

Timely Expenditure of CDBG Funds and Remediation Plans

NCDA Region I Fall Conference

Portsmouth, NH – November 2, 2017

Overview

- Timeliness rule
- Common reasons for failing the timeliness test
- Workout plan requirements
- Designing your CDBG program to ensure timeliness
- Questions

The Timeliness Rule

- Sixty days prior to the end of the grantee's current program year, the amount of entitlement grant funds available to the recipient in their line of credit cannot be more than 1.5 times their current program year grant (24 CFR 570.902(a)(1))
- Notwithstanding [the above] HUD may determine that the recipient is not carrying out its activities in a timely manner if:
 - (i) The amount of CDBG program income the recipient has on hand 60 days prior to the end of its current program year , together with the amount of in its current line of credit, exceeds 1.5 times the entitlement grant amount for its current program year; and
 - (ii) The grantee fails to demonstrate to HUD's satisfaction that the lack of timeliness has resulted from factors beyond the grantee's reasonable control. 24 CFR 570.902 (a)(2)

The Timeliness Rule

- Calculation made 60 days prior to the end of the current program year
- Around early May for most Region I grantees
- Checking your timeliness – PR56

IDIS - PR56

U.S. Department of Housing and Urban Development
Office of Community Planning and Development
Integrated Disbursement and Information System

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Current CDBG Timeliness Report
Grantee : BROOKLINE, MA

PGM YEAR	PGM YEAR START DATE	TIMELINESS TEST DATE	CDBG GRANT AMT	--- LETTER OF CREDIT BALANCE ---		DRAW RATIO		MINIMUM DISBURSEMENT TO MEET TEST	
				UNADJUSTED	ADJUSTED FOR PI	UNADJ	ADJ	UNADJUSTED	ADJUSTED
2016	07-01-16	05-02-17	1,345,269.00	1,557,129.36	1,744,304.68	1.16	1.30		
2017	07-01-17	05-02-18	1,327,077.00	2,454,690.12	2,527,323.10	1.85	1.90	464,075	536,708

Reasons for Failing the Timeliness Test

- Staff turnover = < staff capacity
- Lack of focus/direction of program
- Poor activity pipeline
- Poor subrecipient management
- Shovel readiness
- Financial (mis)management
- Unexpected cash

Workout Plan Requirements

- Involve management in development of the plan.
- Clearly show how you will meet the 1.5 timeliness standard by a specific date.
- Identify all the actions the grantee expects to take to meet the specified timetable.
- Include all projects as well as funds available for reprogramming.
- Submit quarterly status reports to HUD.
- Revise the workout plan as often as necessary to reflect actual progress.

Designing Your CDBG Program to Ensure Timeliness

- The Consolidated Plan
 - Manage the process so that by the time the plan is in front of citizens, the activities are well thought out.
 - Identify additional activities in unexpected program income is received or if a planned project is not ready to proceed on schedule.
 - Conduct environmental reviews and request release of funds for projects before the Consolidated Plan has been approved.
 - Work on a 3- to 5- year window, shuffling projects among program years depending on readiness.

Designing Your CDBG Program to Ensure Timeliness cont.

- Application Process
 - Consider establishing a competitive application process – evaluate based on readiness to proceed, capacity, etc. Include an implementation timeline as part of the application.
 - Establish minimum dollar threshold for assistance.
 - Consider phasing large activities over multiple years.
 - Provide technical assistance to applicants new to the program.
 - Preview model programs developed by other grantees.
 - Try to anticipate potential time delays and plan accordingly.

Designing Your CDBG Program to Ensure Timeliness cont.

- Program Management
 - Draw down funds on a regular basis; at least quarterly.
 - Review expenditure of funds for each activity on a regular basis.
 - Incorporate regularly running the IDIS PR56 into your program management.
 - Reallocate funds as needed.
 - Try to anticipate program income and plan for its use.
 - Track revolving fund expenditures and volume of activity – reprogram as necessary.

Designing Your CDBG Program to Ensure Timeliness cont.

- Subrecipient Management
 - Make sure agencies know the requirements up front before applying for funds.
 - Require subrecipients to submit quarterly progress reports and monthly invoices.
 - Maintain regular contact and provide technical assistance whenever necessary.
 - Be willing to reallocate funds from underperforming projects.
 - Orient local officials to funding specific projects/activities - not organizations.

Designing Your CDBG Program to Ensure Timeliness cont.

- Local Governmental Process
 - Solicit buy-in from key players early in the process.
 - Depoliticize the distribution of funds as much as possible.
 - Develop MOUs with other City agencies responsible for implementation.

Resources

- <https://www.hudexchange.info/resource/2177/cdbg-timeliness-bulletin/>
- <https://www.hudexchange.info/resources/documents/developing-and-implementing-a-cdbg-workout-plan.pdf>
- <https://www.hudexchange.info/resources/documents/developing-and-implementing-a-cdbg-workout-plan.pdf>
- <https://www.hudexchange.info/resource/2424/ensuring-cdbg-subrecipient-timelines/>

Contact Us for Assistance

- Contact your CPD Representative as soon as you think you might have a timelessness issue.
- We are available to help you strategize about how to utilize your funds to meet community needs and keep from being untimely.

Questions