

May 20, 2009

HUD issues guidance on ARRA Community Development Block Grant

The U. S. Department of Housing and Community Development recently released a [notice of program requirements](#) for Community Development Block Grant funding under the American Recovery and Reinvestment Act of 2009 (CDBG-R). [Here are the program requirements](#).

That guidance applies to HUD directly funded localities (entitlement communities) as well as non-entitlement jurisdictions funded through the competitive grant process administered by Virginia's Department of Housing and Community Development.

The Virginia local governments that are entitlement communities are 21 cities, 1 town and Arlington, Chesterfield, Fairfax, Henrico, Loudoun, and Prince William counties. All other localities fall under the state-administered non-entitlement communities program. The funding available for the non-entitlement program under ARRA CDBG is approximately \$5.2 million.

The HUD program guidance specifies the requirements, waivers granted, and other procedures that entitlement localities and the Commonwealth must comply in order to be eligible for the additional funding. While too lengthy to review here, some of the important points in the guidance are (Emphasis added):

- Although the ARRA places additional or alternative requirements upon CDBG-R funding that do not exist in the regular CDBG program, this additional appropriation is otherwise subject to all regular CDBG program requirements, as amended by the supplemental guidance.
- The ARRA also contains language that, while not an explicit mandates, makes clear that Congress intends the use of Recovery Act appropriations to be targeted to address current economic conditions.
- While grantees have the full range of CDBG eligible activities at their disposal for CDBG-R, Congress clearly intends that CDBG-R funds should primarily be invested in economic development, housing, infrastructure and other public facilities activities that will quickly spur further economic investment, increased energy efficiency, and job creation or retention.
- In selecting activities for CDBG-R funding, grantees should keep in mind that some eligible activities under the Housing and Community Development Act are unlikely to substantively address the intent of the ARRA.

- With this in mind, the recipient must describe how the use of CDBG-R funds will maximize job creation and economic benefit and will address the Recovery Act, by:
 - Preserving and creating jobs and promoting economic recovery;
 - Assisting those most impacted by the recession;
 - Providing investment needed to increase economic efficiency;
 - Investing in transportation, environmental protection, or other infrastructure that will provide long-term economic benefits;
 - Minimizing or avoiding reductions in essential services; or
 - Fostering energy independence.

- In addition, activities that will be carried out with CDBG-R funds may be used to promote energy conservation, smart growth, green building techniques or reduced pollution emissions.

- Recipients must give priority to projects that can award contracts based on bids within 120 calendar days from the date the funds are made available to the recipients; and that for CDBG-R funds being used for infrastructure investments, recipients shall give preference to activities that can be started and completed expeditiously, including a goal of using at least 50 percent of the funds for activities that can be initiated not later than 120 calendar days after Feb. 17, 2009.

Entitlement grantees have until June 5, 2009, to submit the necessary information for the CDBG-R funding, while the deadline for the Commonwealth is June 29.

VACo contact: [Ted McCormack](#).