



Commonwealth of Massachusetts
**DEPARTMENT OF HOUSING &
COMMUNITY DEVELOPMENT**

Charles D. Baker, Governor ♦ Karyn E. Polito, Lt. Governor ♦ Jennifer D. Maddox, Undersecretary

CDBG One-Year Action Plan FFY 2022 Proposed Changes

The Department of Housing and Community Development (DHCD) is proposing the following changes to the MA CDBG program for FFY 2022.

For a number of reasons, including the late start to the FFY 2020 and FFY 2021 CDBG Program, DHCD intends to delay the availability of FFY 2022 CDBG funds and issue them through a combined application with FFY 2023 funds.

TIMELY EXPENDITURE:

Mass CDBG requires that all applicants – including lead applicants and joint participants – who have received grants comply with a timely expenditure threshold. In order to apply for combined FFY 2022 and 2023 CDBG¹ funding, a community must demonstrate, using the most recent financial status report produced by DHCD's grant management system, at the time of application that 80% of all grant funds awarded for FFY year 2020 and earlier have been fully expended and 10% of funds awarded for FFY 2021 have been expended. On a case-by-case basis, DHCD reserves the right to waive strict compliance with this threshold for events beyond the control of grantees.

All lead applicants and participating applicants must meet this standard at the time of application for all MA CDBG components. Communities that do not meet this threshold will be eliminated from further MA CDBG funding consideration. *Active grants* include those for which project activities have yet to be completed and payments are outstanding. *Unexpended CDBG funds* are defined as funds awarded for eligible Massachusetts CDBG program costs but not expended.

A Mini-Entitlement community that cannot meet this threshold may have its award amount reduced based on defined grant limitations.

Project Consistency with Application

All communities (including both CDF and Mini Entitlements), upon award and subject to applicable clearances, should proceed with the activities that were submitted and reviewed as part of the application submission. DHCD reserves the right to consider an amendment request only if there are extenuating circumstances, such as feasibility or funding issues that were discovered post-submission. DHCD will consider the level of citizen participation and feedback from community stakeholders in determining need before approving any new proposed project.

Housing Rehabilitation Funds – Prior Performance

¹ CDBG includes CDF, Mini-Entitlement, and Reserves, but for the purposes of this calculation excludes CDBG-CV and Section 108 guarantees. Planning-only grants of \$50,000 or less are also excluded from this calculation.

If an applicant is applying for a Housing Rehabilitation activity, DHCD reserves the right to reduce the amount requested. Applicants must provide a rationale, including status update of recent HR programs, to justify requested amount. Only in extenuating circumstances, will DHCD consider future Housing Rehabilitation budget amendments that result in a reduction of the scope and/or original goals. Applicants should ensure that the amount requested does not exceed the funding required for a 24-month implementation period.

ALLOCATION OF CDBG FUNDS:

DHCD intends to combine FFY 2022 and FFY 2023 allocations into a single application round and proposes the following allocation of 2022 funds based on a 2022 agreement with HUD.

The federal Fiscal Year 2022 HUD allocation to the Commonwealth of Massachusetts is \$34,276,029. DHCD’s funds are subject to availability from the federal government, which is contingent on the federal budget and appropriations process and the HUD allocation process. In addition to the HUD allocation, DHCD expects to receive approximately \$50,000 in program income, for a total of \$34,326,029 available for FFY 2022. Based on level funding, the combined 2022 and 2023 available funds is anticipated to be \$68,652,058. These funds will be distributed during the program year to eligible cities and towns in accordance with the allocation among program components outlined below. As the state does not yet have an allocation from HUD for federal fiscal year 2023, this chart is showing the FFY2022 allocations only. It is expected that the breakdown by component for the 2023 allocation will be consistent with 2022.

MA CDBG PROGRAM COMPONENT	FFY 2022 ALLOCATION
Community Development Fund	\$24,361,127
Mini-Entitlement Program	\$ 8,250,000
-Section 108 Loan Guarantee*	\$ 10,000,000
Reserves	\$ 250,000
Section 108 Loan Repayments** (No. Adams, Everett)	\$ 336,622
Administration and Technical Assistance	\$ 1,128,280
TOTAL AVAILABLE (includes \$34,276,029 allocation plus up to \$50,000 in program income)	\$34,326,029
*Section 108 Loan Program allocation does not impact the FFY 2022 Allocation **Section 108 Loan Repayments are budgeted but not necessarily required. This is an “up to” amount. Amounts not required for repayment to HUD will be reallocated to other components.	

Reallocation of funds among program components:

For the combined FFY 2022 and 2023 application, DHCD reserves the right to allocate funds in a manner that it deems best for the effective administration of the combined funds. For instance, this could include but not be limited to allocating funds to an application from a single year source or a combination of years. It could also

include an initial allocation of a portion of the funds with a subsequent allocation at a later date. More detail will be provided in the FFY 2023 One-Year Action Plan.

COMMUNITY BASED PLANNING REQUIREMENT:

For FFY 2022, all communities will continue to be expected to discuss how community-based planning helped determine the need for particular projects when responding to competitive questions.

In addition, Mini-Entitlement communities, must be able to demonstrate project consistency with a Community Development Strategy, (not to exceed three pages), that must be submitted with the application

The Strategy is based on various planning documents used by a community, and outlines a plan of action intended to accomplish specific community development goals that will have an impact on the community. A community's Strategy will identify the goals and objectives of community development efforts over a 3 to 5 year period and explain how the community expects to address the priorities with CDBG and non-CDBG funds.

Each activity included in a Massachusetts CDBG application must relate to and be reflected in the Strategy.

The strategy must be discussed in a public forum, meeting, or hearing held at least three (3) months prior to the submission of a Mass CDBG application.

The Strategy should be forwarded to DHCD two weeks prior to the aforementioned public forum, meeting or hearing. If a Strategy is found not to be adequate based on the review, DHCD will contact the community to make the necessary corrections.

- a. The CD Strategy must clearly identify the goals for community development and describe the manner in which a community will accomplish projects and activities which include, but are not limited to those in, the CDBG application. All activities in the CDBG application must be identified in the CDS.
- b. The CD Strategy must include a list of projects and activities in order of the priority in which the community intends to undertake them, and provide specific goals and annual timelines for accomplishing its goals.

CDBG applications must document that a CD Strategy and its priority list were discussed at a separate public forum, meeting or hearing, held at least three (3) months prior to the submission of a CDBG application in order to allow for timely community input. Compliance with this requirement must be documented by copies of meeting announcements, attendance lists and minutes. Minutes must reflect that the CD Strategy and priority list have been presented and that discussion has occurred. CD Strategies are a requirement of the annual application for Mini-Entitlement communities.

Other proposed changes:

All communities that did not participate in an application during the FFY 2017, 2018, 2019, 2020 or 2021 application rounds must comply with Section D. Threshold II, ADA Self Evaluation and Transition Plan. Those who participated in 2017 to 2021 have already satisfied the requirement.

F. AVAILABILITY OF CDBG PROGRAM FUNDS

All CDBG program funds will be available to eligible grant recipients based on applications for Massachusetts Community Development Block Grant funds and/or Notices of Funding Availability. These documents will make communities aware of the requirements of each particular component and will be available to allow communities adequate time to prepare grant applications for each program. The availability of CDBG FFY 2022 program funds will be delayed and made available in combination with Massachusetts 2023 CDBG allocation.

A single community may receive no more than \$1.35 million from any combination of federal FY 2022 and 2023 Community Development Funds.

Additionally, a single community may receive no more than \$1.35 million from the Community Development Fund within two successive years. This policy is being waived for FFY 2022. Applicants to the FFY 2022 program will not have the two-year limitation applied based on FFY 2021 awards. DHCD will review the policy going forward in subsequent One Year Plans.

Listed below are application distribution dates for each program and the corresponding due dates. A Notice of Availability of Funds will be issued, as appropriate, prior to release of each Application subject to the availability of federal funds.

Program Components ²	Application Issued	FY 2022 Applications Due
Community Development	December 2022	Friday, March 3, 2023
Mini Entitlement Program	December 2022	Friday, March 3, 2023

J. CDBG PROGRAM COMPONENTS

1. COMMUNITY DEVELOPMENT FUND

Program Description

The Community Development Fund (CDF) awards grants to communities throughout the Commonwealth. This program helps eligible cities and towns to meet a broad range of community development needs in housing, infrastructure, downtown revitalization, economic development and public social services. It supports CDBG eligible activities and encourages applicants to develop coordinated, integrated and creative solutions to local problems. The CDF is available to all non-mini entitlement communities and will make all CDBG eligible activities available.

In federal FY 2022, DHCD expects to award approximately \$24,361,127 in CDF grant funds and approximately an additional \$300,000 in funds returned from prior year activities, depending upon Massachusetts’ federal allocation. It is anticipated that a similar amount will be available through the FFY 2023 program for a combined CDF allocation of approximately \$48.7million.

² The FFY 2022 applications will be operative upon their release. Actual release of funds is contingent on HUD approval of the state’s One Year Plan, and will be dictated by the date the state receives HUD approval on its Plan.

Grant Award Amounts

Applicants for a CDBG grant will be eligible to receive up to the following amounts in the combined FFY 2022/2023 application based on the type of application submitted:

Category	Minimum Grant from Competitive Round:	Maximum Grant from Competitive Round:
Single Community	\$ 100,000	\$ 1,350,000
Two Communities (Regional)	\$ 100,000	\$1,500,000
Three or More Communities (Regional)	\$ 100,000	\$1,500,000
Planning- or Design-only grants	\$ 10,000	-----

Requirements:

1. CDF grants are **Single Year Grants** have historically been based on an 18-month implementation period. There will be a 24 month implementation period for the FFY 2022/2023 grants. For FFY 2022/2023 grants it is anticipated that the period will be from 07/01/2023 to 06/30/2025. Communities **must** perform due diligence regarding all critical consultations and feasibility determinations prior to an application submission.
2. Two or more communities may apply **regionally**. *"Regional" is not limited to geographically contiguous cities and towns.* In order to comply with federal requirements governing such applications, each participating community would:
 - enter into an inter-local agreement that will allow a lead community to conduct grant activities within other communities;
 - sign the joint authorization form; and
 - demonstrate in the application how the requested funds will be allocated among all participants.
3. A community may apply in either one individual CDF application or in one regional application (including as a lead applicant), or in one of each. In addition, a municipality may not receive funds for the same activity in two different applications for the combined FFY22/23 round.
4. All CDBG applications must be received by DHCD's web-based application system by **Friday, March 3, 2023**, at 11:59 PM. A signed PDF of the Application Cover Page must be attached in the Miscellaneous Attachments link of the application. DHCD does not require a hard copy of the cover page to be submitted by mail.

2 MINI-ENTITLEMENT PROGRAM

DHCD expects to award up to \$16,500,000 from the combined FFY 2022/2023 Mini-Entitlement Program allocation to ten (10) designated Mini-Entitlement municipalities, listed below:

Amherst
Chelsea
Everett
Gardner
Greenfield
North Adams
Southbridge
Wareham
Webster
West Springfield

Grant Award Amounts and Requirements

Mini Entitlement communities are eligible for an award of up to \$1,650,000 based upon prior performance including effective implementation of activities, timely expenditure of funds and performance as indicated in monitoring reports, along with, the community's ability to identify eligible, feasible activities that can be completed in a timely manner. Mini-Entitlement applications will contain a 24-month implementation plan. Mini-entitlement grantees must comply with standards for timely expenditure and available program income (see Applicant/Project Thresholds above and 3 below). FFY 2022/2023 Mini-entitlement awards to Grantees that do not meet the required standards will be reduced by an amount necessary to bring the grantee into compliance.

Evaluation and Award Criteria

The following requirements apply to the Mini-Entitlement Program:

1. In accordance with the Massachusetts CDBG Priorities listed in Section A, DHCD seeks to fund projects identified through meaningful community-based planning and priority setting processes as described in SECTION D. 6.
2. Activity packets must be completed and will be scored to ensure that activities are feasible and ready to proceed at the time of award. Activities will be scored in accordance with the project feasibility question of the application as detailed above in the CDF section. Activity packets must receive a minimum 50% score of each item in the feasibility question. All FFY 2022/2023 Mini-Entitlement applications must describe how CDBG funds will be allocated; include goals and performance measures for each activity; demonstrate compliance with a federal national objective and all federal/state requirements; and provide a management plan. The project packets will be reviewed for compliance with these evaluation criteria.
3. Mini Entitlement applicants that can't comply with the timely expenditure threshold as described above will have a 2022/2023 award reduced by the amount over the threshold.
4. All activities that are eligible under Section 105(a) of Title I of the Housing and Community Development Act of 1974, as amended, will be considered for funding with the exception of organizational activities of downtown partnerships.

5. Mini-Entitlement communities may not join with other communities as joint applicants.
6. For FFY 2022/2023, Mini Entitlement Communities will submit a list of proposed activities to DHCD within one week after the application has been made available. Applicants will provide the name of the activity, demonstration of eligibility including national objective, a brief description, proposed accomplishments and proposed budget.
7. Mini-Entitlements that can demonstrate a readiness to proceed with activities may be able to receive a grant contract in advance of the July 1, 2023 implementation period.
8. Mini Entitlement communities may not request funding for more than three activities in addition to public social services.
9. Mini Entitlement communities must proceed with the projects submitted in the application, subject to feasibility and grant clearance considerations. The community cannot propose a new activity to replace an already approved activity except in limited circumstances.

The town of Palmer will be guaranteed a transition grant of \$675,000 in FFY 2022. The town may compete in the Community Development Fund for a full award as allowed by the CDF rules.

All Mini Entitlement applications must be received by DHCD's web-based application system by no later than Friday, March 3, 2023 at 11:59 p.m. DHCD will accept Mini Entitlement applications prior to the March 3, 2023 deadline. A signed copy of the Application Cover Page must be attached in the Miscellaneous Attachments link of the application. DHCD no longer requires a hard copy of the cover page to be submitted by mail.

Administration and Technical Assistance

A review of all users accessing DHCD program grant management systems shall be conducted annually to determine the accuracy of user access designations. If necessary, action shall be taken to change, revoke, or grant user access to reflect the appropriate designation.

AVAILABILITY OF CDBG PROGRAM FUNDS

Application Due Dates for CDBG FFY 2022 Program:

Community Development Fund:	March 3, 2023
Mini-Entitlement Program:	March 3, 2023

EXHIBIT 2

MUNICIPAL ELIGIBILITY TO APPLY FOR CDBG PROGRAM FUNDS IN FFY 2022

Historically, a single Community Development Fund community may receive no more than \$1.35 million from two successive years. This limit was waived for the FFY 2021 program and we are waiving it again for the FFY2022 program. As a result, applicants to the FFY 2022/2023 program will not be limited by FFY 2021 awards.

PUBLIC PARTICIPATION:

DHCD will hold a virtual public hearing on the FFY 2022 Annual Action Plan on or about the last week of June 2022. There will be a two-week comment period ahead of the hearing and two weeks after, totaling one month. Please be advised, additional notice will follow once a specific date has been determined. There will also be an additional opportunity to comment as part of the FFY 2023 One-Year Action Plan process. Interested parties/stakeholders are also encouraged to submit written comments upon viewing this proposed change memo. Interested parties are encouraged to submit comments, in writing or via email, in advance of the public session (date TBD). Comments must be sent by email to Kathryn McNelis, Community Development Manager, at kathryn.mcnelis@mass.gov.