

## HOUSING AND COMMUNITY DEVELOPMENT COMMITTEE

### RECOMMENDATION FOR ACTION

March 18, 2016

The Housing and Community Development Committee hereby submits to the City Council the following matter for the action indicated:

Allocation of FY 2017 Community Development Block Grant funding for Capital and Public Service Projects

As per the U.S. Department of Housing and Urban Development (letter attached), the amount available to fund the City's Community Development Block Grant projects for FY 2017 is \$249,088. Proposals for capital and community service projects were presented to the Housing and Community Development Committee at a public hearing on February 16, 2016. At the regular meeting of the Committee on March 15, 2016, the **Committee voted to recommend the allocation of funds as shown on the attached worksheet.**

**RECOMMENDATION: Approve the Housing and Community Development Committee's allocations of CDBG funds to capital and service projects as voted on March 15, 2016.**

**HOUSING AND COMMUNITY DEVELOPMENT COMMITTEE  
COMMUNITY DEVELOPMENT BLOCK GRANT RECOMMENDATIONS (CDBG)**

**FY 2017**

**HUD ENTITLEMENT ALLOCATION**

**\$249,088**

Available for Public Services	15%	\$37,363
Available for Capital Projects	85%	\$211,725

<b>ORGANIZATION</b>	<b>DESCRIPTION</b>	<b>FY 2017 REQUESTED</b>	<b>FY 2017 RECOMMENDED</b>
<b>PUBLIC SERVICE PROJECTS</b>			
Anne Arundel County Community Action	Housing Counseling	\$7,500	\$2,063
Blessed In Tech	Homeless and Crime Prevention	\$7,000	\$2,000
Center of Help/ Light House Shelter	Referral and Information Case Management	\$20,000 \$10,000	\$10,500 \$6,000
OIC	Job Preparation Training	\$20,000	\$6,500
OHLA	Referral and Information	\$3,000	\$1,000
Restoration Community Dev. Corp.	Mentoring Project	\$15,000	\$6,300
Samaritan House	Counseling	\$10,000	\$3,000
	<b>Subtotal</b>	<b>\$92,500</b>	<b>\$37,363</b>
<b>CAPITAL PROJECTS</b>			
Arundel Lodge	Facility Rehab	\$21,114	\$21,114
Newtowne CDC	Microenterprise	\$10,000	\$3,000
Housing Rehabilitation	Owner Occupied Rehab.	\$120,000	\$120,000
Housing Rehabilitation	Project Administration	\$50,000	\$42,611
Samaritan House	Facilities Improvements	\$25,000	\$25,000
	<b>Subtotal</b>	<b>\$226,114</b>	<b>\$211,725</b>
	<b>GRAND TOTAL</b>	<b>\$318,614</b>	<b>\$249,088</b>



U.S. Department of Housing and Urban Development

Baltimore Office  
City Crescent Building  
10 South Howard Street, 5th Floor  
Baltimore, MD 21201-2528

FEB 24 2016

Mr. C. Pete Gutwald  
Director  
Department of Planning and Zoning  
145 Gorman Street 3<sup>rd</sup> Floor  
Annapolis, MD 21401

Dear Mr. Gutwald:

SUBJECT: 2016 Action Plan and CDBG Program Funding  
Annapolis, Maryland  
Federal Fiscal Year (FFY) 2016 Allocation and Other Issues Related to the  
Timely Submission and Review of Plans for FFY 2016

On February 16, 2016, Harriet Tregoning, Principal Deputy Assistant Secretary for Community Planning and Development (CPD), announced the FFY 2016 formula grant allocations. These allocations were also posted on the Office of Community Planning and Development web site. This information is also being communicated by HUD Headquarters in a letter to the chief elected official of each formula grantee.

Our letter confirms the allocations and also addresses several important issues pertinent to facilitating our formula grantees submitting timely and complete action plans for FFY 2016 funding to the HUD Baltimore Office CPD Division. These issues include the timing and format of plan submission and pre-award costs.

#### FFY 2016 Formula Allocations

HUD announced the FFY 2016 allocations on February 16, 2016. The City's FFY 2016 CPD formula program funding is as follows:

Community Development Block Grant (CDBG) Program	<b>\$249,088</b>
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Please submit a 2016 action plan which reflects these allocations. As a precondition to HUD's approving an action plan, the total funding for all of the projects listed in the action plan and the total funding found on the Form SF-424 must equal the pertinent allocation listed above plus any program income anticipated. This policy is reiterated in Notice CPD-16-01, "Guidance on Submitting Consolidated Plans and Annual Action Plans for Fiscal Year (FY) 2016."

In 2016, Annapolis, Anne Arundel County, Baltimore, Cumberland, Frederick, Hagerstown, Harford County, Salisbury, and the State of Maryland each will be submitting a 2016 action plan as part of its most recently approved Consolidated Plan. Baltimore County and Howard County will be submitting a new five-year Consolidated Plan covering Program Years 2016-2020; this submission must include a 2016 action plan. These two grantees will use the eCon Planning Suite software embedded in the Integrated Disbursement and Information System (IDIS) to submit a consolidated planning document for the first time in 2016.

#### HUD Office of Community Planning and Development Priorities for FY 2016

The Tregoning funding announcement highlights several important points related to these programs. First, Secretary Julián Castro is committed to making HUD the “Department of Opportunity” and is establishing a number of initiatives intended to achieve that goal. In 2015, we celebrated the 50<sup>th</sup> anniversary of the Department’s establishment and these initiatives will build on HUD’s mission to promote homeownership, support community development, and increase access to affordable housing free from discrimination. The Department looks forward to working 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—Ms. Tregoning is particularly interested in working with grantees to increase affordable housing production through the 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. If you would like assistance from CPD in redesigning, prioritizing or targeting your programs, please contact this Office.

- HUD urges grantees to consider using CDBG funds, to the extent possible, to support investments in predevelopment activities for infrastructure and public facilities 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](http://www.hudexchange.info).
- If your community would like assistance from CPD in redesigning, prioritizing, or targeting your programs, either you or the head of another agency that administer a formula grant program may request assistance through this Office.

Third, CPD is asking grantees to renew their focus on administration and management of formula grant 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. Ms. Tregoning urges 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 that might risk this vital funding. This focus on administration is 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 funds on a first-in, first-out (FIFO) basis beginning with the FFY 2015 grants awarded last year. All FFY 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 this Office if you or your staff has any questions or comments.

However, please appreciate that the recommendations above are just that, only recommendations. It is the genius of CPD's formula grant programs that not only can the funds be used for a variety of activities and purposes but also that decisions on the use of these funds are to be made by the grantees based upon their own local goals and priorities. HUD's suggestions do not supersede the responsibility of our formula grantees to determine how to use these funds to meet local needs in conformance with specific program requirements.

#### Timing of Plan Submissions

In recent years the formula grant allocations were announced well after the beginning of the pertinent Federal Fiscal Year. Consequently, it has been difficult for formula grantees nationally to have sufficient time before the beginning of their program year to submit action plans with the actual allocations in a timely manner.

For this reason, HUD published Notice CPD-16-01, "Guidance on Submitting Consolidated Plans and Annual Action Plans for Fiscal Year (FY) 2016" (January 28, 2016). The notice addressed circumstances when the allocations are announced 60 days or less before the beginning of a formula grantee's program year. HUD also issued the September 9, 2015 memorandum, "Waiver of 24 CFR 570.200(h) regarding FY 2016 Action Plans Community Development Block Grant (CDBG) Program," and the January 6, 2016 memorandum, "Waiver of 24 CFR 92.212(b) regarding FY 2016 Action Plans HOME Investment Partnership Program (HOME) Program." These issuances are included as Attachments A and B to Notice CPD-16-01. This notice was transmitted electronically to its formula grantees by a February 3, 2016 email. The web address where this Notice may be accessed is shown further down in this letter.

The notice and the memoranda allow for treating 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. However, the provisions of the notice and the memoranda regarding the effective date of grant agreements only apply if the formula grant allocations are announced 60 days or less before a formula grantee's program year start date. The program year start date for all of this Office's formula grantees is July 1, 2016. The formula grant allocations were announced on February 16, 2016, which is more than 60 days before that July 1, 2016 program year start date. Because of this relatively early announcement

of formula allocations, none of CPD Baltimore's formula grantees is impacted by the provisions of Notice CPD-16-01 or the waivers included in the memoranda regarding the effective date of grant agreements.

#### Regulatory Submission Date and HUD's 45-Day Plan Review Period

The standard submission date for an action plan is 45 days prior to the start of a grantee's program year. Because all of this Office's grantees have a July 1 start date, plans are due on May 17. In 2016, May 17<sup>th</sup> is a Tuesday. Please submit your 2016 plan submission to this Office no later than Tuesday, May 17, 2016. Grantees should be aware that whenever the plan is submitted, that submission date will not affect HUD's 45-day period after submission to determine whether the plan is complete. CPD Baltimore will not shorten this review period due to any delayed submissions.

#### Use of eCon Planning Suite Software for Preparation of 2014 Action Plan

Formula grantees were advised in 2012 that HUD made the eCon Planning Suite software accessible in the Integrated Disbursement and Information System (IDIS). This software can be used to prepare the Consolidated Plan, the Action Plan, and the Consolidated Performance and Evaluation Report (CAPER). All formula grantees were required to utilize this software to prepare their next scheduled Consolidated Plan. However, grantees could elect to use this software to prepare an action plan in advance of their next Consolidated Plan.

HUD has provided Field Offices with several guidance issuances to facilitate review of plans submitted using the eCon Planning Suite. HUD Headquarters has issued a Consolidated Plan review checklist and an Action Plan review checklist based on the new software for Field Office use. To facilitate formula grantee preparation of the 2016 plans using the eCon Planning Suite software, these checklists will be transmitted electronically to our formula grantees.

#### Forms of Plan Submission; Impact of *Thompson v. U.S.*

Since all of our grantees will be using the eCon Planning Suite software, they will be submitting the plan electronically and also will be providing this Office with hard copies of the plan. Until recently we had requested receiving three hard copies of the plan submission. We still request three hard copies from some of our formula grantees. However, a number of our grantees are being requested to submit four hard copies (instead of three hard copies) of the 2016 plan submission in order to assist HUD with its responsibilities under the *Thompson v. U.S.* settlement. These grantees are Annapolis, Anne Arundel County, City of Baltimore, Baltimore County, Harford County, Howard County, and the State of Maryland. We are also asking these seven grantees to transmit to this Office the Word file of the plan submission.

#### Plan Submission Extensions

Section 91.20 authorizes HUD Field Offices to grant an exception from the plan submission deadline for good cause as determined by the Field Office. If a formula grantee believes that it will be impossible to submit its plan by May 17, 2016, it may submit a request for a submission extension to CPD Baltimore, citing the circumstances causing the delay and

describing how these circumstances constitute good cause for our approval of any submission date extension. We encourage the submission of any such request as early as possible prior to May 17<sup>th</sup>. [Please note, however, the statutory prohibition against submitting the plan after August 16, 2016; this prohibition is found in the Con Plan final rule at paragraph 91.15(a)(1).]

#### Plan Submission Date and Incurring Costs

CDBG Entitlement grantees should remember that they may begin incurring costs for the CDBG projects included in an action plan on the latter of the date on which the plan is submitted or the first day of its program year. If a plan is submitted on any date through July 1, 2015, the grantee will be able to begin incurring costs for their CDBG projects on July 1, 2015, whether or not that plan has been approved. If a plan is submitted later than July 1, 2015, the grantee may begin to incur CDBG costs beginning on that submission date. [NOTE: For HOME and the other formula grant programs, costs may be incurred beginning on the approval date (Congressional Release Date) of the grant. That date will be the date on the grant agreements and the approval letter.]

#### Pre-Award Costs

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 Notice CPD-16-01 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, found in Notice CPD-16-01, applies to all five programs.

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, the 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 in the Notice;
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.

Additional pre-award cost guidance unique to each separate formula grant program is found in Notice CPD-16-01, which can be accessed at the following HUD web site:

<https://www.hudexchange.info/resources/documents/Notice-CPD-16-01-Guidance-on-Submitting-Consolidated-Plans-and-Annual-Action-Plans-for-FY-2016.pdf>

We recommend that any formula grantee which intends to incur pre-award costs prior to the award of a FFY 2016 grant contact this Office for to ensure that all requirements are being followed.



Important Change to IDIS Which Began with FFY 2015 Funding

The Tregoning funding announcement also brings to our grantees' attention a reminder of an important change with regard to IDIS, which is HUD's financial and data system for managing these formula programs. This change went into effect last year with the FFY 2015 formula grant awards. Beginning with the FFY 2015 grants, IDIS will no longer commit and disburse grant funds on a first-in first-out (FIFO) basis. Going forward, the FFY 2015 grants and all future formula grants will be committed and disbursed on a grant-specific basis. HUD has provided extensive guidance in this area and plans to provide additional guidance in the future.

If there are any questions concerning the timing of plan submission, plan contents, how these plans will be reviewed, or the CDBG Program, please contact Susan D. Taylor, Community Planning and Development Representative, by telephone at (410) 209-6616 or by e-mail at [susan.d.taylor@hud.gov](mailto:susan.d.taylor@hud.gov).

Sincerely,



Charles Halm  
Director  
Community Planning and Development

cc:

Theresa C. Wellman

# City of Annapolis

*160 Duke Of Gloucester Street  
Annapolis, MD 21401*



## Standing Committee Minutes

Tuesday, March 15, 2016

7:30 PM

Mayor John T. Chambers, Jr.  
City Council Chambers

**Housing and Human Welfare / Housing and  
Community Development**

1. Call To Order

Chairman Kirby called the meeting to order at 7:37 p.m.

Roll Call

**Present:** 3 - Alderman Budge, Alderman Kirby and Alderman Littmann

2. Business before Committee

**a. Approval of Minutes**

[HHW021616](#) Approval of Minutes for the Regular Meeting

**Attachments:** [HHW02.16.16](#)

Alderman Littmann moved to approve. Seconded. **CARRIED** on voice vote.

**Aye:** 3 - Alderman Budge, Alderman Kirby and Alderman Littmann

**b. Appointments and reappointments to Committees**

[AP-10-16](#) The Appointment of Christopher B. Flynn to the Housing Authority City of Annapolis (HACA) Board

**Attachments:** [AP-10-16Appointmentletter/Resume](#)  
[AP-10-16 signed](#)

*Christopher B. Flynn, 548 Bowline Road, Severna Park, Maryland 21146 was present and addressed his appointment to the Housing Authority City of Annapolis Board. Robert Eades, 32 Pleasant St. Annapolis, Maryland 21401 was present and spoke on the appointment.*

Alderman Littmann moved to recommend favorably. Seconded. **CARRIED** on voice vote.

Alderwoman Finalyson was present and spoke on Volunteering, Plans for Public Housing in the City of Annapolis.

**Aye:** 2 - Alderman Budge and Alderman Littmann

**Abstain:** 1 - Alderman Kirby

[AP-11-16](#) The Appointment of Martin L. Doordan to the Housing Authority City of Annapolis (HACA) Board

**Attachments:** [AP-11-16Appointmentletter/Bio/Resume](#)  
[AP-11-16 Signed](#)

*Martin L. "Chip" Doordan was present and addressed the committee regarding his appointment to the Housing Authority City of Annapolis. Jonette Hahn, 4 Chesapeake*

*Landing, Annapolis, Maryland 2140, Kate Rollason, 413 Jefferson Street, Annapolis, Maryland 21401 and Jackie Wells, Bloomsbury Square, Annapolis, Maryland 21401 were present and spoke on the discussion topic.*

**Alderman Littmann moved to recommend favorably. Seconded. CARRIED on voice vote.**

**Alderwoman Finlayson was present and spoke on the appointment.**

**Aye:** 2 - Alderman Budge and Alderman Littmann

**Abstain:** 1 - Alderman Kirby

### 3. General Discussion

[ID-100-16](#) Selection of FY 2017 CDBG Projects

*Chief of Community Development Wellman gave a presentation on the discussion topic and answered questions from the committee.*

**This Informational Item was presented with the following amendments:**

**Amendment # 1 reduce OIC recommended allowance from \$8,000 to \$6,500**

**Amendment # 2 increase Center of Help recommended allowance from \$9,000 to \$10,500**

[ID-101-16](#) Complete Draft Action Plan FY 2017

*Chief of Community Development Wellman gave an overview of the discussion topic and answered questions from the committee.*

**This Informational Item was presented**

### 4. Adjournment

**Upon motion duly made, seconded and adopted, the meeting was adjourned at 9:37 p.m.**

**Cyndi Gaines  
City Council Associate**