

STAFF REPORT

For the Business Meeting of April 5, 2016

March 18, 2016

TO: Doug Adkins, City Manager

FROM: Kyle Fuchs, Director of Community Revitalization

<p>PUBLIC HEARING AND LEGISLATION TO AUTHORIZE HUD PY 2016 Annual Action Plan</p>

PURPOSE

To submit to City Council for legislative action the Program Year 2016 Annual Action Plan and a Substantial Amendment to the Consolidated Plan; to authorize the City Manager to sign and submit the PY 2016 Annual Action Plan and Substantial Amendment, setting the program activities and budget for the Community Development Block Grant (CDBG) with the U.S. Department of Housing and Urban Development (HUD).

BACKGROUND and FINDINGS

The City of Middletown has received funding through the CDBG Program since 1975. On a scheduled basis, the City prepares a Consolidated Plan which lists long term goals and objectives for CDBG funding within the City. Additionally, the City prepares a yearly Action Plan which documents where each year's funding is budgeted by activity. The submission of a yearly Action Plan must be approved by City Council and signed by the City Manager prior to submission to HUD.

The purpose of this legislation is to submit to HUD the program year 2016 (May 1, 2016- April 30, 2017) Annual Action Plan.

The Consolidated Plan develops revitalization strategies based on statistical data gathered for each census tract. The goal of the five year plan is to stabilize and protect "at-risk" neighborhoods, use code enforcement to return all neighborhoods to compliance, and to continue demolition, rehabilitation, and redevelopment as possible in the remaining neighborhoods consistent with the City's Master Plan.

The 2016 Annual Action Plan continues this process, specifically listing the tools that will be used, the timeline for execution and how we should evaluate our effectiveness.

A draft copy of the 2016 Annual Action Plan is available for public viewing in the Department of Community Revitalization as well as the Middletown Public Library and Senior Center. A draft is also available on the City website with a link to provide emailed comments. There is a 30 day comment period which commenced March 24, 2016, and will end April 22, 2016, for comments regarding the 2016 Annual Action Plan. Subsequent to the 30 day public comment period and

passage by Council, the Program Year 2016 Annual Action Plan (including public comments) will be submitted to the Columbus, Ohio office of HUD.

ALTERNATIVES

- 1) Do not adopt the Program Year 2016 Annual Action Plan. Failure to submit the plans as soon as possible could result in a loss of funds for the 2016 program year.

FINANCIAL IMPACT

The budgets as presented for Program Year 2016 (May 1, 2016-April 30, 2017) HUD programs are incorporated into the current year budget.

RECOMMENDATION

Staff recommends the approval of the ordinance authorizing the City Manager to submit the Program Year 2016 Annual Action Plan to HUD.

EMERGENCY/NON EMERGENCY

Due to submission timing requirements, this Ordinance will be submitted with a request to pass as an Emergency Ordinance. There were delays with HUD releasing the funding allocation and getting the information to the appropriate personnel.

ATTACHMENTS

Program Year 2016 Annual Action Plan
Program Year 2016 Projected Budgeted use of Funds.
Program Year 2016 Award Letter
CPD Notice 16-01 Providing Guidance on Submitting Annual Action Plans

Executive Summary

AP-05 Executive Summary - 24 CFR 91.200(c), 91.220(b)

1. Introduction

This Action Plan outlines housing, community and economic development needs, priorities, strategies, and projects that will be undertaken by the City of Middletown with the funds that the City receives from the U.S. Department of Housing and Urban Development (HUD). As an entitlement community, the City receives an annual share of federal Community Development Block Grant (CDBG), and through the Butler County HOME Consortium, Home Investment Partnership (HOME) funds. In order to receive its CDBG entitlement, the City must submit this Second Year Annual Action Plan to HUD. The funds are intended to provide lower and moderate-income households with viable communities, including decent housing, a suitable living environment, and expanded economic opportunities. Eligible activities include community facilities and improvements, housing rehabilitation and preservation, development activities, public services, economic development, planning, and program administration.

2. Summarize the objectives and outcomes identified in the Plan

The median household income in the City is \$35,853, which is 67.5 percent of the national figure of \$53,046. 23.0 percent of the population lives in poverty, a figure well above the national 15.4 percent. This low income level and high rate of poverty is reflected in the deterioration and disinvestment in properties across the City. Blighting influences are being removed and housing units are required meet the minimum building code before a neighborhood's revitalization process is concluded. This concentration of resources has resulted in significant progress in the targeted neighborhoods. The needs in the target neighborhoods are numerous and varied. The principal needs are: 1) housing rehabilitation for both owner and renter units, 2) improve/revitalize neighborhoods, 3) preventing homelessness and assisting the homeless, 4) providing a range of services and assistance to low-income residents, 5) maintaining and improving public facilities and infrastructure, and 6) ensuring fair housing opportunities. The City believes that rehabilitation of both rental and owner housing units is a High priority, as these efforts keep people in affordable housing and, especially for extremely low-income and elderly homeowners may serve to prevent homelessness. Similarly, Homeless activities, ranging from providing emergency shelter to preventing homelessness receive a High priority. While the City supports programs for affordable homeownership, the opportunities for homeownership among the City's low-income residents are limited by the poor economy, job uncertainty, strict lending criteria and significant down payment requirements. Homeowner loan programs are still given a High priority ranking, however, and efforts will be made to assist those seeking to purchase a home. Because of the difficult

economic situation in the City's low/mod Census Tracts the provision of Public Service Programs receives a High priority rank. The need for a wide range of services, including programs for seniors and youth, feeding programs, and child care, is present in each of these areas. Public Facilities and Infrastructure are very important to the City and receive a High rating. Fair Housing is a concern in the City and also receives a High ranking. Market conditions, especially increasing rental costs, low incomes, and stagnant wages create the needs for the rental programs, while high down payment requirements and stringent loan standards create a need for home buyer assistance programs. The City's homelessness strategy is a multi-pronged approach that emphasizes homelessness prevention, immediate assistance and rapid re-housing; support for persons and families as they transition to economic and housing stability; and efforts to prevent those persons from returning to homelessness. Middletown participates in the Butler County Housing and Homeless Coalition which consists of a wide array of individuals and entities that directly and indirectly serve homeless persons. Through a variety of coordinating councils, networks and other organizational structures the housing needs and priorities for the homeless are analyzed. The integration and coordination of resources and programs ensures that housing and support services are broad based, comprehensive and organized. The County's Housing and Homeless Coalition meets on a regular basis and has actively sought program funds in a collaborative manner. The City's anti-poverty strategy is part of an effort to create jobs and improve the local economy. The City also works with community partners to identify educational, life skills and training needs and provide opportunities for self-empowerment that will enable low- and moderate-income residents to become and continue to be self-sufficient and economically independent.

3. Evaluation of past performance

Past performance and activities were a part of formulating the strategies for this Plan. The City's needs are many and significant, and the success of previous programs and the need to complete some already under way did influence both public and staff perceptions of needs and priorities. The Self-Evaluation sections of our recent CAPERs describe our progress in providing decent, safe, and affordable housing, in the demolition of dilapidated structures, the improvement of the housing stock through our code enforcement program and the provision of important public services.

4. Summary of Citizen Participation Process and consultation process

The City ensures that all Public Hearings are held at times and locations convenient to potential and actual beneficiaries and with accommodations for persons with disabilities. Upon request, in advance of the meeting, the City will attempt to make accommodations for those individuals in need of special assistance. The City also provides technical assistance workshops for all interested in the programs.

5. Summary of public comments

This could be a brief narrative summary or reference an attached document from the Citizen Participation section of the Con Plan.

6. Summary of comments or views not accepted and the reasons for not accepting them

The City accepted all comments that were offered.

7. Summary

Please see preceding responses.

PR-05 Lead & Responsible Agencies – 91.200(b)

1. Agency/entity responsible for preparing/administering the Consolidated Plan

Describe the agency/entity responsible for preparing the Consolidated Plan and those responsible for administration of each grant program and funding source.

Agency Role	Name	Department/Agency
CDBG Administrator	MIDDLETOWN	Community Revitalization
HOME Administrator	MIDDLETOWN	Neighborhood Housing Services of Hamilton

Table 1 – Responsible Agencies

Narrative (optional)

The Community Development Division of the Community Revitalization Department is the lead agency for the completion of the Consolidated Plan and the implementation of the Annual Action Plan, as well as the responsible party for the processing and distribution of federal funds under the CDBG program, once allocated by the federal government and approved by the City Council.

Other offices and agencies responsible for executing and administering programs covered by the Consolidated Plan include the City's Department of Financial Services, Building Inspections, Code Enforcement, Parks and Recreation, Capital Improvement Program, and Planning and Zoning.

Consolidated Plan Public Contact Information

Mrs. Rachel Cox

HUD Program Administrator

City of Middletown

Annual Action Plan
2016

One Donham Plaza

Middletown, Ohio 45042

Tel: 513-425-7950

Fax: 513-425-7921

e-mail: rachelc@cityofmiddletown.org

Annual Action Plan
2016

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OMB Control No: 2506-0117 (exp. 07/31/2015)

AP-10 Consultation – 91.100, 91.200(b), 91.215(l)

1. Introduction

Provide a concise summary of the jurisdiction's activities to enhance coordination between public and assisted housing providers and private and governmental health, mental health and service agencies (91.215(l))

The development of this Action Plan included public hearings as well as consultation with public and private agencies that provide assisted housing, health services, mental health services, and social services. Community and economic development entities were also consulted.

It should also be noted that City staff members serve on various committees concerned with the needs of special populations in the County. Through this on-going involvement, the City is aware of housing and health needs and has provided various programs to meet such needs. These programs have included housing rehabilitation for elderly households, and support for various homeless and transitional housing programs.

Describe coordination with the Continuum of Care and efforts to address the needs of homeless persons (particularly chronically homeless individuals and families, families with children, veterans, and unaccompanied youth) and persons at risk of homelessness.

The Balance of State Continuum of Care (BOSCOC) is comprised of the 80 rural counties in Ohio, covers all regions of the state, and represents diverse populations, needs, and capabilities. The Ohio Department of Development, Office of Housing and Community Partnerships (ODOD) and the Coalition on Homelessness and Housing in Ohio (COHHIO) serve as the lead agencies for the BOSCOC.

To better facilitate local coordination and planning efforts, BOSCOC members have also formed city, county, or multi agency County Continuum of Care (CoC). These local CoCs address community level planning, identify service gaps, and plan and prioritize new and renewed homeless assistance projects. However, to compete for federal funding available through the Continuum of Care Homeless Assistance Programs, local CoCs in these 80 counties participate in the BOSCOC.

Describe consultation with the Continuum(s) of Care that serves the jurisdiction's area in determining how to allocate ESG funds, develop performance standards for and evaluate outcomes of projects and activities assisted by ESG funds, and develop funding, policies and procedures for the operation and administration of HMIS

Not Applicable.

2. Describe Agencies, groups, organizations and others who participated in the process and describe the jurisdiction's consultations with housing, social service agencies and other entities

Table 2 – Agencies, groups, organizations who participated

1	Agency/Group/Organization		PEOPLE WORKING COOPERATIVELY
	Agency/Group/Organization Type		Community Services
	What section of the Plan was addressed by Consultation?		Community Services
	Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?		Application and inquiries
2	Agency/Group/Organization		HOUSING OPPORTUNITIES MADE EQUAL
	Agency/Group/Organization Type		Service-Fair Housing
	What section of the Plan was addressed by Consultation?		Economic Development
	Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?		Application and inquiries.
3	Agency/Group/Organization		SELF (SUPPORTS TO ENCOURAGE LOW-INCOME FAMILIES
	Agency/Group/Organization Type		Services - Housing
	What section of the Plan was addressed by Consultation?		Non-housing community development
	Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?		Application
4	Agency/Group/Organization		NEIGHBORHOOD HOUSING SERVICES OF HAMILTON
	Agency/Group/Organization Type		Services - Housing
	What section of the Plan was addressed by Consultation?		Housing Programs

	Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?	Application and inquiries
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Identify any Agency Types not consulted and provide rationale for not consulting

To the best of its ability, the City has been in contact with all known agencies and organizations involved in activities that are relevant to CDBG, HOME, and ESG activities and programs.

Other local/regional/state/federal planning efforts considered when preparing the Plan

Name of Plan	Lead Organization	How do the goals of your Strategic Plan overlap with the goals of each plan?
Continuum of Care		

Table 3 – Other local / regional / federal planning efforts

Narrative (optional)

As noted above, the City coordinates with a range of public entities, including the Planning, Health and Economic Development offices of Butler County and a number of State agencies in the development and execution of a range of programs and activities

AP-12 Participation – 91.105, 91.200(c)

1. Summary of citizen participation process/Efforts made to broaden citizen participation
Summarize citizen participation process and how it impacted goal-setting

The City considers the involvement of its low- and moderate-income residents to be essential to the development and implementation of its Annual Action Plans.

The City ensures that all Public Hearings are held at times and locations convenient to potential and actual beneficiaries and with accommodations for persons with disabilities. Upon request, in advance of the meeting, the City will attempt to make accommodations for those individuals in need of special assistance. The City also provides technical assistance workshops for all interested in the programs.

The Citizen Outreach Participation Table below provides details about the various outreach efforts.

Citizen Participation Outreach

Sort Order	Mode of Outreach	Target of Outreach	Summary of response/attendance	Summary of comments received	Summary of comments not accepted and reasons	URL (if applicable)
1	Public Hearing	Non-targeted/broad community	TBD	TBD	TBD	
2	Newspaper Ad	Non-targeted/broad community	TBD	TBD	TBD	
3	Internet Outreach	Non-targeted/broad community	TBD	TBD	TBD	

Sort Order	Mode of Outreach	Target of Outreach	Summary of response/attendance	Summary of comments received	Summary of comments not accepted and reasons	URL (if applicable)
4	Have Annual Action Plan available at the Senior Center and Public Library.	Non-targeted/broad community	TBD	TBD	TBD	

Table 4 – Citizen Participation Outreach

Expected Resources

AP-15 Expected Resources – 91.220(c) (1, 2)

Introduction

The City of Middletown, like many communities, is faced with the challenging task of meeting increasing needs with fluctuating and/or decreasing federal and state resources.

The figures shown in the table below reflect HUD's current allocations.

If there are further funding cuts to CDBG over the coming years, the City will adjust accordingly and craft Annual Action Plans reflective of funding realities.

Priority Table

Program	Source of Funds	Uses of Funds	Expected Amount Available Year 1				Expected Amount Available Reminder of ConPlan \$	Narrative Description
			Annual Allocation: \$	Program Income: \$	Prior Year Resources: \$	Total: \$		
CDBG	public - federal	Acquisition Admin and Planning Economic Development Housing Public Improvements Public Services	670,261	0	0	670,261	2,010,783	

Program	Source of Funds	Uses of Funds	Expected Amount Available Year 1			Expected Amount Available Reminder of ConPlan \$	Narrative Description
			Annual Allocation: \$	Program Income: \$	Prior Year Resources: \$	Total: \$	
HOME	public - federal	Acquisition Homebuyer assistance Homeowner rehab Multifamily rental new construction Multifamily rental rehab New construction for ownership TBRA	222,020	0	0	222,020	666,060

Table 5 - Expected Resources – Priority Table

Explain how federal funds will leverage those additional resources (private, state and local funds), including a description of how matching requirements will be satisfied

The City administration recognizes that the City's annual entitlement and formula allocations are not sufficient to meet all of its needs, and that leveraging resources is critical to achieving the City's goals. The City continues to cultivate funding partners who can match the City's investment of CDBG funds. Additional funds need to be raised to ensure that more affordable housing is available for those in need.

To that end the City seeks funds from the County, the State and grants from other entities, both public and private. In particular, the City has worked closely with the Butler County Office of Community Development as a member of the County's Home Investment Partnership (HOME) Program. The City has historically solicited applications for owner-occupied rehabilitation projects for referral to the County program. The City has been successful in leveraging significant funds from the State Demolition Grant Program and will continue this effort.

Matching requirements have been satisfied with other eligible financial resources and/or in-kind services, and the City will continue to seek this type of matching as well as financial matches.

If appropriate, describe publically owned land or property located within the jurisdiction that may be used to address the needs identified in the plan

In cooperation with Butler County, the City is part of the Butler County Land Bank. Middletown’s intention is to utilize the land bank to acquire vacant lots and properties to use for resale, demolition, or possible rehabilitation

Discussion

Annual Goals and Objectives

AP-20 Annual Goals and Objectives - 91.420, 91.220(c)(3)&(e)

Goals Summary Information

No Goals Found

Sort Order	Goal Name	Start Year	End Year	Category	Geographic Area	Needs Addressed	Funding	Goal Outcome Indicator
1	Housing Revitalization	2016	2019	Affordable Housing	Citywide	Provide Safe, Affordable Housing Opportunities		Rental units rehabilitated: 50 Household Housing Unit
2	Neighborhood Revitalization	2016	2019	Affordable Housing		Clearance and Demolition		Buildings Demolished: 10 Buildings
3	Public Services	2016	2019	Non-Housing Community Development	Citywide	Public Service Programs, especially for elderly		Public service activities other than Low/Moderate Income Housing Benefit: 250 Persons Assisted
4	Fair Housing	2016	2019	Non-Housing Community Development	Citywide	Fair Housing		Public Facility or Infrastructure Activities other than Low/Moderate Income Housing Benefit: 200 Persons Assisted
5	Public Facilities Improvements	2016	2019	Non-Housing Community Development		Public Improvements/Infrastructure		Public service activities other than Low/Moderate Income Housing Benefit: 2000 Persons Assisted

Sort Order	Goal Name	Start Year	End Year	Category	Geographic Area	Needs Addressed	Funding	Goal Outcome Indicator
6	Homeless Activities	2016	2019	Homeless	Citywide	Homeless Activities		Homeless Person Overnight Shelter: 250 Persons Assisted
7	Economic Development	2016	2019	Non-Housing Community Development		Economic Development		Businesses assisted: 5 Businesses Assisted

Table 6 – Goals Summary

Goal Descriptions

1	Goal Name	Housing Revitalization
	Goal Description	Emergency Home Repairs, home rehabilitation
2	Goal Name	Neighborhood Revitalization
	Goal Description	Code enforcement, demolition; neighborhood improvements
3	Goal Name	Public Services
	Goal Description	Programs for elderly, youth, and person with disabilities
4	Goal Name	Fair Housing
	Goal Description	Fair housing programs and services, support for legal aid
5	Goal Name	Public Facilities Improvements
	Goal Description	Repairs and improvements to public facilities. Infrastructure - Improvements for municipal infrastructure, including streets, water, sewer, water, and lighting
6	Goal Name	Homeless Activities
	Goal Description	Homeless prevention, emergency shelters, transitional housing.

7	Goal Name	Economic Development
	Goal Description	Façade programs, loan programs, technical assistance

Table 7 – Goal Descriptions

Estimate the number of extremely low-income, low-income, and moderate-income families to whom the jurisdiction will provide affordable housing as defined by HOME 91.215(b):

The City has established a goal of providing affordable housing to 20 low to moderate income households.

AP-35 Projects – 91.220(d)

Introduction

The development of the Annual Action Plan involved consultation with those agencies involved in delivering housing and housing services within Middletown. Meetings and discussions were held between the staff of the City's Community Revitalization Department and other City Departments, as well as conducting meetings with appropriate housing and social service agencies regarding the housing needs of children, elderly persons, persons with disabilities, homeless persons. Public input was also solicited through public hearings. All projects selected to receive funding meet objectives and goals set by the City to address housing and social needs.

Projects

#	Project Name	Proposed Budget
1	Emergency Repair Program	\$50,000
2	Rehab Program Delivery	\$15,000 (a)
3	Fair Housing: HOME	\$5,000
4	Legal Aid of Greater Cincinnati	\$10,000
5	Community Center Repairs	\$25,000
6	Senior Center	\$5,000
7	Code Enforcement	\$340,000 (b)
8	Demolition	\$100,000
9	Planning/Program Administration	\$131,475 (c)

Table 8 – Project Information

(a) Includes legal and RLF fees

(b) Includes \$17,500 for S.E.L.F.

(c) Admin allocation (20% of grant Amount – fair housing [\$5K])

Describe the reasons for allocation priorities and any obstacles to addressing underserved needs

These projects are deemed to be of the highest priority and meet the greatest need. The chief obstacle to meeting these needs is a lack of resources to provide a greater level of assistance. All allocation amounts and specific projects have been approved by the Community Revitalization Department staff and the City Council.

Projects

AP-38 Projects Summary

Project Summary Information

Table 8 – Project Summary

AP-50 Geographic Distribution – 91.220(f)

Description of the geographic areas of the entitlement (including areas of low-income and minority concentration) where assistance will be directed

Geographic Distribution

Target Area	Percentage of Funds
Citywide	100

Table 9 - Geographic Distribution

Rationale for the priorities for allocating investments geographically

Activities will be focused on the City's low-mod Census Tracts and the needs of residents in to those areas. They suffer from high poverty levels, a high number of foreclosed, and vacant and City-owned properties.

The City has worked closely with the public and civic leaders to ascertain the priority needs within the targeted areas. As noted above, these areas emerged in the course of examining the data, but were also frequently mentioned in the course of focus group discussions. These discussions confirmed the already known needs of these areas, complementing or corroborating the data.

Discussion

Affordable Housing

AP-55 Affordable Housing – 91.220(g)

Introduction

The most important impediment to affordable housing revolves around the lack of income of the City residents. While affordable housing is not a problem in Middletown, the quality of affordable housing is an issue. Many of the smaller affordable homes are suffering from severe deterioration and lack of maintenance. Due to the low home values in these areas, landlords are often reluctant to invest significant money in the property to fix it up.

In addition, the cost of maintenance, renovation, or redevelopment is also very high. Many structures, as noted earlier, are very old and contain both lead-based paint and asbestos, which must be remediated in order to bring the structure up to code. These facts make Middletown housing redevelopment expensive and many times put quality affordable housing out of the reach of low-income households.

The Housing Needs Assessment also identified stringent criteria in the mortgage origination process due to the foreclosure crisis, which also is outside the scope and control of City policy. In some instances, issues revolving around personal finances (lack of down payment, credit history, employment history) affect the availability of affordable housing for Middletown residents.

In light of these factors, the City will implement a number of programs and activities to provide affordable housing in the coming year. These will include emergency repair and homeowner rehabilitation programs in particular.

One Year Goals for the Number of Households to be Supported	
Homeless	5
Non-Homeless	30
Special-Needs	15
Total	50

Table 10 - One Year Goals for Affordable Housing by Support Requirement

One Year Goals for the Number of Households Supported Through	
Rental Assistance	0
The Production of New Units	0
Rehab of Existing Units	25
Acquisition of Existing Units	0
Total	25

Table 11 - One Year Goals for Affordable Housing by Support Type

Discussion

AP-60 Public Housing – 91.220(h)

Introduction

The Butler Metropolitan Housing Authority and the Warren Metropolitan Housing Authority were consulted during this consolidated planning process. It is the intention of the Authorities to continue to provide safe, attractive affordable housing to its HCV clients.

Actions planned during the next year to address the needs to public housing

In recent years, the City has coordinated with BMHA and the WMHA to determine issues and will continue to do so.

Actions to encourage public housing residents to become more involved in management and participate in homeownership

The City will continue to provide information about homeownership activities to the Public Housing Authorities for posting and/or dissemination to public housing residents to encourage them to participate in homeownership opportunities.

If the PHA is designated as troubled, describe the manner in which financial assistance will be provided or other assistance

Not Applicable

Discussion

AP-65 Homeless and Other Special Needs Activities – 91.220(i)

Introduction

The needs of homeless persons are complex and require a wide range of specialized services. Numerous agencies are often involved in the care of a homeless person, providing distinct services such as housing, mental health counseling, employment training, and case work services. A number of activities and services are funded to help the needs of the homeless and other special needs populations. Overall, these services address the high priority of reducing homelessness and the threat of becoming homeless.

The City of Middletown participates in the Butler County Housing and Homeless Coalition which consists of a wide array of individuals and entities that directly and indirectly serve homeless persons. Through a variety of coordinating councils, networks and other organizational structures the housing needs and priorities for the homeless are analyzed. The integration and coordination of resources and programs ensures that housing and support services are broad based, comprehensive and organized. The County's Housing and Homeless Coalition meets on a regular basis and has actively sought program funds in a collaborative manner. Together, as a consortium, they have successfully applied for federal Continuum of Care funding.

Describe the jurisdictions one-year goals and actions for reducing and ending homelessness including

Reaching out to homeless persons (especially unsheltered persons) and assessing their individual needs

Addressing the emergency shelter and transitional housing needs of homeless persons

The City does have several shelters to provide emergency and transitional housing for the homeless. These include Hope House Rescue Mission, which provides assistance to homeless women and children, the Center of Hope for Women and Children in Middletown, a 48-bed facility, the Shalom network of shelters, and the Veterans Center. Other services for the homeless are provided through the Butler Housing and Homeless Coalition.

Helping homeless persons (especially chronically homeless individuals and families, families with children, veterans and their families, and unaccompanied youth) make the transition to permanent housing and independent living, including shortening the period of time that individuals and families experience homelessness, facilitating access for homeless individuals and families to affordable housing units, and preventing individuals and families who were

recently homeless from becoming homeless again

The City does not have any organizations or facilities that provide transitional housing or assistance to the homeless. The City is an active participant in the Butler Housing and Homeless Coalition, which is a wide ranging group of municipalities and non-profit providers working in coordination on homelessness. This group provides multiple services to area homeless including not only shelter, but also transportation, employment, mental health, and substance abuse services. The VA has become more active reaching out to veterans and matching needs with services.

Helping low-income individuals and families avoid becoming homeless, especially extremely low-income individuals and families and those who are: being discharged from publicly funded institutions and systems of care (such as health care facilities, mental health facilities, foster care and other youth facilities, and corrections programs and institutions); or, receiving assistance from public or private agencies that address housing, health, social services, employment, education, or youth needs.

Services offered to residents of Middletown and Butler County to prevent homelessness include the Emergency Money Fund administered through St. Raphael. There are also funds available for emergency rent and utility payment through SELF, the local Community Action Program (CAP) agency. Additionally, Butler Metropolitan Housing Authority (BMHA) has a working relationship with Transitional Living who provides mental health assessment and permanent housing placement services.

Activities planned to implement a community-wide discharge policy begin with the Butler County Housing and Homeless Coalition. Homeless providers serving not just Middletown, but the entire county meet monthly and are developing a community-wide policy.

Discussion

One year goals for the number of households to be provided housing through the use of HOPWA for:
Short-term rent, mortgage, and utility assistance to prevent homelessness of the individual or family
Tenant-based rental assistance
Units provided in housing facilities (transitional or permanent) that are being developed, leased, or operated
Units provided in transitional short-term housing facilities developed, leased, or operated with HOPWA funds
Total

AP-75 Barriers to affordable housing – 91.220(j)

Introduction

Actions it planned to remove or ameliorate the negative effects of public policies that serve as barriers to affordable housing such as land use controls, tax policies affecting land, zoning ordinances, building codes, fees and charges, growth limitations, and policies affecting the return on residential investment

The City of Middletown has a housing stock that is old and valued significantly lower than surrounding areas. The biggest barrier to best utilization of these properties is their overall condition. The City strives to improve its affordable housing stock by:

- 1) Maintaining code enforcement efforts so that all occupied property is safe.
- 2) Incorporating other tools such as chronic nuisance ordinances and/or point of sale inspection ordinances.
- 3) Utilizing the County Land Bank to acquire troubled and blighted properties and find a better end use.
- 4) Continuing demolition of vacant blighted properties.
- 5) Providing down payment/closing cost assistance to encourage home ownership.

Other barriers to affordable housing include lending guidelines becoming more stringent and the stressed conditions of the overall housing stock. The City combats these issues by providing down payment assistance to home buyers through the HOME program and offers emergency repair services through the non-profit People Working Cooperatively using CDBG funds.

Still, the most important impediment to affordable housing revolves around the lack of income of the City residents. Exacerbating this factor is the lack of Federal and State resources for affordable housing initiatives. The lack of programs and resources to reduce excessive rent or mortgage burdens to qualified persons is a key factor. The City will do all that it can with the limited resources available to maintain and produce quality affordable housing, both owner and renter units. Home rehabilitation programs are in place and have been effective in keeping homeowners in habitable housing.

The most effective means to remove barriers to affordable housing is to have better paying jobs for City residents. The City and its economic development programs are working to retain, expand and attract businesses and to provide the qualified workforce necessary for those new jobs.

Discussion

AP-85 Other Actions – 91.220(k)

Introduction

Actions planned to address obstacles to meeting underserved needs

The greatest challenge to meeting underserved needs in the coming year will be meeting the increased need for program activities with a limited amount of funding. To overcome this significant challenge the City will work more efficiently, seek a greater level of collaboration with other agencies and organizations, and aggressively seek opportunities to leverage funds.

Actions planned to foster and maintain affordable housing

The City places great emphasis upon seeing that decent, safe affordable housing is available for low-income residents to the extent possible. The City also believes that rehabilitation of both rental and owner housing units is a High priority, as these efforts keep people in affordable housing and, especially for extremely low-income and elderly homeowners, may serve to prevent homelessness. Homeless activities, ranging from providing emergency shelter to preventing homelessness receive a High priority. Thus, the City will focus on multiple efforts including rental rehabilitation, as well as homeowner repair to provide affordable housing and in many instances prevent homelessness.

Actions planned to reduce lead-based paint hazards

Actions planned to reduce lead-based paint hazards

Since inception of the CDBG program, all homes older than 1978 scheduled for rehabilitation activities receive lead based paint testing to determine the extent of lead hazards. Lead was found mostly in small amounts such as frames on the doors and was usually on the exterior of the house. All of the lead that was found was addressed by interim controls and abatement through covering and/or painting.

The City will also continue the tasks described in SP-65 the following steps this program year to meet lead based paint requirements.

Actions planned to reduce the number of poverty-level families

As noted above, the City's anti-poverty strategy is part of a coordinated effort to create jobs and improve the local economy. CDBG provides the core funding for critical basic needs including health, childcare, housing, and transportation because the creation of economic opportunities is not an isolated solution to alleviating poverty. The City works with community partners to identify educational, life

skills and training needs and provide opportunities for self-empowerment that will enable low- and moderate-income residents to become and continue to be self-sufficient and economically independent. In particular, the City will support youth training and employment programs that will lead to job opportunities for area residents. These programs have an immediate impact on primary needs of the low-income population and the causes of poverty.

Also, the City will encourage the efforts of the Butler Metropolitan Housing Authority and the Warren Metropolitan Housing Authority, which administer the Section 8 vouchers within the City and the Section 8 Family Self Sufficiency (FSS) program (which teaches self-help skill to low income families with children).

Actions planned to develop institutional structure

Please see the following response.

Actions planned to enhance coordination between public and private housing and social service agencies

The City has identified gaps in institutional structure for implementing the Consolidated Plan and ways to enhance coordination among housing agencies and social service providers. These gaps included a lack of sufficient resources, limited coordination between service providers, and the difficulty of social services agencies in obtaining Middletown specific data. As noted in PR-10, the City has been proactive in addressing these gaps and undertaken a number of specific actions to overcome these gaps.

The City will continue to work closely with Butler County in several areas including social services, lead abatement and mental health services. The City anticipates continued to participation in the Butler County Housing and Homeless Coalition.

Discussion

Please see the preceding responses.

Program Specific Requirements

AP-90 Program Specific Requirements – 91.220(l)(1,2,4)

Introduction

Community Development Block Grant Program (CDBG)

Reference 24 CFR 91.220(l)(1)

Projects planned with all CDBG funds expected to be available during the year are identified in the Projects Table. The following identifies program income that is available for use that is included in projects to be carried out.

1. The total amount of program income that will have been received before the start of the next program year and that has not yet been reprogrammed	0
2. The amount of proceeds from section 108 loan guarantees that will be used during the year to address the priority needs and specific objectives identified in the grantee's strategic plan.	0
3. The amount of surplus funds from urban renewal settlements	0
4. The amount of any grant funds returned to the line of credit for which the planned use has not been included in a prior statement or plan	0
5. The amount of income from float-funded activities	0
Total Program Income:	0

Other CDBG Requirements

1. The amount of urgent need activities	0
2. The estimated percentage of CDBG funds that will be used for activities that benefit persons of low and moderate income. Overall Benefit - A consecutive period of one, two or three years may be used to determine that a minimum overall benefit of 70% of CDBG funds is used to benefit persons of low and moderate income. Specify the years covered that include this Annual Action Plan.	100.00%

HOME Investment Partnership Program (HOME)

Reference 24 CFR 91.220(l)(2)

1. A description of other forms of investment being used beyond those identified in Section 92.205 is as follows:
2. A description of the guidelines that will be used for resale or recapture of HOME funds when used

for homebuyer activities as required in 92.254, is as follows:

3. A description of the guidelines for resale or recapture that ensures the affordability of units acquired with HOME funds? See 24 CFR 92.254(a)(4) are as follows:
4. Plans for using HOME funds to refinance existing debt secured by multifamily housing that is rehabilitated with HOME funds along with a description of the refinancing guidelines required that will be used under 24 CFR 92.206(b), are as follows:

Discussion

**COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) PROGRAM
PY 2016 PROJECTED BUDGETED USE OF FUNDS (5/1/2016 - 4/30/2017)**

	<u>CDBG</u>
<u>Housing Revitalization</u>	
Emergency Repair Program (PWC)	\$50,000
Rehab Program Delivery	\$15,000 a
Category Total	\$65,000
<u>Public Services</u>	
Fair Housing: H.O.M.E. (Matrix Code 21D)	\$5,000
Legal Aid of Greater Cincinnati	\$15,000
Category Total	\$20,000
<u>Public Facilities & Improvements</u>	
Community Center Repairs	\$29,200
Senior Center	\$15,000
Category Total	\$44,200
<u>Neighborhood Revitalization</u>	
Code Enforcement	\$330,345 b
Demolition	\$81,664
Category Total	\$412,009
<u>GRANTS MANAGEMENT</u>	
Planning/Program Administration	\$129,052 c
Category Total	\$129,052
<hr/>	
Estimated PY2015 Unliquidated Funds	\$0
PY2016 Grant amount	\$670,261
TOTAL	\$670,261

a.) Includes legal & RLF fees b.) Includes \$17,500 for S.E.L.F. c.) Admin allocation (20% of grant amount - Fair Housing [\$5k])



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

OFFICE OF THE ASSISTANT SECRETARY FOR
COMMUNITY PLANNING AND DEVELOPMENT

February 16, 2016

The Honorable Lawrence P. Mulligan
Mayor of Middletown
1 Donham Plz
City Hall
Middletown, OH 45042-1932



Dear Mayor Mulligan:

I am pleased to inform you of your jurisdiction's Fiscal Year (FY) 2016 allocations for the Office of Community Planning and Development's (CPD) formula programs, which provide funding for housing, community and economic development activities, and assistance for low and moderate-income persons and special populations across the country. President Obama signed Public Law 114-113 on December 18, 2015, which includes FY 2016 funding for these programs. Your jurisdiction's FY 2016 available amounts are:

Community Development Block Grant (CDBG)	\$670,261
HOME Investment Partnerships (HOME)	\$ 0
Housing Opportunities for Persons with AIDS (HOPWA)	\$ 0
Emergency Solutions Grants (ESG)	\$ 0

This letter highlights several important points related to these programs. First, Secretary Julián Castro is committed to making HUD the "Department of Opportunity" and has established a number of initiatives intended to achieve that goal. In 2015, we celebrated the 50th anniversary of the Department's establishment, and these initiatives build on HUD's mission to promote homeownership, support community development, and increase access to affordable housing free from discrimination. The Department is working hard with grantees on these key goals and urges you to review the entire plan at: <http://portal.hud.gov/hudportal/HUD?src=/hudvision>. In an era when the nation's severe shortage of affordable rental housing creates substantial housing instability—contributing to homelessness, family mobility and unequal educational attainment—I am particularly interested in working with grantees to increase affordable housing production through our CPD formula programs.

Second, HUD recommends that grantees effectively plan and implement programs that leverage these critical Federal financial resources to achieve the greatest possible return for the communities and individuals they are intended to assist.

- HUD urges grantees to consider using CDBG funds, to the extent possible, to support investments in predevelopment activities for infrastructure and public facilities activities that can provide multiple benefits for communities.
- HUD has created a Renewable Energy Toolkit specifically tailored to CPD grantees. To the extent that grantees are interested in using funds for renewable energy projects, please feel free to access that toolkit online at www.hudexchange.info.

- If you would like assistance from CPD in redesigning, prioritizing or targeting your programs, either you or the head of the agency that administers your program may request assistance through your local CPD Director.

Third, CPD is asking grantees to renew their focus on administration and management of these programs as part of an effort to ensure effective use of the funds. Throughout 2016, CPD and HUD's Office of the Inspector General expect to issue a range of guidance that will highlight particular areas where grantees commonly stumble. I urge grantees to actively review their policies and procedures governing these programs and to strengthen management practices, particularly with regard to recordkeeping, in order to avoid problems and risk this vital funding. This focus on administration is particularly critical because the Integrated Disbursement and Information System (IDIS), which is HUD's financial and data system for managing these formula programs, will no longer commit and disburse grant funds on a first-in first-out (FIFO) basis beginning with the FY 2015 grants. All FY 2015 and future grants will be committed and disbursed on a grant specific basis.

The Office of Community Planning and Development is looking forward to working with you to promote simple steps that will enhance the viability and performance of these critical programs and successfully meet the challenges that our communities face. Please contact your local CPD office if you or your staff has any questions or comments.

Sincerely,

A handwritten signature in black ink, appearing to read "Harriet Tregoning", with a stylized flourish at the end.

Harriet Tregoning
Principal Deputy Assistant Secretary



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
Community Planning and Development

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

NOTICE: CPD-16-01

Issued: January 28, 2016

Expires: September 30, 2016

Subject: Guidance on Submitting Consolidated Plans and Annual Action Plans
for Fiscal Year (FY) 2016

Purpose:

The purpose of this Notice is to instruct all CDBG, HOME, HTF, ESG and HOPWA formula grantees on the timing of submission of FY 2016 consolidated plans and action plans. This Notice provides instructions to grantees/participating jurisdictions under each of these programs regarding costs incurred prior to execution of a grant agreement. This Notice further informs Entitlement CDBG grantees and HOME participating jurisdictions of waivers being made available to certain grantees/participating jurisdictions to assist in the implementation of the pre-award costs instructions. These procedures apply equally to grantees' 3-5 year consolidated plans as well as to annual action plans (either as a stand-alone document or as a component of the overall consolidated plan submission).

Notes regarding applicability:

This Notice uses the term "grantee" generically, to also include HOME participating jurisdictions, except where the term appears in discussions explicitly limited to one of the other covered funding programs. Provisions of this Notice covering the Entitlement CDBG program also apply to Insular Areas grantees and CDBG nonentitlement county grantees in Hawaii, as the Entitlement CDBG program regulations also apply to their CDBG funds.

Background:

Pursuant to 24 CFR 91.15(a)(1), each jurisdiction should submit its consolidated plan to HUD at least 45 days before the start of its program year. The earliest date on which HUD will accept a consolidated plan or action plan submission is November 15, 2015; and the latest submission deadline is August 16, 2016. However, in most years, HUD does not receive its

annual funding appropriation until several months into the federal fiscal year (rarely earlier than December, and sometimes as late as April). Once a fiscal year's appropriation is enacted, HUD needs time to compute grantees' allocation amounts for the formula programs covered by the consolidated plan. The Housing Trust Fund (HTF) Program is funded by the mandatory assessments on Fannie Mae and Freddie Mac - Government-Sponsored Enterprises (GSEs) - and the assessments will not be transferred to the U.S. Treasury Department until March 2016. When appropriations are significantly delayed, grantees with program year start dates prior to the announcement of allocations do not know their actual allocation amounts when they are developing their plans, conducting citizen participation, and submitting their plans.

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

This practice resulted in significant additional work for both HUD and grantees. After the actual allocation amounts were announced, a grantee had to submit a revised, re-signed SF-424 form listing the actual allocation amounts for each of its formula grants. In many cases, the grantee had to make additional changes to amend its plan to reflect its actual allocation amounts. This may have constituted a substantial amendment under 24 CFR 91.505, which is subject to the grantee's citizen participation plan process. For FY 2016, HUD will not execute a grant agreement with a grantee until HUD has received a plan (or an amended plan) which incorporates the actual allocation amounts a grantee is to receive for that fiscal year.

Revised Procedures for Submission of FY 2016 Consolidated Plans and Action Plans by Grantees with Early Program Year Start Dates:

HUD is issuing the following revised procedures to govern the submission and review of consolidated plans and action plans for FY 2016 funding prior to computation of FY 2016 formula allocation amounts. These procedures will apply to any grantee whose normal consolidated plan/action plan submission deadline (45 days before the start of the program year) falls either before, or less than 60 days after, the date HUD announces FY 2016 allocation amounts for CDBG, ESG, HOME and HOPWA formula funding. (See Section II. for a discussion of the timing of Housing Trust Fund allocations.)

The FY 2016 Omnibus appropriations bill was signed into law on December 18, 2015. The law requires HUD to announce FY 2016 allocation amounts to grantees within 60 days of enactment. Thus, grantees can expect to learn their FY 2016 formula program allocation amounts no later than mid-February. The provisions of this Notice are therefore likely to apply to grantees with program year start dates on or before June 1. At this time, HUD cannot provide estimated FY 2016 allocation amounts for grantees to use for planning purposes in developing annual action plans. HUD does not anticipate announcing HTF funding allocations to states until April, 2016 at the earliest.

Note: These procedures will not apply to grantees whose normal consolidated plan/action plan submission deadline is more than 60 days after HUD announcement of FY 2016 formula allocation amounts; those grantees should have sufficient time to revise their plans to match actual allocation amounts prior to the due date for their plan.

I. Revised Submission Dates for FY 2016 Action Plans for Formula Funding programs: CDBG, ESG, HOME, HOPWA

Grantees are advised not to submit their consolidated plan/action plan until after the FY 2016 formula allocations have been announced. Grantees due to submit a new 3-5 year consolidated plan in FY 2016 should refrain from submitting the overall consolidated plan as well as the FY 2016 action plan contained within the overall document. HUD cannot complete its review of the overall consolidated plan components independent of the current year's action plan component. Once HUD informs grantees of their FY 2016 formula funding allocation amounts, each grantee should, prior to submission, ensure that the actual FY 2016 allocation amounts are reflected in the form SF-424, in the description of resources and objectives, and in the description of activities to be undertaken (or, for states, the method of distribution). It may be necessary for a grantee to revise its action plan before submission to HUD.

An affected grantee may delay submission of its consolidated plan or action plan to HUD until 60 days after the date allocations are announced, or until August 16, 2016 (whichever comes first). This delay will give a grantee time to revise its action plan to incorporate actual allocation amounts, and to conduct any additional citizen participation, if necessary.

For example, if HUD were to announce the FY 2016 allocation amounts to grantees on February 15, 2016:

- For grantees with January 1 – April 1 program year start dates, their normal plan submission date would have been before the date that HUD announced allocation amounts. These grantees would be able to postpone submission of their consolidated plan/action plan until April 15, 2016.
- For grantees with May 1 and June 1 program year start dates, their normal plan submission date would be less than 60 days after HUD's announcement of allocation amounts. These grantees would also be able to postpone submission of their consolidated plan/action plan until April 15, 2016.
- Grantees with July 1 and later program year start dates would have more than 60 days between the date of announcement of allocations and the normal submission deadline for their consolidated plan/action plan. These grantees would be expected to submit their plan on time.

However, in no case may a consolidated plan/action plan be submitted to HUD later than August 16, 2016. Failure to submit an action plan for FY 2016 by August 16, 2016, will result in the automatic loss of FY 2016 CDBG funds to the grantee. This requirement is established by statute, and HUD cannot waive the August 16 submission deadline. Funding under other CPD formula programs is not subject to this deadline but, since virtually all CPD formula grantees

receive CDBG funding, the CDBG submission requirement effectively establishes the deadline for submission of action plans.

The regulations, at 24 CFR 91.15(a)(1), state that "...each jurisdiction should submit its consolidated plan at least 45 days before the start of its program year." HUD has determined that it is not necessary to waive this provision in order to implement the procedures in this Notice for FY 2016 action plans. This provision does not prohibit a grantee from submitting a plan after that time. It is not necessary for an affected grantee to request an exception to its normal action plan submission date under 24 CFR 91.15(a)(1), nor is it necessary for a field office to grant an exception to the action plan submission deadlines, under 24 CFR 91.20, in order to implement the procedures in this Notice.

II. Special Submission Date for the HTF Program

The Housing Trust Fund (HTF) is a new affordable housing production program to increase and preserve the supply of decent, safe, and sanitary affordable housing for extremely low-income and very low-income families. HTF is a formula grant program for states.

On January 30, 2015, HUD published an interim rule implementing HTF, codified at 24 CFR Part 93. The rule requires the state to include its HTF allocation plan in its annual action plan as described at 24 CFR 91.320(k)(5). The HTF allocation plan describes the method for the distribution of funds, and establishes the application requirements and criteria for selecting applications. The rule also requires a local jurisdiction that receives a subgrant of HTF funds from the state to include a HTF allocation plan (24 CFR 91.220(l)(5)) in its annual action plan, but due to the timing of the publication of HTF allocations, the local jurisdiction may need to amend its annual action plan to include HTF.

The timing of the HTF formula allocations is different from other CPD formula programs (CDBG, HOME, HOPWA, and ESG) because the source of funding is the mandatory assessments on Fannie Mae and Freddie Mac rather than Federal appropriations. The earliest HUD expects to publish the HTF formula allocations is April 2016 - well after the date that formula allocations for other CPD formula programs will be announced. A state may submit its consolidated plan/action plan for the other formula grant programs before the HTF formula allocations are published and then submit its HTF allocation plan as a substantial amendment to its annual action plan, after the HTF formula allocations are published.

The state or the entity designated by the state to be the HTF grantee may begin to develop its HTF allocation plan following its citizen participation process in accordance with its consolidated plan citizen participation plan before the publication of the HTF formula allocations. However, the state may not submit its HTF allocation plan before its HTF formula allocation has been published. HUD recommends the state use the \$3 million minimum HTF allocation as a baseline formula allocation estimate when conducting citizen participation.

III. HUD Review of Action Plans

HUD will disapprove as substantially incomplete any consolidated plan or action plan covering FY 2016 funding that does not reflect actual CDBG, HOME, ESG and HOPWA allocation amounts on the form SF-424, in the description of resources and objectives, and in the description of activities to be undertaken (or, for states, the method of distribution). A grantee whose action plan is disapproved for this reason is advised to not resubmit a revised plan until HUD has announced the actual FY 2016 allocation amounts, and until the grantee has incorporated the actual allocation amounts into its plan. (See Section II. regarding including the HTF program in an original or amended consolidated plan/action plan.)

24 CFR 91.500(d) states that “(t)he jurisdiction may revise or resubmit a plan within 45 days after the first notification of disapproval.” HUD has determined that it is not necessary to waive this provision in order to implement the procedures in this Notice for FY 2016 consolidated plans/action plans. This provision does not prohibit a grantee from re-submitting a plan after that time period.

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

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

A grantee has several options regarding fulfilling its citizen participation obligations while waiting for HUD to announce FY 2016 allocation amounts:

- a. A grantee may conduct citizen participation on its draft plan (with estimated funding amounts) according to its normal timetable and citizen participation procedures. (Grantees are cautioned, though, that they should not submit their plan until allocation amounts are known.) A grantee doing so should make clear that the funding levels shown are estimated amounts. In addition, the grantee should include “contingency provision” language in its action plan which explains how it will adjust its proposed plan to match its actual allocation amounts, once actual amounts become known. By including such contingency language, a grantee can avoid the need to make significant

revisions to its plan (beyond incorporating the final allocation amounts into the plan and the SF-424 form). The grantee may also avoid the potential need to conduct additional citizen participation on a plan that has to be significantly revised in order to reflect actual allocation amounts.

Examples of contingency provisions include:

- A plan could state that all proposed activities' budgets will be proportionally increased or decreased from the estimated funding levels to match actual allocation amounts.
- A grantee could express its budget in terms of percentages of the allocation to be budgeted to each planned activity, along with the grantee's current estimate of how many dollars that equates to for each activity. [For example, regardless of what the final allocation amounts are, the United Interfaith Street Outreach Program will receive 22% (currently estimated to be approximately \$38,000) of the grantee's total ESG allocation, and the Tenant-Based Rental Assistance activity will receive 10% (currently estimated to be about \$68,750) of the HOME allocation.]
- A plan could state that any increase or decrease in funding to match actual allocation amounts will be applied to one or more specific activities (e.g., any increase or decrease relative to the grantee's estimated allocation amount will be applied to the single family housing rehabilitation grant program).
- A plan could list its proposed activities in priority order and indicate that the East Side Sidewalk Replacement activity listed in the plan is a "backup" activity that will be funded only if sufficient CDBG funding exists; or conversely, if the grantee's actual allocation is less than estimated, the East Side Sidewalk Replacement activity will not be funded in FY 2016.
- A plan could state that, should the actual allocation amount exceed the grantee's estimate, the grantee will increase the Uptown Sewer Separation activity budget and will extend the service area block-by-block along the 600-900 blocks of Cherry Street, based on the amount of additional funding available.

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

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

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

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

V. Pre-Award Costs

A. General Provisions applicable to all Consolidated Plan programs

Special attention must be paid to situations in which a grantee wishes to incur costs prior to grant award. For example, under certain programs, a grantee may want to execute annual renewals of agreements with social service providers in order to prevent interruption of social services. The annual performance cycle of these agreements might normally begin after the grantee's official program year start date, but under this Notice the grantee cannot even submit its Action Plan until after the date that the agreements need to be executed. Thus, the timing instructions in this Notice may cause some program costs to be classified as pre-award costs where they would otherwise not have been.

The government-wide Uniform Administrative Requirements, Cost Principles and Audit Requirements regulation, at 2 CFR Part 200, contains language concerning agency approval of pre-award costs. The language at 2 CFR 200.458 applies to any program that does not have its own separate provisions concerning authorization of pre-award costs:

§ 200.458. Pre-award costs. Pre-award costs are those incurred prior to the effective date of the Federal award directly pursuant to the negotiation and in anticipation of the Federal award where such costs are necessary for efficient and timely performance of the scope of work. Such costs are allowable only to the extent that they would have been allowable if incurred after the date of the Federal award and only with the written approval of the Federal awarding agency.

The ESG, HOPWA and HTF program regulations do not contain program-specific language establishing pre-award cost requirements for those programs; the CDBG and HOME program regulations do contain pre-award cost requirements unique to those programs. (However, the HOME requirements apply only to certain types of pre-award costs.) The following guidance applies to all five programs. Additionally, guidance unique to each separate program is provided below.

The Part 91 consolidated Plan regulations make distinctions between a “proposed plan” and “a plan”. Most notably, 24 CFR 91.105(b) and 91.115(b) describe the citizen participation requirements for a grantee’s proposed plan. For purposes of this Notice regarding pre-award costs, HUD considers a grantee’s plan to have moved from being “a proposed plan” to being “a plan” once a grantee has completed the publication, public hearing and public comment requirements at 24 CFR 91.105(b)(2), (3) and (4) or 91.115(b)(2), (3) and (4), and has developed its written summary of comments received pursuant to 24 CFR 91.105(b)(5) or 91.115(b)(5).

To minimize additional workload on grantees and HUD field offices, this Notice establishes the following procedures implementing the 2 CFR 200.458 requirements cited above. This Notice provides HUD approval to incur pre-award costs if and when the grantee completes the following documentation in its local files:

1. The grantee documents that the costs incurred prior to grant award are necessary for efficient and timely performance of the activity in question.
2. The grantee documents that the costs are for eligible activities under the regulations for the applicable funding program;
3. The grantee documents that the grantee has complied with all other requirements for pre-award costs under the regulations for the applicable funding program or as described below;
4. The activity for which costs will be incurred is included in a consolidated plan/action plan;
5. The grantee documents completion of its citizen participation process by including in its files a written, *dated* summary of citizen participation comments received on its plan, pursuant to 24 CFR 91.105(b)(5) or 91.115(b)(5) as applicable.

If the grantee’s files contain all other necessary documentation supporting the costs (described below for each program), the date of HUD approval for pre-award costs is the date of the written summary of citizen participation comments, or the grantee’s program year start date, which is later.

B. Additional Provisions: Entitlement CDBG Program

The Entitlement CDBG program regulations specify, at 24 CFR 570.200(h), the situations under which a grantee may incur costs prior to the effective date of its grant agreement. The provisions of this Notice will affect how grantees comply with the pre-award cost reimbursement requirements.

1. 24 CFR 570.200(h) defines the effective date of a grantee's agreement as the grantee's program year start date or the date that the consolidated plan/action plan is received by HUD (whichever is later). Under the provisions of this Notice, a grantee's action plan may not be submitted to (and thus received by) HUD until several months after the grantee's program year start date. This may negatively affect grantees' ability to incur pre-award costs.
2. Therefore, HUD has issued a waiver of 24 CFR 570.200(h) to the extent necessary to implement an alternative requirement: the effective date of a grantee's FY 2016 grant agreement will be considered to be the earlier of the grantee's program year start date or the date that the consolidated plan/action plan (with actual allocation amounts) is received by HUD. Attachment A contains the HUD memorandum authorizing this waiver. This waiver is applicable to any applicable Entitlement CDBG grantee seeking to incur pre-award costs, whose action plan submission is delayed past the normal submission date because of delayed enactment of FY 2016 appropriations for the Department. An affected community applying this waiver shall document in writing the conditions giving rise to the need to use this waiver, and maintain the documentation for HUD's review. Grantees' authority to make use of this waiver is only in effect until August 16, 2016, as that is the last date that a grantee may submit its FY 2016 action plan.
3. 24 CFR 570.200(h)(1)(i) requires that the activity for which the costs are being incurred must be included in a consolidated plan/action plan prior to the costs being incurred; grantee compliance with steps 4 and 5 under the general pre-award cost provisions above will meet that requirement. However, grantees must also comply with § 570.200(h)(1)(ii), which further specifies that the plan must advise citizens of the extent to which the pre-award costs will affect future grants. CDBG grantees intending to incur pre-award costs are cautioned that option b. described in Section IV above is not likely to be a feasible alternative for them. HUD advises any Entitlement CDBG grantee intending to incur pre-award costs to follow the process described in Section IV.a. above; in doing so, the grantee will need to ensure that it has met the citizen participation and notification requirements above.
4. Pursuant to § 570.200(h)(1)(iii) and § 570.604, the costs and corresponding activities must comply with the environmental review requirements at 24 CFR Part 58.

C. Additional Provisions: HOME Program

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

1. 24 CFR 92.212(b) defines the effective date for incurring administrative and planning costs to be charged to the HOME allocation as the beginning of the participating jurisdiction's consolidated program year or the date that the consolidated plan is received by HUD (whichever is later). Under the provisions of this Notice, a participating jurisdiction's action plan may not be submitted to (and thus received by) HUD until several months after the PJ's program year start date. This may negatively affect a participating jurisdiction's ability to incur planning and administrative pre-award costs. Therefore, HUD has issued a waiver of 24 CFR 92.212(b) to the extent necessary to implement an alternative requirement: the effective date of a grantee's FY 2016 grant agreement will be considered to be the earlier of the participating jurisdiction's program year start date or the date that the consolidated plan/action plan (with actual allocation amounts) is received by HUD.
2. Attachment B contains the HUD memorandum authorizing this waiver. This waiver is applicable to any HOME participating jurisdiction seeking to incur pre-award administrative and planning costs, whose action plan submission is delayed past the normal submission date because of delayed enactment of FY 2016 appropriations for the Department. An affected participating jurisdiction applying this waiver shall document in writing the conditions giving rise to the need to use this waiver, and maintain the documentation for HUD's review. A participating jurisdiction's authority to make use of this waiver is only in effect until August 16, 2016, as that is the last date that a grantee may submit its FY 2016 action plan.
3. The HOME regulations already provide a participating jurisdiction with the authority to incur certain project costs. Eligible project costs may be incurred during the current program year in an amount not to exceed 25% of the current HOME allocation amount, to be charged after the award of the HOME allocation, provided the costs are in compliance with the requirements of the HOME Program. Before incurring the pre-award costs, the participating jurisdiction must comply with its citizen participation plan requirements.
4. 24 CFR 92.212(c) requires that the project costs that are being incurred must be included in a consolidated plan/action plan prior to the costs being incurred; compliance with steps 4 and 5 under the general pre-award cost provisions above will meet that requirement. These provisions must also be met if the participating jurisdiction elects to develop a mini-action plan pursuant to § 92.212(c).

D. Additional Provisions: ESG Program

An ESG grantee is permitted to incur pre-award costs against its FY 2016 grant, provided that the grantee has met the general conditions described above, plus the following conditions:

1. The costs and corresponding activities must comply with the Emergency Solutions Grants regulations at 24 CFR Part 576.
2. The costs and corresponding activities must comply with environmental review requirements. The “Moving Ahead for Progress in the 21st Century Act” (MAP-21), (Public Law 112-141) made several changes to HUD’s homeless assistance programs, including authorization to permit recipients and other responsible entities to assume HUD environmental review responsibilities in accordance with 24 CFR Part 58. Initially, for FY 2012 ESG funds, ESG projects were subject to the environmental review procedures under 24 CFR Part 50, which assigns HUD all environmental review responsibilities due to the HEARTH Act’s repeal of Section 443 of the McKinney-Vento Homeless Assistance Act. However, the MAP-21 Act made several changes to HUD’s homeless programs, including the requirement that recipients follow 24 CFR Part 58. Now, recipients or other Responsible Entities assume environmental review responsibilities under 24 CFR Part 58.

E. Additional Provisions: HOPWA Program

A HOPWA formula grantee is permitted to incur pre-award costs against its FY 2016 grant, provided that the grantee has met the general conditions described above, plus the following conditions:

1. The costs are incurred for eligible activities undertaken in accordance with HOPWA program regulations at 24 CFR Part 574.
2. The costs and corresponding activities must comply with environmental review requirements at 24 CFR 574.510.

F. Additional Provisions: HTF Program

HUD is authorizing HTF grantees to incur pre-award costs permitted under 2 CFR 200.458 for planning activities and preparation of the HTF allocation plan. Eligible pre-award costs may include the cost of public hearings, consultations, and publication of public notices, as well as developing program guidelines. Pre-award costs may not exceed 5% of the minimum allocation amount of \$3 million. This is one half of the grant amount that the state may use for administration and planning in accordance with 24 CFR 93.202, based on receiving a minimum grant amount. The costs and corresponding activities must comply with the environmental review requirements at 24 CFR 93.301(f).

VI. Applicability of This Notice to Future Years

This Notice only applies to consolidated plans/action plans submitted for FY 2016 funding on or before August 16, 2016, or 60 days after HUD announcement of the FY 2016 allocation amounts for CDBG, ESG, HOME and HOPWA formula funding (whichever is earlier). HUD anticipates revising the Consolidated Plan regulations (and other related regulations) for future years to explicitly include, as a basis for disapproval of a plan, that a plan does not contain and reflect a grantee's actual allocation amounts. For further information on potential rulemaking in this area, see HUD's June 3, 2015, Federal Register Notice (80 FR 31538). That document solicited public comments on possible amendments to the Consolidated Plan regulations and the CDBG Entitlement regulations to effect such a change. See in particular Sections II.B.1., II.B.2 and II.B.7 of the Notice, pages 31544 and 31546. (Please note, however, that the public comment period for that Federal Register Notice has closed.)

For further information:

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

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

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

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

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

ATTACHMENT A



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

OFFICE OF THE ASSISTANT SECRETARY FOR
COMMUNITY PLANNING AND DEVELOPMENT

SEP 9 2015

MEMORANDUM FOR: All Community Planning and Development Field Office
Division Directors

FROM: Harriet Tregoning, Principal Deputy Assistant Secretary
for Community Planning and Development, D

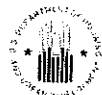
SUBJECT: Waiver of 24 CFR 570.200(h) regarding FY 2016 Action Plans
Community Development Block Grant (CDBG) Program

HUD is issuing revised procedures to govern the submission and review of action plans for FY 2016 funding prior to the enactment of a FY 2016 appropriation bill. Any grantee with a program year start date prior to, or up to 60 days after, HUD's announcement of the FY 2016 formula program funding allocations is advised not to submit its consolidated plan or action plan until the FY 2016 formula allocations have been announced. However, an action plan must be submitted to HUD no later than August 16, 2016.

The likelihood of delays in the receipt of annual appropriations by HUD and implementation of this policy for FY 2016 may have negative consequences for CDBG grantees that intend to incur eligible costs prior to the award of FY 2016 funding. Some activities might otherwise be interrupted while implementing these revised procedures. In addition, grantees might not otherwise be able to use CDBG funds for planning and administrative costs of administering their programs. In order to address communities' needs and to ensure that programs can continue without disturbance, I find that good cause exists pursuant to 24 CFR 5.110 to waive the provisions of 24 CFR 570.200(h) for the Entitlement CDBG program, the Insular Areas CDBG program, and for grants to nonentitlement counties in Hawaii. 24 CFR 570.200(h) is waived to the extent necessary to treat the effective date of the grant agreement as the program year start date or the date that the consolidated plan/action plan (with actual allocation amounts) is received by HUD, whichever is *earlier*.

This waiver will apply to any Entitlement, Insular or Hawaii nonentitlement CDBG grantee whose program year start date for FY 2016 funding occurs during the period starting October 1, 2015, and ending August 16, 2016 or 60 days after HUD announcement of FY 2016 allocation amounts for formula program funding (whichever comes first). This waiver is available for use by any applicable CDBG grantee whose action plan submission is delayed past the normal submission date because of delayed enactment of FY 2016 appropriations for the Department. Any affected grantee taking advantage of this waiver shall document in writing the conditions giving rise to the need to utilize this waiver, and shall maintain such documentation for HUD's review. This waiver authority is only in effect until August 16, 2016.

ATTACHMENT B



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

OFFICE OF THE ASSISTANT SECRETARY FOR
COMMUNITY PLANNING AND DEVELOPMENT

JAN 6 2016

MEMORANDUM FOR: All Community Planning and Development Field Office
Division Directors

FROM: Harriet Tregoning, Principal Deputy Assistant Secretary for
Community Planning and Development, D

SUBJECT: Waiver of 24 CFR 92.212(b) regarding FY 2016 Action Plans
HOME Investment Partnership Program (HOME) Program

HUD is issuing revised procedures to govern the submission and review of action plans for FY 2016 funding prior to the enactment of an FY 2016 appropriations bill. Any participating jurisdiction with a program year start date prior to, or up to 60 days after, HUD's announcement of the FY 2016 formula program funding allocations is advised not to submit its consolidated plan or action plan until the FY 2016 formula allocations have been announced. However, an action plan must be submitted to HUD no later than August 16, 2016.

The likelihood of delays in the receipt of annual appropriations by HUD and implementation of this policy for FY 2016 may have negative consequences for HOME participating jurisdictions that intend to incur eligible costs prior to the award of FY 2016 funding. Some activities might otherwise be interrupted while implementing these revised procedures. In addition, participating jurisdictions might not otherwise be able to use HOME funds for the planning and administrative costs of their programs. In order to address communities' needs and to ensure that programs can continue without disturbance, I find that good cause exists pursuant to 24 CFR 5.110 to waive the provisions of 24 CFR 92.212(b) for the HOME Program. 24 CFR 92.212(b) is waived to the extent necessary to treat the effective date of the grant agreement as the program year start date or the date that the consolidated plan/action plan (with actual allocation amounts) is received by HUD, whichever is earlier.

This waiver will apply to any HOME participating jurisdiction whose program year start date for FY 2016 funding occurs during the period starting October 1, 2015, and ending on the earlier of 60 days after HUD announcement of FY 2016 allocation amounts for formula program funding or August 16, 2016. This waiver is applicable to any HOME participating jurisdiction whose action plan submission is delayed past the normal submission date because of delayed enactment of FY 2016 appropriations for the Department. Any affected participating jurisdiction taking advantage of this waiver shall document in writing the conditions giving rise to the need to utilize this waiver, and shall maintain such documentation for HUD's review. This waiver authority is only in effect until August 16, 2016.