

Questions and Answers About
American Recovery and Reinvestment Act (ARRA)
Community Development Block Grant (CDBG) Funding
(“CDBG-R”)
As of February 27, 2009

1. **How will CDBG funds be allocated to grantees?** CDBG will use its existing statutory formula to allocate funds. On average, Entitlement and State grantees’ CDBG-R allocation will be about 27% of their regular formula allocation. Separate funding is also provided under this appropriation to Tribes (\$10 million) and Insular Areas (\$7 million).

2. **When will these funds be available?** HUD has posted the allocation amounts on its website, <http://www.hud.gov/recovery/cdblock.cfm>, and will issue further guidance how grantees can apply for funds and when funds will be available.

3. **Who can apply for the CDBG funds?** Grantees who received a direct grant from HUD in FY 2008. Cities or counties that will begin participating in the Entitlement program for FY2009 are not eligible to receive a direct grant of CDBG-R funds. Any joint agreement between an Entitlement city and an Urban County governing FY 2008 funding will also be in effect for the CDBG-R money.

4. **How will grantees apply for their money?** At present, HUD anticipates that grantees will submit a substantial amendment to their Annual Action plan to identify their planned uses for these funds. (Decisions have not yet been made on several key issues regarding submission deadlines and content.) HUD will review the plans, execute grant agreements and make funds available in each grantee’s line of credit.

5. **Will this money be added to our regular 2008 or 2009 allocation of funds?** No. The ARRA requires that these funds be tracked and accounted for separately. The CDBG-R funding will have a separate grant number, which is likely to be similar to your CDBG grant number except for the two-digit alpha code.

6. **When will HUD issue this guidance?** The guidance will be issued as soon as possible. HUD assures all interested parties that the timely administration of ARRA funds is the top priority for HUD. There are a number of legal/policy

interpretation issues that must be worked out before guidance can be issued. We cannot speculate on a possible publication date at this point.

7. How much time will grantees have to develop their Action Plan amendment?

Given the impetus to put these funds to work in the economy, and HUD's desire to get funds in grantees' hands as fast as possible, grantees should be ready to move quickly. Grantees might have as little as four weeks to submit their plan after the guidance is issued. (Decisions have not yet been made on several key issues regarding submission deadlines and content.) HUD does anticipate providing for an expedited public comment process, not unlike the process for the Neighborhood Stabilization Program. However, even absent the publication of HUD's guidance, grantees can begin to identify potential projects and solicit input on the use of these funds from their citizens.

8. Will all of the eligible activities in the regular CDBG program be eligible for this funding? The full range of CDBG eligible activities and projects may generally be funded. However, ARRA directs that grantees are to use these funds to maximize job creation and economic benefit. In addition, certain types of activities are prohibited from receiving ARRA funding: casinos or other gambling facilities, aquariums, zoos, golf courses, or swimming pools.

9. Will HUD waive or suspend other requirements to facilitate the timely use of funds? HUD will issue guidance that may provide for various statutory suspensions and regulatory waivers, but HUD may do so only to expedite the use of funds. Please note that HUD has no authority to waive requirements relating to fair housing, nondiscrimination, labor standards and the environment.

10. Is there a deadline for grantees to obligate or expend this money? ARRA contains a number of provisions regarding obligating or using funds appropriated under this law. HUD is conferring with its lawyers regarding the interpretation of these provisions. The guidance that HUD will issue for grantees will discuss any obligation or expenditure deadlines that will apply to these funds. It is clear that Congress intends that these funds be put to use quickly. In selecting activities for CDBG-R funding, grantees are to give priority to activities which can be under contract within 120 days of grant award.

11. Can CDBG-R be combined with our regular CDBG funds? The CDBG-R funds are subject to a number of requirements that are not part of the regular CDBG program. The guidance that HUD will issue for grantees will discuss any limitations or other issues grantees will need to consider in combining CDBG-R and regular CDBG funding in the same activity. ARRA requires that the CDBG-R funds be

tracked and accounted for separately. The Recovery funds will have a separate grant number.

12. **Will grantees draw down and report on these funds using IDIS?** Yes. Grantees should be aware that additional reporting requirements are imposed by ARRA that go beyond what is required for regular CDBG funding.

13. **Is it true that the ARRA limits grantees to using only 1% of their money for administrative costs?** No. The language in ARRA allows HUD to take up to 1% of the appropriation to cover HUD's administrative costs in implementing this money. That provision does not apply to grantees.

14. **How much of this money will we be allowed to use for planning and administration?** A decision has not yet been made. The guidance that HUD will issue for grantees will discuss any limitations on planning and administrative costs.

15. **Will the 15% cap on public services apply to this money?** A decision has not yet been made. The guidance that HUD will issue for grantees will discuss any limitations on public services activities.