



U. S. Department of Housing and Urban Development
Jacksonville Field Office
Charles Bennett Federal Building
400 West Bay Street
Suite 1015
Jacksonville, Florida 32202-4439

July 17, 2024

The Honorable John Allocco
Chairman, Board of County Commissioners
Hernando County
15470 Flight Path Drive
Brooksville, FL 34604

Dear John Allocco:

SUBJECT: Notification of Possible Entitlement Status
Community Development Block Grant (CDBG) Program FY 2024

This letter is to inform Hernando County that the County is eligible as a direct recipient of Community Development Grant (CDBG) funds for HUD's Fiscal Year 2024 allocation. Information received from the Office of Management and Budget (OMB) indicates the County qualifies for funding as a metropolitan entitlement county.

It is not possible to determine the exact amount of funding to which the County would be entitled in FY 2024 because we cannot predict what HUD appropriation amounts Congress may approve in future fiscal years. Each year additional entitlement communities also become eligible to join the CDBG program which may further impact the funding available for distribution. However, in order to provide the County a basis upon which to calculate the feasibility of pursuing entitlement status, we estimated the County's possible entitlement amount by computing it based on the prior year's allocation. That Calculation yielded a current amount of **\$1,277,000**. Please remember this amount is only an approximation and future actual funding amounts may vary substantially, including reduction.

The decision to accept or defer entitlement status is solely a local matter. Deferring direct entitlement status through HUD would allow the County to be eligible to compete for the State of Florida's HUD Small Cities funds under the State's Fiscal Year 2024. Counties may not apply for State Small Cities funding after accepting direct entitlement status.

Please notify us in writing regarding the County's determination regarding pursuing or deferring FY 2024 funding not later than **August 7, 2024**. If the County desires to respond to us earlier, we would appreciate it.

HUD's mission is to create strong, sustainable, inclusive communities and quality, affordable homes for all.

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Should you agree to accept Entitlement status, you would need to establish a program year start date in which you will use the funds. A program year start date for FY 2024 must start no earlier than January 1, 2024, and no later than October 1, 2024. The County is required to prepare and submit its Consolidated Plan 45 days in advance of the selected program year start date. In developing a Consolidated Plan, it is important to note, you must allow sufficient time to develop a housing market analysis and meet the citizen participation requirements of 24 CFR 91. Under these circumstances, a later start date might prove more convenient to allow for completion of the Consolidated Plan process. The enclosed guidance for new entitlements identifies the requirements that must be followed if a potential new grantee elects to accept its entitlement status.

If you have any questions or concerns, please contact Deidra Hembree, Senior. Community Planning and Development Representative, at deidra.m.hembree@hud.gov or (904) 208-6155.

Sincerely,



Digitally signed by: LARRY HAYES
DN: CN = LARRY HAYES C = US
O = U.S. Government OU =
Department of Housing and Urban
Development, Office of Community
Planning and Development
Date: 2023.07.17 21:50:28 -04'00'

Larry T. Hayes, MBA
Director
Community Planning and Development

Enclosure: Guidance for Potential New Entitlement Grantees
Community Development Block Grant Program

Enclosure

GUIDANCE FOR POTENTIAL NEW ENTITLEMENT GRANTEES COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) PROGRAM

Potential new CDBG entitlement grantees may be identified annually when the Census Bureau releases updated population data. In addition, the Office of Management and Budget periodically issues bulletins that update their designations of metropolitan areas, counties included in metropolitan areas, and principal cities of those metropolitan areas. This memorandum provides guidance to potential new entitlement communities on the process required to become entitlement communities.

Once they are notified that they may be eligible for CDBG funding, potential new entitlement grantees are required to provide a written response to their local HUD Field Offices stating that they accept or decline their entitlement status. This response may be sent via email with a PDF attachment, facsimile, or mailed to the Field Office.

Part 91 Requirements

Potential new entitlement grantees must select a program year start date between January 1 - October 1. New grantees are encouraged to select a program year start date from July 1 - October 1 because of the amount of time required to develop a citizen participation plan, Consolidated Plan/Action Plan, train and hire staff on CDBG program requirements, and perform other necessary administrative actions required for start-up. In addition, because the Congressional appropriation process is often not completed by the start of the federal fiscal year, grantees with a program year start date of April 1 or earlier often do not receive their CDBG grants until well after their program year start dates.

Grantees are required to prepare a citizen participation plan that gives their policies and procedures for citizen participation in accordance with 24 CFR 91.105(a)(1). According to 24 CFR 91.105(a)(2), the citizen participation plan must provide for and encourage citizens to participate in the development of the consolidated plan/action plan, substantial amendments to the consolidated plan, and the annual performance and evaluation report. Low and moderate persons should be encouraged to participate in this process, particularly those that reside in areas where CDBG assistance may be targeted. Grantees must also encourage the participation of minorities, non-English speaking persons, and persons with disabilities as well. Participation by nonprofits, community-based organizations, public housing agencies, businesses, developers, and faith-based organizations should also be encouraged.

A grantee is required to prepare a Consolidated Plan every three to five years and an annual Action Plan that details the activities it will carry out with CDBG funds. 24 CFR 91.5 defines a Consolidated Plan as the document submitted to HUD that serves as the comprehensive housing affordability strategy, community development plan, and submissions for funding under any of the Community Planning and Development formula programs (CDBG, HOME, ESG, and HOPWA) prepared in accordance with the process detailed in Subpart C of the Part 91 regulations.

Information required for a complete Consolidated Plan includes:

- A housing and a homeless needs assessment, which includes the jurisdiction's estimated housing needs, number and types of families in need of housing assistance for extremely low income, low income, moderate income, and middle-income families, renters or owners, elderly persons, single persons, large families, persons with HIV/AIDS and their families, and persons with disabilities.
- A homeless needs assessment which describes the nature and extent of homelessness; an estimate of the number of persons who are not homeless but require supportive housing; and the number of housing units occupied by low- and moderate-income families that contain lead paint hazards.
- A housing market analysis.
- A strategic plan which addresses non-housing community development needs and barriers to affordable housing.
- An anti-poverty strategy.

Grantees must address all of the requirements listed in the regulations.

HUD cannot provide an estimate of how many hours it would take to prepare a Consolidated Plan because the number would vary with each entitlement grantee. It is recommended that potential new entitlement grantees contact other comparable entitlement grantees or the HUD Field Office to ascertain this information.

The regulations at 24 CFR 91.15(a)(1) state that jurisdictions should submit their Consolidated Plans to HUD at least 45 days before the start of its program year. 24 CFR 91.15(a)(2) states that HUD will not accept a Consolidated Plan submission earlier than November 15 or later than August 16 of the federal fiscal year for which the grant funds are appropriated. It is important for grantees to understand that failure to submit their Consolidated Plan and Annual Action Plan by August 16 will result in the loss of funding for that fiscal year. Grantees should consult 24 CFR 91.220-230 for guidance concerning preparation of an annual Action Plan. Information on the Consolidated Plan may be accessed at <https://www.hudexchange.info/programs/consolidated-plan>. Grantees are required to submit their Consolidated Plan/Action Plan in the eCon Planning Suite: Consolidated Plan and IDIS. The eCon Planning Suite includes CPD Maps, a mapping tool to assist grantees in determining where to target CDBG assistance. Additional information on the eCon Planning suite may be accessed at <https://www.hudexchange.info/programs/consolidated-plan/econ-planning-suite/>. Webcasts on use of the eCon Planning suite may be accessed at <https://www.hudexchange.info/programs/consolidated-plan/econ-planning-suite-overview-webinars/>.

Grantees are also permitted to hire consultants to assist them in developing a Consolidated Plan. Consultants must be procured in accordance with the procurement requirements at 2 CFR 200.318200.326, accessible at https://www.ecfr.gov/cgi-bin/text-idx?tp1=/ecfrbrowse/Title02/2cfr200_main_02.tpl. Notice CPD 96-5 also provides guidance on the procurement of consulting services. It may be accessed at https://www.hud.gov/program_offices/administrative/hudclips/notice/cpd/99-95#1996

Once a grantee submits its Consolidated Plan/Action Plan to the HUD Field Office, HUD has 45 days to review and approve it. A Consolidated Plan/Action Plan is considered approved by HUD 45 days after HUD receives it unless HUD notifies the grantee before that date that its plan is disapproved. The Field Office may disapprove all or part of a grantee's Consolidated Plan/Action Plan. Reasons include but are not limited to the plan being substantially incomplete, developed without citizen participation and/or consultation, or HUD determined that one or more of the certifications submitted with the plan are inaccurate. A grantee has 45 days from the date of notification of disapproval by HUD to resubmit its Consolidated Plan/Action Plan, and HUD has 30 days to approve or disapprove the resubmitted Consolidated Plan/Action Plan.

Once HUD approves a grantee's Consolidated Plan/Action Plan, the HUD Field Office issues a grant agreement. After the grant agreement is executed by HUD and the grantee, an account is established in the grantee's name with the U.S. Treasury. This is the grantee's Line of Credit. Grantees must draw down funds by activity as they are needed rather than draw down the entire grant at once. Grantees are not permitted to draw down funds in advance of need and are required to minimize the time between the transfer of funds from the Treasury to disbursement by them or their subrecipients for eligible activities.

Preparation of Consolidated Plans/Action Plans

New CDBG grantees are permitted to incur costs for the preparation of their citizen participation plans, Consolidated Plans/Action Plan and other administrative costs before the date of their grant agreements. Under the authority of 24 CFR 570.200(h), reimbursement for pre-award costs, before the effective date of the grant agreement, a grantee may incur costs and then after the effective date of the grant agreement pay for those costs using its CDBG funds. Citizens must be advised of the extent that pre-award costs will affect future grants, and the costs must be in compliance with Subpart C of the Part 570 regulations and the environmental review procedures stated in 24 CFR Part 58. Pre-award authority is only permitted for preparation of the first year's Consolidated Plan/Action Plan.

CDBG Program Administration

CDBG grantees are permitted to spend no more than 20 percent of their CDBG grants plus 20 percent of program income earned that program year for planning and administration expenses. Planning and administration expenses include but are not limited to preparation of the Consolidated Plan/Action Plan, staff salaries for employees administering the CDBG program, and lease of office space. New grantees will require significant start-up costs associated with the development of their citizen participation and consolidated/action plans and capacity building.

New CDBG grantees are advised to carefully consider the options for administering their proposed CDBG-assisted activities. The option(s) selected may depend on the size of the CDBG grant, grantees' capacity for CDBG program administration, and the activities that they plan to carry out. In accordance with 24 CFR 570.200(f), a grantee may carry out CDBG activities:

- through its employees (the hiring of staff to administer the CDBG program is an eligible administrative cost).

- procuring with a consulting firm or for-profit grant administrator (the contract must be governed by the requirements of 2 CFR 200.318-200.326).
- through loans or grants made to subrecipients (see 24 CFR 570.500(c) for the definition of subrecipient) or
- the use of one or more public agencies (such as the county, a public housing authority or a redevelopment authority).

Grantees may use one or more of these options for carrying out CDBG-assisted activities.

However, please note that 24 CFR 570.501(b) states that the grantee is responsible for ensuring that CDBG funds are used in accordance with all program requirements. The use of designated public agencies, subrecipients, or contractors does not relieve grantees of this responsibility. This means that grantees must ensure that designated public agencies, subrecipients, and contractors are carrying out CDBG-assisted activities in compliance with all CDBG program requirements. The grantee is responsible for monitoring such entities to ensure performance and compliance. The grantee remains responsible for any compliance problems and is financially responsible for any disallowed costs.

CDBG grantees are required to provide CDBG assistance only to areas within their jurisdictions' boundaries unless the requirements in 24 CFR 570.309 are met. This provision states that a grantee must determine that an activity funded outside of its jurisdiction is necessary to further the purposes of the Housing and Community Development Act of 1974 and its community development objectives, and that the grantee's residents are reasonably benefiting from the activity. It is important that grantees document the basis for this determination before CDBG funds are expended, and grantees must maintain that documentation. Urban counties are reminded that local governments which chose to opt out of the county's program or chose not to sign a cooperation agreement to participate in the county's program are not part of the CDBG Urban County. Even though these local governments may lie within the county's corporate boundaries, they are outside the jurisdiction of the county for CDBG program purposes.

Reporting Requirements

CDBG grantees are required to be proficient in the use of the Integrated Disbursement and Information System (IDIS). IDIS is the system through which grantees enter activity accomplishments and draw funds from the Line of Credit. Grantees are required to report on all CDBG-assisted activities in IDIS on a regular basis. Grantees are required to enter information on the proposed activity and national objective. As the activity progresses, grantees are required to report on activity accomplishments and performance measures. For activities that will meet the low- and moderate-income jobs national objective, grantees are required to enter information on race and income of the beneficiaries and identify the number of jobs created or retained. For activities that will meet the low- and moderate-income limited clientele national objective, grantees are required to enter information on race and income of the beneficiaries. For activities that will meet the low- and moderate-income area benefit national objective, grantees are required to enter information on the Census block groups that comprise the service area of the activity. The IDIS training manual may be accessed at <https://www.hudexchange.info/resource/2685/idis-online-for-cdbg-entitlement-communities-training-manual/>. The IDIS home page, providing IDIS resources, news, and announcements may be accessed at <https://www.hudexchange.info/programs/idis/>.

To obtain an IDIS account, a grantee's chief executive officer (or their designee) must fill out the IDIS Online Access Request Form, have it notarized, and submit it to their local HUD Field Office. For security and separation of duties purposes, multiple staff members will require IDIS access. The form and additional information on the requirements for acquiring an IDIS account may be accessed at <https://www.hudexchange.info/programs/idis/idis-technical-assistance/>.