



Commonwealth of Massachusetts

DEPARTMENT OF HOUSING & COMMUNITY DEVELOPMENT

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

FFY22 Annual Action Plan Comments and Responses

The preparation of this Annual Action Plan has considered and been informed by the development of the FFY 2020 - 2024 Five-Year Consolidated Plan. It also incorporates programmatic and policy changes made based on internal findings and initiatives, Administration directives, comments received throughout the prior program year, and finally, based on comments received during the formal FY22 Annual Action Plan comment period.

Advocates for fair housing and for persons with disabilities have requested the Annual Action Plan integrate policies that even more explicitly identify program measures and incentives, and other initiatives of the Commonwealth - and of DHCD specifically, that do so. Those measures, with guidance for compliance or consistency, are called out or referenced in several places in this Plan including the first attachment in the FFY2022 Action Plan Appendix (Grantee Unique Appendices) identified under the heading of DHCD Fair Housing Action Updates; in the Discussion section of AP-75 Action Plan Barriers to Affordable Housing; in the Actions planned to address obstacles to meeting underserved needs section of AP-85 Other Actions; and in Exhibits 4 and 5 of the CDBG One Year Action Plan.

FFY22 CDBG One-Year Action Plan Draft Proposed Changes – Comments and Responses

Publication of the draft Massachusetts CDBG One-Year Action Plan took place concurrent with the Five-Year Consolidated Plan/Annual Update public participation schedule that incorporates the HOME, ESG, and HOPWA programs. DHCD posted a proposed changes memo on Friday, June 10, 2022 and widely disseminated to interested parties and potential stakeholders thereafter. A formal hearing was held on July 8, 2022. Comments were accepted through July 22, 2022. The Annual Action Plan and changes to the CDBG One Year Action Plan were presented in advance of that hearing.

The Department of Housing and Community Development (DHCD) is proposing several 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.

Most of the comments were in favor of a combined application, though there were some concerns about a potential gap in funding for activities/staff with a delayed application date in early March 2023. Some reactions to specific changes, as well as DHCD responses are below:

Proposed Change	Public Comments/Recommendations	DCS Response
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<p>Delay the issuance of 2022 funds and combine with 2023 funds, with application due March 2023.</p> <p>*Note, in the past the deadline was typically in March and this represents a return to that cycle.</p>	<p>Most comments were in favor of returning to the regular application cycle, citing a better bidding climate and beneficial pairing with other projects.</p> <p>Comments opposing were primarily concerned with a potential gap in funding for activities and administration as start-up typically takes between three to six months. One commenter opposed the combined application, believing it would be confusing to contract for multiple years. One recommended a December 2022 deadline instead of March 2023. One encouraged the opportunity for early application submission for Mini-Entitlements, as it could align better with other funding and roadwork.</p> <p>Another recommended DHCD allow FFY22 activities get up and running and then let communities formally amend to add the FFY23 funds. Others suggested DHCD extend the FFY21 grants to cover the potential gap. A couple others suggested the use of ARPA funds to cover a gap.</p>	<p>DHCD appreciates the concern related to a potential gap in funding. We've looked at the current expenditure rate for 2020 grants in IDIS and it is at just over 50%, significantly slower than in previous years. Typically, for timely expenditure purposes, we would expect that a grant two cycles back be at least 70% expended when an application is submitted.</p> <p>Furthermore, there was a large influx of funding through CDBG-CV, which must be 80% expended by the end of April 2023. As FFY21 was slow to start as well, we expect there will be extensions granted for most, if not all, of the current grants, which should alleviate some of the concern with the funding gap.</p> <p>Language in the One-Year Action Plan states, "For the combined FFY2022 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."</p> <p>DHCD will work to address gaps in funding with available resources, subject to other limitations. DHCD will investigate the potential, for instance, to add funds to existing grants, using returned funds, program income, unexpended funds, and FY22 funds.</p> <p>Regarding an earlier application date - it is not programmatically advantageous or feasible to move</p>
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<p>Revision of timely expenditure requirement to coincide with the time change – 80% expenditure for FFY20 grants, 10% expenditure for FFY21 grants.</p>	<p>Only one comment received on this proposed change – if the proposed submission date is changed to December 2022, the commenter recommends staying with the typical timely expenditure threshold for newly awarded grants (i.e.- all procedural clearances completed) instead of the stated 10% expenditure.</p> <p>However, if we retain the proposed March application deadline, this commenter supported the thresholds listed the One-Year Action Plan draft.</p>	<p>As we are not moving the deadline for the application from March, this recommendation would not apply. Of course, if the application was made available sooner, grantees would have less opportunity to expend funds on their FFY21 grant and therefore the standard requirement of having all procedural clearances completed might have made sense in that instance.</p>
<p>Increase the amount a single community may request from \$800,000 to \$1,350,000. Increase the amount a regional application may request \$1,200,000 to \$1,500,000.</p>	<p>There were few comments on this change. One was in favor from a cost efficiency and cost escalation standpoint.</p> <p>Another commenter opposed the increases, citing that it may disincentivize regional applications. They recommended an increase of 33% across all categories.</p>	<p>Upon further consideration of the comments, DHCD will increase the regional amount for three or more communities applying to \$1.7 million. The original concern was regarding communities coming in for a high amount of Housing Rehabilitation funds, but then later struggling to expend in a timely fashion. We have determined another proposed change will help to resolve any potential issue: Applicants must provide a rationale, including status update of recent Housing Rehab. programs to justify requested amount. DHCD reserves the right to reduce the amount of HR funds requested (see below).</p>
<p>Increase the program implementation period from 18 months to 24 months.</p>	<p>There were few comments regarding this, all were supportive. There is near universal acknowledgement that grants can take three to six months for start-up, during</p>	<p>DHCD has noted a trend in recent years of the period of performance requiring extensions beyond the 18-month timeframe, and agree start-</p>

	<p>which time little progress is made on the activities. One commenter was supportive of this change not just for the combined application, but also for yearly grant submissions.</p>	<p>up can consume some of the initial months. The 24-month change is reflective of having a combined application with larger dollar amounts. This change will provide opportunity for grantees to responsibly carry out their programs. As has been the case previously, grantees can apply for an extension of time if a clear justification can be provided.</p>
<p>Allow for the possibility of an early contract for Mini-Entitlements that can demonstrate readiness.</p>	<p>There were very few comments. One commenter mentioned in the combined application section above was in favor.</p>	<p>DHCD will emphasize this option during application training.</p>
<p>Municipalities cannot propose a new activity to replace an already approved activity, except in limited circumstances.</p>	<p>A couple comments were supportive of DHCD's perspective that communities should implement the activities as outlined before requesting program amendments.</p> <p>They also included a recommendation: implement a 6-month waiting period for programmatic amendments (other than for Program Income) unless an emergency need has arisen.</p>	<p>The application process is rigorous and includes a public participation component. As such, grantees should proceed with the activities that were already reviewed in this comprehensive fashion. It is not in the best interest of the program to accept program amendments before grantees attempt to implement the activities that were already closely reviewed during the application phase. As stated in the One-Year Action Plan Draft, DHCD reserves the right to waive this requirement in extenuating circumstances.</p>
<p>Community Based Planning – Mini-Entitlements must be able to demonstrate project consistency with a Community Development Strategy.</p>	<p>There was only one comment regarding this change. They were not in favor of this requirement, especially for those communities who are already working from a local comprehensive master plan. They convey that this will take up additional time, unnecessarily.</p>	<p>Though this requirement was removed a few years ago DHCD determined it is a useful tool for locally prioritizing projects for those municipalities not required to submit a competitive application. We are not of the opinion that this is unduly burdensome and sense that it results in better projects with more local participation and input.</p>