



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 2023 Proposed Changes

The Department of Housing and Community Development (DHCD) is proposing the following changes to the MA CDBG program for FFY 2023.

As explained in the FFY 2022 CDBG One Year Plan, DHCD has delayed the availability of FFY 2022 CDBG funds and is issuing them through a combined application with FFY 2023 funds.

TIMELY EXPENDITURE:

Mass CDBG requires that all applicants – including lead applicants and joint participants – with open CDBG 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 100% of all grant funds awarded for FFY 2019 and earlier have been fully expended; 65% of all grant funds awarded for FFY 2020 have been expended and for FFY 2021 grant funds all required procedural clearances (environmental review, special conditions and administrative services procurement(s)) have been completed at the time of an application for FFY 2022/2023 funds. On a case-by-case basis, DHCD reserves the right to waive strict compliance with this threshold for events beyond the control of grantees. Communities must submit the timely expenditure waiver no later than February 3, 2023, otherwise, it may not be considered.

All lead applicants and participating applicants must meet this threshold 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.

Applicants who received a 2021 grant must also submit an updated timeline for activities for that program year along with their application, noting whether an extension beyond December 31, 2023 may be necessary.

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

Housing Rehabilitation Funds – Prior Performance

Applicants must provide a one-page rationale, including status update of recent HR programs², if applicable, to justify the requested amount. The rationale should be uploaded as an attachment to the miscellaneous tab.

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.

² The status update should be organized by grant year (if multiple years of funding remain) and include original budget, commitments, expenditures, original goals, status of projects to date, reasons for any delays in implementation, revised timeline for completion and approach to resolve if delayed.

Applicants should ensure that the amount requested does not exceed the funding required for a 24-month implementation period and that the amount of funding identified connects to an existing, defined need.

If an applicant is applying for a Housing Rehabilitation activity, DHCD reserves the right to reduce the amount requested. DHCD will consider the past performance in the management of state grants, including but not limited to CDBG, by the applicant community and its administering agency or project sponsor, including continuing prior performance issues such as program extension requests, program amendments and requests to re-program past grant funds due to inability to complete the originally awarded activities. DHCD may also reduce an award based on the amount of HR funds remaining in previous grants.

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 are 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 FFY 2023 allocation as level funding with FFY 2022. The breakdown by component for the 2023 allocation is consistent with 2022.

MA CDBG PROGRAM COMPONENT	FFY 22/23 ALLOCATION
Community Development Fund	\$48,722,253
Mini-Entitlement Program	\$16,500,000
-Section 108 Loan Guarantee*	\$20,000,000
Reserves	\$ 500,000
Section 108 Loan Repayments** (No. Adams, Everett)	\$ 673,244
Administration and Technical Assistance	\$ 2,256,561
TOTAL AVAILABLE (includes \$68,552,058 allocation plus up to \$100,000 in program income)	\$68,652,058
*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. DHCD will make this determination dependent on the federal budget process and other considerations.

Based on feedback through the FFY 2022 One Year Plan process, DHCD understands that some communities are concerned that they may experience a funding gap due to the delay of the FFY 2022 application in combining it with the FFY 2023 allocation. While funding is not guaranteed from one year to the next, with the exception of Mini-Entitlement grantees, DHCD will accept arguments from grantees to address this possibility. This will be handled through the 2022/2023 CDBG Application. Details will be provided in the application guidance.

PUBLIC PARTICIPATION:

DHCD will hold a virtual public information session on November 16, 2022 at 10:00am on the proposed changes for the FFY23 One Year Action plan. The meeting link will be provided upon release of this memo. There will also be a public hearing to receive comments on the FFY 2023 One Year Action Plan prior to its submission to the US Department of Housing and Urban Development (HUD). Interested parties are encouraged to submit comments, in writing or via email, in advance of the public session and also by December 1, 2022. Comments will continue to be accepted directly to DHCD any time prior to, or at the scheduled hearing. Comments must be sent by email to Kathryn McNelis, Community Development Manager, at kathryn.mcnelis@mass.gov.