums to town meetings. Has the state considered new and innovative means that both the state and its units of general local governments can use to encourage additional citizen participation and provide improved citizen access to the decision making process?

Plan Evaluation -- The state should share HUD's response to the submission with all who attended state public hearings and planning meetings.

### **III. Housing, Homeless, and Community Development Needs**

In this step the state is required to submit statistical and analytical information that provides an overall picture of the housing, homeless, and community development needs of the state. The information will assist in establishing priorities and allocating Federal and State resources, principally for extremely low-, low-, and moderate-income families. It is also important for developing specific objectives in accordance with the statutory goals of providing decent housing, a suitable living environment, and expanding economic opportunities. The needs information must be sufficient to support the state's strategic plan described in Step IV, including its priorities for allocating resources, its specific objectives and its strategy for achieving desired results.

In describing its needs, the state is encouraged to draw relevant information from previous submissions and other reports and studies, as appropriate. It is expected to use citizen input, as well as the results of consultations with social service agencies regarding housing and other needs of children, elderly persons, persons with disabilities, homeless persons, and other persons served by such agencies. For a state seeking funding under the HOPWA program, the needs described for housing and supportive services must address the needs of persons with HIV/AIDS and their families in areas outside of eligible metropolitan statistical areas.

#### **Submission Requirements:**

Housing Needs -- The state must provide an estimate of housing needs projected for the next five years. This includes an overall assessment of the state's housing needs for households residing in and those expected to reside in the state; a statement of its needs for assistance among extremely low-, low-income, moderate-income, and middle-income families for renters and owners; specification of such needs for different categories of persons, including elderly persons, single persons, large families, persons with HIV/AIDS and their families, persons with disabilities; victims of domestic violence, and a description of housing needs in terms of the number of extremely low-income, low-income, moderate-income, and middle-income renters and owners experiencing specific housing problems, including cost-burden, severe cost-burden, substandard housing, and overcrowding (especially large families) compared to the jurisdiction as a whole.

Housing data included in this portion of the plan shall be based on data available from the U.S. Census, as provided by HUD and updated by any properly conducted study, or any other reliable source that the state clearly identifies. States may wish to use the CHAS data provided by HUD at the following website: <http://socds.huduser.org/scripts/odbic.exe/chas/index.htm> to satisfy the data requirements for the housing needs section when preparing their narrative. To the extent that any racial or ethnic group has disproportionately greater need for any income category in comparison to the needs of that category as a whole, the state must complete an assessment of that specific need. For this purpose, disproportionately greater need exists when the percentage of persons in a category of need who are members of a particular racial or ethnic group is at least 10 percentage points higher than the percentage of persons in the category as a whole.

Homeless Needs -- The state must describe the nature and extent of homelessness, (including rural homelessness and persons that are chronically homeless where applicable) addressing separately the need for facilities and services for homeless individuals and homeless families with children, both sheltered and unsheltered, and homeless subpopulations identified in Table 1. The plan must also include, to the extent information is available, a narrative description of the nature and extent of

homelessness by racial and ethnic group. In addition to presenting the data, you must describe the methodology you used to obtain the data. Annualized counts must not be duplicated.

**Homeless Facilities** -- The state shall also describe existing facilities and services, (including a brief inventory) that assist homeless persons and families with children and subpopulations identified in Table 1. These include facilities and services for outreach and assessment, emergency shelters and services, transitional housing, permanent supportive housing, access to permanent housing, and activities to prevent low-income individuals and families with children (especially those with incomes below 30 percent of the median) from becoming homeless. The homeless inventory of facilities should include (to the extent is available to the jurisdiction) an estimate of percentage or number of beds and supportive services programs that are serving people that are chronically homeless.

**Other Special Needs** -- The state must estimate, to the extent practicable, the number of persons who are not homeless but require supportive services, including the elderly, frail elderly, persons with disabilities (mental, physical, developmental, persons with HIV/AIDS and their families), persons with alcohol or other drug addiction, victims of domestic violence, and any other categories the state may specify and describe their supportive housing needs. The plan must also describe, to the extent information is available, facilities and services that assist persons who are not homeless but require housing or supportive housing, and programs for ensuring that persons returning from mental and physical health institutions receive appropriate supportive housing. If the state plans to use HOME for tenant based rental assistance to assist one or more of these populations, it must justify the need for such assistance in the plan.

**Lead-based Paint Needs** -- The state must estimate the number of housing units that are occupied by extremely low-, low-, and moderate-income residents that contain lead-based paint hazards, as defined in section 1004 of the Residential Lead-Based Paint Hazard Reduction Act of 1992.

**Market Conditions** -- The state must describe the significant characteristics of the housing market in terms of the supply, demand, condition, and the cost of housing. If a state intends to use HOME funds for tenant based assistance, it must specify local market conditions that led to the choice of that option.

**Barriers to Affordable Housing** -- This section requires the state to explain whether the cost of housing or the incentives to develop, maintain, or improve affordable housing are affected by public policies, particularly those of the state. Such policies include tax policy, land use controls, zoning ordinances, building codes, fees and charges, growth limits, and policies that affect the return on residential investment.

**Fair Housing** -- The state must conduct an analysis to identify impediments to fair housing choice within the state. The analysis is not required to be submitted as part of the consolidated plan but the state must certify that it will affirmatively further fair housing; which means it will conduct the analysis, take appropriate actions to overcome the effects of any impediments and maintain records reflecting the analysis and actions in this regard.

**Guidance:**

**Housing needs** -- Has the state identified housing needs, including analysis of the needs based on income level, tenure (renters/owners), and housing problems? Has the state presented additional data or reorganized existing data to better support housing and community development findings? (The state should include persons with mental illness, persons with HIV/AIDS and/or their families, persons with disabilities, and other categories of people with needs as the state may determine). Has the state considered the housing credit needs of its residents?

**Homeless Needs** -- Has the state identified the need for facilities and services for homeless persons who are: severely mentally ill, alcohol/other drug addicted, severely mentally ill and alcohol/other drug addicted, fleeing domestic violence, homeless youth, living with HIV/AIDS; and such other categories as the state may determine? While homeless data in Table 1 must be point-in-time, the narrative may discuss both point-in-time and other reliable data, such as annualized counts. This information may be important in your planning process because it may reveal the volume and types of homelessness that must be dealt with over the course of a year or other time period longer than a day. These might include data from shelter or voucher programs, turnaway data from shelters, administrative records from health care for the homeless program, or drop in program for homeless people.

**Chronic Homelessness** -- The state should describe its strategy for eliminating chronic homelessness by 2012, and its planned action steps for addressing the needs of persons that are chronically homeless.

This can include barriers to achieving this and should include the jurisdiction's strategy for helping homeless persons make the transition to permanent housing and independent living.

A person that is considered chronically homeless is an unaccompanied homeless individual with a disabling condition who has either been continuously homeless for a year or more or has had at least four episodes of homelessness in the past three years. To be considered chronically homeless, persons must have been sleeping in a place not meant for human habitation (e.g., living on the streets) and/or in an emergency shelter during that time. For the purposes of chronic homelessness, a disabling condition is a diagnosable substance use disorder, serious mental illness, developmental disability, or chronic physical illness or disability, including the co-occurrence of two or more of these conditions. A disabling condition limits an individual's ability to work or perform one or more activities of daily living.

Availability of Data -- HUD encourages states to draw from existing data, documents, materials, and processes in preparing their consolidated plan. States have the option to cross-reference pages of relevant documents like the TANF Plan and Continuum of Care Plan in order to satisfy data requirements. With regard to special needs, states are encouraged to provide data to the extent available.

Discharge Coordination Policy -- Every jurisdiction receiving McKinney-Vento Homeless Assistance Act Emergency Shelter Grant (ESG), Supportive Housing, Shelter Plus Care, or Section 8 SRO Program funds should develop and implement a "Discharge Coordination Policy, to the maximum extent practicable. Such a policy should include "policies and protocols for the discharge of persons from publicly funded institutions or systems of care (such as health care facilities, foster care or other youth facilities, or correction programs and institutions) in order to prevent such discharge from immediately resulting in homelessness for such persons." The jurisdiction should describe its planned activities to implement a cohesive, community-wide Discharge Coordination Policy and how the community will move toward such a policy.

Community Development Needs -- As part of the Housing and Community Development Strategy (Step IV), the state must identify its "priority non-housing community development needs" that affect more than one unit of general local government. These would be CDBG eligible activities typically funded by the state, such as public improvements, public facilities, public services and economic development activities. These priority needs must be described by CDBG eligibility category, reflecting the needs of persons or families for each type of activity. Although it is not required, the state should consider utilizing available and appropriate information derived from localities, and relevant reports and studies, to support the decisions made in selecting "priority non-housing community development needs" in Step IV. (The information might include crime and unemployment rates, incidence of AIDS or tuberculosis, inadequate public facilities, or other appropriate data.) One approach to estimating these needs is to assess the demand for CDBG funds for non-housing activities in the last 2 or 3 years from local government CDBG applications.

#### **IV. Strategic Plan**

The state must produce a strategic plan that brings the needs and resources together in a coordinated housing and community development strategy. The strategic plan should identify expected accomplishments and results the state hopes to achieve for the period of time designated in the strategic plan in terms of outputs and outcomes. The state plan must be developed to achieve the following goals and objectives, principally for low- very low-, and extremely low-income residents:

- provide decent housing,
- create suitable living environments, and
- expand economic opportunities

Submission Requirements:

Time Period --The state must describe the period of time covered by the plan.

Priority Needs and Allocation Priorities -- The state must identify its priority needs, describe the reasons for assigning the priority given to each category of priority needs (including the tables, where required), and identify any obstacles to meeting underserved needs. In addition, the state must describe the general priorities for allocating investment geographically within the state and among priority needs. The state must address the following concerns:

Priority Housing Needs -- The state must identify the priority housing needs and activities specified in Table 2A. The state must provide an analysis of how the characteristics of the housing market and the severity of housing problems and needs of each category of residents, previously described in section III (Housing Needs), provided the basis for determining the priority of each priority housing need category. Family and income types may be grouped where the analysis would apply to more than one family or income type. The Priority Housing Needs Table 2A is required to be completed and accompany this part. Part 3 of Table 2A, however, is optional for states.

A priority housing need may be any of the distinct categories of residents defined in the Table 2A matrix. Alternatively, the State may define its priorities by activity type (listed in Part 3 of Table 2A) in which case the needs of all categories of residents must be analyzed under each activity. The description may be for the State as a whole or broken down into the sub-State areas and regions considered to be most significant and meaningful.

Priority Homeless Needs – Using the results of the Continuum of Care planning process, identify the state's homeless and homeless prevention priorities specified in Table 1. The description of the state's choice of priority needs and allocation priorities must be based on reliable data meeting HUD standards and should reflect the required consultation with homeless shelter and social service agencies regarding the needs of homeless families with children and individuals, persons with disabilities and other categories of homeless persons, and the citizen participation process.

Other Special Needs -- describe the priority housing and supportive service needs of persons who are not homeless but may require housing or supportive housing, i.e., elderly, frail elderly, persons with disabilities (mental, physical, developmental, persons with HIV/AIDS and their families), persons with alcohol or other drug addiction, victims of domestic violence, and public housing residents to the extent data is available.

Priority Non-housing Community Development Needs -- A state seeking Community Development Block Grant funding must identify its priority non-housing community development needs that affect more than one unit of general local government, and involve activities typically funded by the state under the CDBG program. These priority needs must be described by CDBG eligibility category, reflecting the needs of persons or families for each type of activity (i.e. public facilities, public improvements, public services and economic development).

Objectives and Strategies -- The state's strategic plan must summarize priorities and specific objectives, describing how funds that are reasonably expected to be made available will be used to address identified needs during the period covered by the strategic plan. Each specific objective must identify proposed accomplishments and outcomes the state hopes to achieve in quantitative terms over a specific time period (i.e. one, two, three or more years), or in other measurable terms as identified and defined by the state. States are encouraged to identify specific objectives under general outcome and objective categories involving the availability/accessibility, affordability, and sustainability of decent housing, a suitable living environment, and economic opportunity using optional Tables 2C and 3A. If these tables are not used, states must provide comparable information that is required by the consolidated plan regulation.

Housing Objectives -- these specific objectives must separately specify the number of extremely low-income, low-income, and moderate-income renters and owners previously described in section IV (Priority Housing Needs) for which it will provide affordable housing for a specific time period according to the standards in section 215 of Title II of the National Affordable Housing Act of 1990, as amended.

Community Development Objectives -- must identify specific long-term and short-term community development objectives (including economic development activities that create jobs), developed in accordance with the statutory goals of described in 24 CFR 91.1 and the primary objective of the CDBG program. These goals include the development of viable urban communities by providing decent housing and a suitable living environment and expanding economic opportunities, principally for low- and moderate-income persons.

Homeless Strategy -- using the "Continuum of Care" approach, identify the state's specific objectives (if any) and describe its strategy for developing a system to addressing homelessness and the priority needs of homeless persons and families identified in a Table 1 (including the subpopulations). The state must consider the supportive services needed in each stage of the process. These include outreach/assessment, emergency shelters and services, transitional housing, and helping homeless persons (especially chronically homeless persons) make the transition to permanent housing, and

activities to prevent low-income individuals and families with children (especially those with incomes below 30 percent of the median) who are at imminent risk of becoming homeless.

Anti-Poverty Strategy -- summarize the state's goals, programs, and policies for reducing the number of poverty level families (as defined by the Office of Management and Budget and revised annually), and in consultation with other appropriate public and private agencies, (i.e. TANF agency) the state must summarize how the goals, programs, and policies for producing and preserving affordable housing set forth in the consolidated plan will be coordinated with other programs and services for which the state is responsible, and the extent to which they will reduce (or assist in reducing) the number of poverty level families, taking into consideration factors over which the jurisdiction has control.

Public Housing – all states must describe the manner in which the plan of the state will address the needs of public housing. If a public housing agency located within a state is designated as “troubled” by HUD, the strategy for the state or unit of local government in which the “troubled public housing agency” is located must describe the manner in which the state or unit of local government will provide financial or other assistance to improve the public housing agency’s operations and remove the “troubled” designation. (A state is not required to describe the manner in which financial or other assistance is provided if the troubled public housing agency is located entirely within the boundaries of a unit of general local government that must submit a consolidated plan to HUD.) For information dealing with public housing contact the PIH Information Resource Center at: 1-800-955-2232. If a state that has a state public housing agency administering public housing funds, then it must also describe the agency’s activities to encourage public housing residents to become more involved in management and participate in homeownership.

Lead Based Paint -- outline actions that are proposed or are being taken to evaluate and reduce lead-based paint hazards, how the plan for the reduction of lead-based hazards is related to the extent of lead poisoning and hazards, and describe how that reduction is being integrated into the state's housing policies and programs.

Reduction of Barriers -- describe actions to eliminate or reduce barriers to affordable housing specified in Section III and identify any obstacles to addressing under-served needs.

Low-income Tax Credits -- describe the strategy to coordinate the Low-Income Tax Credit with development of housing, including public housing that is affordable to very low-income and low-income families.

Coordination -- The consolidated plan must summarize how the state will enhance coordination between public and private and governmental health, mental health, and service agencies. With respect to the preparation of its homeless strategy, the state must describe efforts in addressing the needs of persons that are chronically homeless. With respect to the public entities involved, the plan must describe the means of cooperation and coordination among the State and any units of general local government in the implementation of its consolidated plan. (See page 3 for a description of other coordination requirements.)

## **Guidance:**

Strategic Vision for Change -- If the state is developing a long-term program for significant change in its housing and community development throughout the state, has it engaged in a process that will develop a holistic vision of its desired future -- for example, how does the vision relate to making the localities within the state more livable, better functioning, and more attractive? Are there separate visions for different regions of the state that support the state's overall goals and objectives? Has the state developed the type of visual maps and graphic information to help it decide on the overall policies and objectives for housing and community development throughout the state? Does the state plan to improve the availability/accessibility, affordability, and sustainability of decent housing, a suitable living environment, and economic opportunity?

Specific Objectives – HUD recognizes that states as grantor agencies have less control over fulfillment of sections of the regulations dealing with annual goals and performance than do local jurisdictions. However, states are expected to provide this information to the extent they are able to do so. States have the option to cross-reference pages of relevant documents like the TANF Plan and Continuum of Care Plan in order to satisfy data requirements.

Building on Assets -- Has the state identified and evaluated the variety of assets and opportunities that exist within the state as a whole including items ranging from educational institutions, new job training efforts, or the supply of vacant buildings that may offer new housing and community development opportunities? Has the state targeted investment areas by considering where housing and community development needs and assets converge?

Community Revitalization Strategy Areas -- States are strongly encouraged to allow local governments to adopt and implement community revitalization strategies. If a state elects to implement the revitalization strategy approach, it must develop a process for approving local strategies. The state's process for implementing community revitalization strategies must be submitted to and approved by HUD before it is implemented. The process should include outcomes that measure the economic empowerment of low- and moderate-income persons, increases in homeownership and property values. See CPD Notice 97-01 for instructions on qualifying community revitalization strategy areas.

Housing and Community Development Partnerships -- Has the state identified those public, private, nonprofit organizations, and community development financial institutions through which it will implement its strategic plan? Does the plan describe how the objectives of the Strategic Plan will be coordinated? Is one public agency in charge of "Making the Connections?" The institutional structure through which a state's plan will be implemented should describe the broad partnership and coordinating mechanisms that are necessary to achieve maximum success.

Anti-poverty Strategy -- Has the state identified how its long term objectives or vision for community development will affect areas of concentrated poverty? Has the state identified other agencies, with which appropriate anti-poverty strategies will be coordinated to assure that new affordable housing for poverty households is developed so that residents can avail themselves of jobs, training, transportation, and a suitable quality of life?

Mapping -- Has the state mapped its strategies to illustrate the areas within the state where its objectives are targeted? Can it illustrate where positive connections are being made between affordable housing and community development activities such as social services and public facilities and amenities? Has the state mapped all environmental issues? The mapping of this environmental information will assist states identify both environmental resources and impediments to development. Mapping the information will also help states comply with Federal environmental and historic preservation laws.

Benchmarks and Time Frames -- Has the state identified a realistic time-frame for realizing its objectives and achieving benchmarks? How do timetables, deadlines, and requirements of other planning efforts in such areas as transportation and land use relate to the three to five year strategy?

## **V. Action Plan**

In this section the state must provide a concise summary of the actions, activities, and programs that will take place during the next year to address the priority needs and specific objectives identified by the strategic plan. The action plan includes: (1) a summary of annual objectives, (2) the method of distribution of funds available under HOME, CDBG, ESG, and HOPWA programs, and (3) certifications required by 24 CFR 91.325. The summary of annual objectives should identify expected accomplishments the state hopes to achieve by the end of the program year in terms of outputs and outcomes. (The program funds providing these benefit(s) may be from any funding year or combined funding years.) The method of distribution describes how the state will distribute funds expected to be received during the program year under the formula allocations to units of general local government.

### **Submission Requirements:**

Executive Summary -- a clear, concise executive summary that included the objectives and outcomes identified in the plan and an evaluation of past performance.

Sources of Funds -- Identify the resources from private and public sources, including those amounts allocated under HUD formula grant programs and program income, that are reasonably expected to be made available to address the needs identified in its plan, explaining how Federal funds made available will leverage resources from private and non-federal public sources, and a description of how matching requirements of HUD programs will be satisfied. Where deemed appropriate by the state, it may indicate publicly owned land or property that may be utilized to carry out the plan.

Statement of Specific Annual Objectives -- The state's action plan must contain a summary of the priorities and the specific annual objectives. From their 3 or 5 year consolidated plans, grantees will delineate which outcome goals and objectives the grantee plans to address in the coming year. States are encouraged to identify specific objectives under the general outcome and objective categories involving the availability/accessibility, affordability, and sustainability of decent housing, a suitable living environment, and economic opportunity using optional Table 3A (Summary of Annual Specific Objectives). If this table is not used, states must provide comparable information that is required by the consolidated plan regulation.

Each specific objective developed to address a priority need must be identified by number and contain the proposed accomplishments and outcomes the state hopes to achieve in quantitative terms during the specified time period, or in other measurable terms as identified and defined by the state.

Outcome Measures -- The action plan must provide outcome measures for activities included in its action plan in accordance with the Federal Register Notice, dated March 7, 2006 (i.e., general objective category (decent housing, suitable living environment, economic opportunity) and general outcome category (availability/accessibility, affordability, sustainability). The outcomes, outputs and indicators that the grantee plans to work on in the coming year should be included in optional Table 3C (Annual Action Plan). If this table is not used, states must provide comparable information that is required by the consolidated plan regulation and the Federal Register Notice.

Method of Distribution -- The state must include a description of its methods of distributing funds to local governments and nonprofit organizations to carry out activities or the activities the state will undertake, using funds expected to be received during the program year under the formula allocations (and related program income) and other HUD assistance. Also the state must explain how the proposed distribution of funds will address the priority needs and objectives described in the consolidated plan.

(a) With regard to HOME funds, the state will describe the general priorities for allocating investments geographically within the state and among different activities and housing needs.

(b) With regard to CDBG funds, the method of distribution of CDBG funds must contain a description of all criteria used to select applications for funding, including the relative importance of the criteria where applicable, a description of how all CDBG resources will be allocated among all funding categories, and any threshold factors and grant size limits that are to be applied. The method of distribution must provide sufficient information so that units of general local government will know the state's criteria for selecting application for funding and will be able to comment on the proposed method of distribution and to prepare responsive applications. The method of distribution may provide a summary of the selection criteria, provided that all criteria are summarized and the details are set forth in application manuals or other official state publications that are widely distributed to eligible applicants.

CDBG funds shall include the following: (1) the annual CDBG grant; (2) any funds recaptured by the state from units of general local government that will be distributed to other units of general local government from previous annual grants, if the method of redistribution is to be governed by a method of distribution other than that originally described in the final statement covering such funds; (3) any funds that are reallocated to the state by HUD at the time the annual grant is awarded; and (4) any program income that is distributed by the state pursuant to this year's method of distribution.

If the state intends to aid nonentitlement units of general local government in applying for guaranteed loan funds under 24 CFR part 570, subpart M (the Section 108 Loan Guarantee Program), it must describe available guarantee amounts and how applications will be selected for assistance. The method of distribution must also describe community revitalization strategies if the state allows them.

c) With regard to ESG funds, the state must describe the process and criteria for awarding its grant funds to recipients along with a description of how the state intends to make its allocation available to units of local government and nonprofit organizations.

(d) With regard to HOPWA funds, the state must indicate its method of selecting sponsors, (including providing access to grassroots faith-based and other community organizations).

Allocation Priorities and Geographic Distribution -- The action plan must describe the reasons for the allocation priorities, identify the geographic areas of the state (including areas of low-income and minority concentration) in which it will direct assistance during the program year. For programs in which the state distributes funds through a competitive process and cannot predict the ultimate geographic distribution of the assistance, a statement must be included in the action plan indicating that fact. In instances where

the state knows which communities will be funded when the consolidated plan is submitted, the resulting geographic areas where assistance will be provided (including identification of areas of minority concentration) must be described in the action plan. Where the method of distribution includes an allocation of resources based on geographic areas, the rationale for the priorities for such allocation must be provided. The state must also identify any obstacles to addressing underserved needs. Where appropriate, state should also estimate the percentage of funds the state plans to dedicate to target areas.

**Annual Affordable Housing Goals** -- The action plan must specify one-year goals for the number of homeless, non-homeless, and special-needs households to be provided affordable housing using funds made available to the state, and one-year goals for the number of households to be provided affordable housing through activities that provide rental assistance, production of new units, rehabilitation of existing units, or acquisition of existing units using funds made available to the state. The term affordable housing shall be as defined in 24 CFR 92.252 for rental housing and 24 CFR 92.254 for homeownership. States may use optional Table 3B for this purpose. If this table is not used, states must provide comparable information that is required by the consolidated plan regulation.

**Homeless and other Special Needs** -- The state must describe its activities to address emergency shelter and transitional housing needs of homeless individuals and homeless families (especially extremely low income) to prevent them from becoming homeless, to help homeless persons make the transition to permanent housing and independent living, specific action steps to end chronic homelessness, and to address the special needs of persons who are not homeless that were identified in the strategic plan as needing housing or housing with supportive services.

**Other Actions** -- The state must also describe the actions it plans to take during the next year to: address obstacles to meeting underserved needs, foster and maintain affordable housing (including the coordination of Low-Income Housing Tax Credits with the development of affordable housing, remove barriers to affordable housing, evaluate and reduce lead based paint hazards, reduce the number of poverty level families, develop institutional structure, and enhance coordination between public and private housing and social service agencies, and foster public housing resident initiatives. These represent the actions to be taken in the program year to address these items as discussed in the strategic plan.

**Citizen Participation** – The state must include a summary of the citizen participation and consultation process, (including efforts made to broaden public participation), a summary of comments or views, and a summary of any comments or views not accepted and the reasons why they were not accepted.

**Certifications** – The state must include the applicable certifications required by 24 CFR 91.325 signed by the authorized official.

**Monitoring** -- The state must briefly describe actions that will take place during the next year to monitor its housing and community development activities and to ensure long-term compliance with program requirements and comprehensive planning requirements. Program requirements include appropriate regulations and statutes of the programs involved, including steps being taken to review affordable housing activities, ensure timeliness of expenditures, on-site inspections it plans to determine compliance with applicable housing codes, and actions to be taken to monitor its subrecipients.

### **Specific HOME Submission Requirements:**

**Resale Provisions** - - For homeownership activities, the state must describe its resale or recapture guidelines that ensure the affordability of units acquired with HOME and/or American Dream Downpayment Initiative funds. See 24 CFR § 92.254(a)(4)

**Tenant-Based Rental Assistance** -- The state must describe how local market conditions led to the choice to the use of HOME funds for tenant based rental assistance program. If the tenant based rental assistance program provides a preference for a special needs group, that group must be identified in the consolidated plan as having an unmet need and show the preference is needed to narrow the gap in benefits and services received by that population.

**Other Forms of Investment** -- If a state intends to use other forms of investment other than those described in 24 CFR §92.205(b), the state must describe the other forms of investment.

Affirmative Marketing -- The state must describe the policy and procedures it will follow to meet the affirmative marketing and minority and women business outreach requirements as defined in 24 CFR § 92.350 and § 92.351, respectively.

Refinancing -- If a state intends to use HOME funds to refinance existing debt secured by multifamily housing that is rehabilitated with HOME funds, it must state its financing guidelines required under 24 CFR 92.206(b)

American Dream Downpayment Initiative – If a state intends to use American Dream Downpayment Initiative (ADDI) funds to increase access to homeownership, it must provide the following information:

- (1) a description of the planned use of the ADDI funds;
- (2) a plan for conducting targeted outreach to residents and tenants of public and manufactured housing and to other families assisted by public housing agencies, for the purposes of ensuring that the ADDI funds are used to provide downpayment assistance for such residents, tenants, and families; and
- (3) a description of the actions to be taken to ensure the suitability of families receiving ADDI funds to undertake and maintain homeownership, such as provision of housing counseling to homebuyers.

#### **Specific HOPWA Submission Requirements:**

HIV/AIDS Housing Goals -- States receiving HOPWA funds must identify method of selecting project sponsors (including providing full access to grassroots faith-based and other community organizations and annual goals for the number of households to be provided with housing through activities that provide short-term rent, mortgage and utility assistance payments to prevent homelessness of the individual or family, tenant-based rental assistance; and units provided in housing facilities that are being developed, leased or operated. For guidance that helps jurisdictions identify and track outputs and outcomes, see: <http://www.hud.gov/offices/cpd/aidshousing/programs/2006reportingreqs.cfm> .

#### **Guidance**

Impediments to Fair Housing Choice -- As part of the certification to affirmatively further fair housing, states were required to complete an analysis of impediments to fair housing choice and to take actions to overcome the effects of any impediments identified through that analysis. States are strongly encouraged to annually update their analysis of impediments and to include planned actions to overcome the effects of any impediments identified through that analysis in the annual action plan submission.

Annual Updates -- States have the option to provide a brief narrative to update progress toward implementing items identified in the 3-5 year strategic plan or indicating there is no change in policies from a previous year. The state may also cross reference other sections of the consolidated plan or pages of other relevant documents.

APPENDIX A  
CONSOLIDATED PLAN TABLES

**Instructions for Housing, Homeless and Special Needs Populations**

**Housing Needs**

Information in this table shall be based on data provided by HUD from the U.S. Census, as updated by any properly conducted local study, or any other reliable source that the state must clearly identify, and should reflect the required consultation with social service agencies regarding the housing needs of children, elderly persons, persons with disabilities, homeless persons, and other persons served by such agencies, and the citizen participation process. See <http://socds.huduser.org/scripts/odbic.exe/chas/index.htm> .

**Homeless Population Instructions:**

A state must provide a complete description of the source and methods used to generate the data, addressing where appropriate the following: (a) when the study was conducted; (b) who did the study; (c) the study's purposes; (d) geographical areas covered; (e) time period of data collection (e.g., one night, over a week's time); (f) locations included -- shelter-type facilities, service facilities, non-facility locations, such as streets, parks; and (g) corrections made for possible duplicate counting.

If the state is unsure about whether its counting methods meet HUD's standards, it may contact the local Office of Community Planning and Development.

**Continuum of Care Housing Gap Analysis Chart:**

This required chart represents the need for additional emergency, transitional housing and permanent supportive housing resources. The estimated unmet need is based upon the status of the inventory at a point-in-time (one-day) and takes into account both existing beds and funded new beds that are not yet ready for occupancy but are under development.

**Current Inventory:** Enter the number of existing beds currently serving the community. This includes only beds currently available for occupancy.

**Under Development:** Enter the number of funded beds not ready for occupancy but under development.

**Unmet Need/Gap:** Enter the number of beds determined to be the unmet need for each category.

2.4.

2.5. Continuum of Care Homeless Population and Subpopulation Chart:

**Completing Part 1: Homeless Population.** This required chart must be completed using statistically reliable, unduplicated counts or estimates of homeless persons in sheltered and unsheltered locations at a one-day point in time. The counts must be from: (A) administrative records, (N) enumerations, (S) statistically reliable samples, or (E) estimates. The quality of the data presented in each box must be identified as: (A), (N), (S) or (E).

**Completing Part 2: Homeless Subpopulations.** This must be completed using statistically reliable, unduplicated counts or estimates of homeless persons in sheltered and unsheltered locations at a one-day point in time. The numbers must be from: (A) administrative records, (N) enumerations, (S) statistically reliable samples, or (E) estimates. The quality of the data presented in each box must be identified as: (A), (N), (S) or (E).

2.5.1. **Sheltered Homeless.** Count adults, children and youth residing in shelters for the homeless. "Shelters" include all emergency shelters and transitional shelters for the homeless, including domestic violence shelters, residential programs for runaway/homeless youth, and any hotel/motel/apartment voucher arrangements paid by a public/private agency because the person or family is homeless. Do not count: (1) persons who are living doubled up in conventional housing; (2) formerly homeless persons who are residing in Section 8 SRO, Shelter Plus Care, SHP permanent housing or other permanent housing units; (3) children or youth, who because of their own or a parent's homelessness or abandonment, now reside temporarily and for a short anticipated duration in hospitals, residential treatment facilities,

emergency foster care, detention facilities and the like; and (4) adults living in mental health facilities, chemical dependency facilities, or criminal justice facilities.

**Unsheltered Homeless.** Count adults, children and youth sleeping in places not meant for human habitation. Places not meant for human habitation include streets, parks, alleys, parking ramps, parts of the highway system, transportation depots and other parts of transportation systems (e.g. subway tunnels, railroad car), all-night commercial establishments (e.g. movie theaters, laundromats, restaurants), abandoned buildings, building roofs or stairwells, chicken coops and other farm outbuildings, caves, campgrounds, vehicles, and other similar places.

**Special Needs (Non-Homeless):**

**General Instructions.** States should enter the number of persons in need of supportive housing only to the extent data are available. Data may be drawn from administrative record keeping, enumerations, statistically reliable samples, or other sources.

Line item instructions:

**Elderly:** Enter the estimated number of elderly persons in need of housing or housing and supportive services.

**Frail Elderly:** Enter the estimated number of frail elderly persons in need of housing or housing and supportive services.

**Severe mental illness only:** Enter the estimated number of severely mentally ill persons that are not homeless but need housing or housing and supportive services.

**Developmentally disabled:** Enter the estimated number of developmentally disabled persons that are not homeless but need housing or housing and supportive services.

**Physically disabled:** Enter the estimated number of physically disabled persons that are not homeless but need housing or housing and supportive services.

**Alcohol/other drug addiction only:** Enter the estimated number of persons with alcohol/other drug addiction that are not homeless but need housing or housing and supportive services.

**HIV/AIDS:** Enter the estimated number of persons with HIV/AIDS that are not homeless but need housing or housing and supportive services.

**Victims of Domestic Violence:** Enter the estimated number of persons that are victims of domestic violence for which the state identifies the number of persons that are not homeless but need housing or housing and supportive services.

**Other:** Enter for any other category of special needs for which the state identifies the number of persons that are not homeless but need housing or housing and supportive services.

**Table 2A (Required)**  
**Priority Housing Needs and Activities**

**General Instructions**

This table is to be used to designate the priority to be given to each category of housing needs during the period of time designated in the strategic plan component of this document.

**Part 1 -- Priority Housing Needs**

The designation of a priority shall be based on data available from the U.S. Census, as updated by any properly conducted local study, or any other reliable source that the state must clearly identify, and should reflect the required consultation with social service agencies regarding the housing needs of children, elderly persons, persons with disabilities, homeless persons, and other persons served by such agencies, and the citizen participation process.

States are not required to indicate the level of the priority need. If the state chooses to indicate a priority level, enter the letter H (for High), M (for Medium), L (for Low), or N (for No Such Need) to signify the priority (if any) to be given to each category of residents or activities during the period of time designated in the strategic plan component of this document. If the following definitions of "high", "medium", or "low" are not used, please describe the manner in which the priorities for allocating investment are identified. For example, you can indicate a priority for allocating investments with a check mark, a "Y" for "Yes", a "N" for "No".

**High priority:** The state plans to use funds made available for activities that address this need during the period.

**Medium priority:** The state may use funds made available for activities to address this need during the period. Also, the state will take other actions to help this group locate other sources of funds.

**Low priority:** The state does not plan to use funds made available for activities to address this need during the period. The state will consider certifications of consistency for other entities' applications for Federal assistance.

**No such need:** The state finds there is no need or the state shows that this need is already substantially addressed.

**0-30%:** Subgroup with incomes of 0 to 30% of MFI for the area.

**31-50%:** Subgroup with incomes of 31 to 50% of MFI for the area.

**51-80%:** Subgroup with incomes of 51 to 80% of MFI for the area.

**Small Related:** A household of less than 5 persons which includes at least 2 related persons.

**Large Related:** A household of 5 or more persons which includes at least 2 related persons.

**Elderly:** A family in which the head of the household or spouse is at least 62 years of age.

**All Other:** A household of one or more persons that does not meet the definition of a Small Related household or a Large Related household, or an Elderly household.

**Estimated Units:** Enter the estimated number of households in need of assistance that the community considers a priority for the period of time designated in the strategic plan component of this document.

**Part 2 -- Priority Special Needs (Non-Homeless)**

The priority non-homeless special needs assessment shall be based on reliable data meeting HUD standards and should reflect the required consultation with social service agencies regarding the needs of the elderly, persons with disabilities and other categories of persons in need of housing or housing and supportive housing.

Priority Need Level: States are not required to indicate the level of the priority need. If the state chooses to indicate a priority level, enter the letter H (for High), M (for Medium), L (for Low), or N (for No Such Need) to signify the relative priority to be given to each category of activity during the period of time designated in the strategic plan component of this document. (See previous explanations)

### Part 3 -- Priority Housing Activities (Optional)

Although this part of Table 2A is optional for states, the accompanying narrative dealing with priority housing activities is required.

For each of the activities in Part 3, the state is not required to indicate the level of the priority need. If the state chooses to indicate a priority level, enter the letter H (for High), M (for Medium), L (for Low), or N (for No Such Need) to signify the priority (if any) to be given to each category of residents or activities during the period of time designated in the strategic plan component of this document.

### Table 2C (Optional)

#### Summary of Specific Multi-Year Objectives

**Specific Objective #:** Identify each specific multi-year objective with a unique number. For example, DH-1.1, DH-1.2, DH-1.3 for specific objectives under the category that correspond with availability/accessibility of decent housing.

**Specific Objectives:** Identify the specific, measurable objective(s) under each general outcome/objective category. List specific objectives that are supported by the use of CPD formula grant funds separate from those that are not supported by the use of CPD formula grant funds. Each specific objective developed to address a priority need, must be identified by number and contain proposed accomplishments and outcomes the state hopes to achieve in quantitative terms over a specific timeframe, or in other measurable terms as identified and defined by the state.

**Sources of Funds:** Identify the sources of funds that will be used to achieve the stated specific objective during the period covered by the strategic plan.

**Performance Indicator:** Enter the performance indicator that most closely describes the type of accomplishment and the most appropriate measure of that accomplishment. The performance should be a reasonable projection of what will be accomplished during the period designated for the specific objective.

**Expected Number:** Enter the number of the item indicated under Performance Indicator that the state expected to be completed during the period designated for the objective. (The program funds providing the benefit(s) may be from any funding year or combined funding years.)

**Actual Number:** Enter the number of the item indicated under Performance Indicator that the state actually completed during the time period of time designated for the objective. (This is for performance reporting purposes.)

2.6. Percent Completed: Identify the percent of the goal completed.

### **Table 3A (Optional)**

#### Summary of Specific Annual Objectives

**Specific Objective #:** Identify each specific annual objective with a unique number. For example, DH-1.1, DH-1.2, DH-1.3 for specific annual objectives under the category that corresponds with availability/accessibility of affordable housing.

**Sources of Funding:** Identify the sources of funding that will be used to achieve the stated specific objective during the program year.

**Specific Annual Objectives:** Identify the specific, measurable annual objective that corresponds with the specific objectives in the strategic plan under each outcome/objective category. List specific annual objectives that are supported by the use of CPD formula grant funds separate from those that are not supported by the use of CPD formula grant funds. Each specific annual objective developed to address a priority need, must be identified by number and contain proposed accomplishments and annual program year numeric goals the state hopes to achieve in quantitative terms, or in other measurable terms as identified and defined by the state.

**Performance Indicator:** Enter the performance indicator that most closely describes the type of accomplishment and the most appropriate measure of that accomplishment. The performance should be a reasonable projection of what will be accomplished during the program year.

**Expected Number:** Enter the annual number of the item indicated under Performance Indicator that the state expected to be completed during the twelve month period covered by the action plan. (The program funds providing the benefit(s) may be from any funding year or combined funding years.)

**Actual Number:** Enter the annual number of the item indicated under Performance Indicator that the state actually completed at the end of the annual program year. (This is for performance reporting purposes.)

2.7.

**Percent Completed:** Identify the percent of the goal completed.

### **Table 3B (Optional)**

#### **Annual Affordable Housing Goals**

**Resources used during the period:** Enter a "X" in the cells that correspond with the source or sources of formula grant funds made available to the state that will be used for the various categories of households and the acquisition of existing units, production of new units, rehabilitation of existing units, construction of new, rental assistance, and homeownership assistance, and other activities as appropriate during the period of time designated in the action plan portion of this document.

#### Annual Affordable Housing Goals (Sec. 215)

**Annual Affordable Rental Housing Goals (Sec. 215):** Enter the expected number of households the state hopes to serve by the acquisition of existing units, production of new units, rehabilitation of existing units, and rental assistance during the period of time designated in the action plan portion of this document with funds made available by HUD to the state.

**Total Section 215 Affordable Renter:** Enter the total number of renter households to whom the state will provide affordable rental housing meeting the Section 215 criteria during the period designated in the action plan portion of this document using funds made available to the state.

**Annual Affordable Owner Housing Goals (Sec. 215):** Enter the expected number of households the state hopes to serve by the acquisition of existing units, production of new units, rehabilitation of existing units, and homebuyer assistance during the period of time designated in the action plan portion of this document with funds made available by HUD to the state.

Total Sec. 215 Affordable Owner: Enter the total number of owner households to whom the state will provide affordable homeownership housing meeting the Section 215 criteria during the period of time designated in the action plan portion of this document using funds made available to the state.

#### Annual Affordable Housing Goals (Sec. 215)

Enter the expected number of households the state hopes to serve by the acquisition of existing units, production of new units, rehabilitation of existing units, rental assistance and homebuyer assistance during the period of time designated in the action plan portion of this document with funds made available by HUD to the state.

Total Section 215 Affordable Housing: Enter the total number of households to whom the state will provide affordable housing meeting the Section 215 criteria during the period of time designated in the action plan portion of this document using funds made available to the state.

Homeless Households: Enter the total number of homeless households to whom the state will provide affordable housing meeting the Section 215 criteria during the period of time designated in the action plan portion of this document.

Non-Homeless Households: Enter the total number of non-homeless households to whom the state will provide affordable housing meeting the Section 215 criteria during the period of time designated in the action plan portion of this document.

Special Needs Households: Enter the total number of special needs households to whom the state will provide affordable housing meeting the Section 215 criteria during the period of time designated in the action plan portion of this document.

#### Annual Housing Goals

Total Annual Rental Housing Goal: Enter the total number of rental households to be assisted with completed housing units that are considered affordable (using local definitions of affordability) during the period of time designated in the action plan portion of this document.

Total Annual Owner Housing Goal: Enter the total number of owner households to be assisted with completed housing units that are considered affordable (using local definitions of affordability) during the period of time designated in the action plan portion of this document.

Total Annual Housing Goal: Enter the total number of households to be assisted with completed housing units that are considered affordable (using local definitions of affordability) during the period of time designated in the action plan portion of this document.

### **Table 3C (Optional)**

#### **Annual Action Plan -- Planned Project Results**

Instructions: Identify the objective, outcomes, and measurable indicators of the activities that the state plans to work on in the coming year. States should also include progress made towards the 5-year goals in a narrative format. (The program funds providing the benefit(s) may be from any funding year or combined funding years.)

Objective and Outcome: Identify the outcome and objective category in accordance with the Federal Register Notice dated March 7, 2006, i.e., general objective category (decent housing, suitable living environment, economic opportunity) and general outcome category (availability/accessibility, affordability, sustainability).

Performance Indicators: Identify the applicable specific indicator from HUD's performance measurement system. See the Federal Register Notice dated March 7, 2006 on Outcome Performance Measurement Systems for Community Planning and Development Formula Grant Programs for examples of specific outcome indicators.

**Expected Number:** Identify or describe, in numerical terms, the direct products of a program's activities for the applicable performance indicator that are expected to be completed during the twelve month period covered by the action plan.

**Activity Description:** A general list of planned activities to be carried out in the coming year. For the CDBG Program, the "Activity Description" should include the categories to which states will apportion funds.