

MEMORANDUM

To: Members of the City Commission

From: Lisa Agnor, City Manager

Date: January 8, 2016

Subject: Report regarding programs available for providing affordable housing

Commissioner Calhoun has requested information on affordable housing for our community. I have attached information on the HOME Investment Partnership Program and information on Neighborhood Revitalization Strategies.

HOME Investment Partnership Program funding is available to local governments, housing authorities, nonprofits, and rental housing developers. It is my understanding that applying and receiving funds under this program would put the City in the housing business. The Neighborhood Revitalization Strategies (NRS) can be funded through our current CDBG program and we are awaiting a response from HUD to see if additional funding might be available for us. This program focuses on rehabilitation and economic empowerment in delineated areas.

We will be looking to the Commission to provide guidance to Staff as to how you would like us to proceed regarding housing.

HUD > Program Offices > Community Planning and Development > Affordable Housing > Affordable Housing Programs > HOME Investment Partnerships Program

HOME Investment Partnerships Program

FY 2016 HOME Information

HOME Funded Activity by 114th Congressional Districts

Use the find tool (magnifying glass) to search for HOME accomplishments by 114th Congressional District by Representative last name or District code. When a member of Congress is searched, the map displays that member's district and a pop up window shows the number of HOME participating jurisdictions within the district, the total completed HOME units, rental units, homebuyer units, homeowner rehab units, and total amount of HOME funds disbursed for the completed units. The data reflects completed units from 1992-2015.

Fact Sheet: The State-by-State Impact of Proposed FY 2016 HOME Cuts

Infographic: The State-by-State Impact of Proposed FY 2016 HOME Cuts

HOME Program Summary

The HOME Investment Partnerships Program (HOME) provides formula grants to States and localities that communities use - often in partnership with local nonprofit groups - to fund a wide range of activities including building, buying, and/or rehabilitating affordable housing for rent or homeownership or providing direct rental assistance to low-income people. HOME is the largest Federal block grant to state and local governments designed exclusively to create affordable housing for low-income households.

HOME funds are awarded annually as formula grants to participating jurisdictions (PJs). The program's flexibility allows States and local governments to use HOME funds for grants, direct loans, loan guarantees or other forms of credit enhancements, or rental assistance or security deposits.

The program was designed to reinforce several important values and principles of community development:

HOME Resources

For the latest news, FAQs, event calendar and online training, visit the **HOME Investment Partnerships Program** resource page. If you have a policy question related to HOME, contact your **local HUD Field Office** for assistance.

Join a Mailing List

Find a HOME Contact

Ask a HOME Question

HOME Policy Guidance

Law and Regulations

CPD Notices

Policy Memos

HOMEFACTS

HOMEfires

HOME FAQs

HOME Reporting Systems

IDIS: Integrated

Disbursement and

Information System

eCon Planning Suite

(Consolidated Plan)

HOME Topics

Community Housing

Development Organizations (CHDO)

Consolidated Plan

Consortia

Crosscutting Requirements

- HOME's flexibility empowers people and communities to design and implement strategies tailored to their own needs and priorities.
- HOME's emphasis on consolidated planning expands and strengthens partnerships among all levels of government and the private sector in the development of affordable housing.
- HOME's technical assistance activities and set-aside for qualified community-based nonprofit housing groups builds the capacity of these partners.
- HOME's requirement that participating jurisdictions match 25 cents of every dollar in program funds mobilizes community resources in support of affordable housing.

Eligible Grantees

States are automatically eligible for HOME funds and receive either their formula allocation or \$3 million, whichever is greater. Local jurisdictions eligible for at least \$500,000 under the formula (\$335,000 in years when Congress appropriates less than \$1.5 billion for HOME) also can receive an allocation. The formula allocation considers the relative inadequacy of each jurisdiction's housing supply, its incidence of poverty, its fiscal distress, and other factors.

Communities that do not qualify for an individual allocation under the formula can join with one or more neighboring localities in a legally binding consortium whose members' combined allocation would meet the threshold for direct funding. Other localities may participate in HOME by applying for program funds made available by their State. Congress sets aside a pool of funding for distribution to insular areas, equivalent to the greater of \$750,000 or 0.2 percent of appropriated funds.

Shortly after HOME funds become available each year, HUD informs eligible jurisdictions of the amounts earmarked for them. Participating jurisdictions must have a current and approved **Consolidated Plan**, which will include an action plan that describes how the jurisdiction will use its HOME funds. A newly eligible jurisdiction also must formally notify HUD of its intent to participate in the program.

**FY 2012 HOME
Appropriations Law
Requirements
Homeowner Rehabilitation
Homeownership
HOME and Other Federal
Programs
2013 HOME Final Rule
HOME IDIS
Income Determination
Match
Monitoring
Program Administration and
Management
Rental Housing
Tenant-based Rental
Assistance**

Reports, Program Limits, and Allocations

**HOME Reports
Rent Limits
Income Limits
Maximum Purchase
Price/After-Rehab Value
Per-unit Subsidy
Allocations and Awards**

Other Affordable Housing Programs

**National Housing Trust Fund
(HTF)
Real Estate Acquisition and
Relocation
Self-Help Home Ownership
Opportunity Program (SHOP)**

Eligible Activities

Participating jurisdictions may choose among a broad range of eligible activities, using HOME funds to provide home purchase or rehabilitation financing assistance to eligible homeowners and new homebuyers; build or rehabilitate housing for rent or ownership; or for "other reasonable and necessary expenses related to the development of non-luxury housing," including site acquisition or improvement, demolition of dilapidated housing to make way for HOME-assisted development, and payment of relocation expenses. PJs may use HOME funds to provide tenant-based rental assistance contracts of up to 2 years if such activity is consistent with their Consolidated Plan and justified under local market conditions. This assistance may be renewed. Up to 10 percent of the PJ's annual allocation may be used for program planning and administration.

HOME-assisted rental housing must comply with certain rent limitations. HOME rent limits are published each year by HUD. The program also establishes **maximum per unit subsidy limits** and **maximum purchase-price limits**.

Some special conditions apply to the use of HOME funds. PJs must match every dollar of HOME funds used (except for administrative costs and CHDO predevelopment loans for projects that do not move forward) with 25 cents from nonfederal sources, which may include donated materials or labor, the value of donated property, proceeds from bond financing, and other resources. The match requirement may be reduced if the PJ is distressed or has suffered a Presidentially-declared disaster. In addition, PJs must reserve at least 15 percent of their allocations to fund housing to be owned, developed, or sponsored by experienced, community-driven nonprofit groups designated as Community Housing Development Organizations (CHDOs). PJs must ensure that HOME-funded housing units remain affordable in the long term (20 years for new construction of rental housing; 5-15 years for construction of homeownership housing and housing rehabilitation, depending on the amount of HOME subsidy). PJs have two years to commit funds (including

reserving funds for CHDOs) and five years to spend funds.

Eligible Beneficiaries

The eligibility of households for HOME assistance varies with the nature of the funded activity. For rental housing and rental assistance, at least 90 percent of benefiting families must have incomes that are no more than 60 percent of the HUD-adjusted median family income for the area. In rental projects with five or more assisted units, at least 20% of the units must be occupied by families with incomes that do not exceed 50% of the HUD-adjusted median. The incomes of households receiving HUD assistance must not exceed 80 percent of the area median. HOME income limits are published each year by HUD.

HUD does not provide HOME assistance directly to individuals or organizations. If you are interested in participating in this program, you need to contact your local or state government to find out how the program operates in your area. Participation requirements may differ from one grantee to another. **Find out who administers the HOME Program in your area .**

If your local government officials cannot answer your questions, or if you are a local official, **contact the HUD field office** that serves your area. Note that the local government administers the program and determines which local projects receive funding.

The Senate is planning to cut our nation's biggest affordable housing development program.

For over **20 years**, HUD's HOME initiative has invested in the American people, producing **1.2 million** affordable housing units.

TEXAS WOULD LOSE

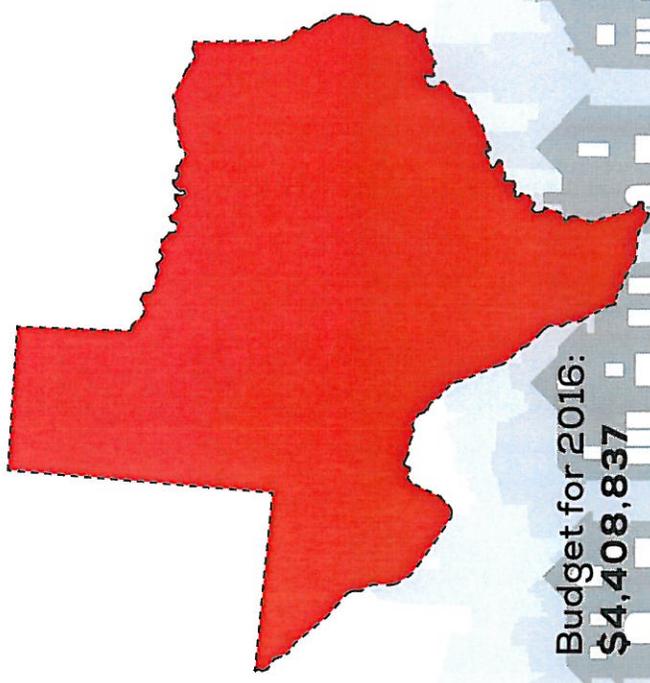
-\$54,965,413

IN 2016

**A
93%
CUT**



Budget for 2015:
\$59,374,250



Budget for 2016:
\$4,408,837



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HOME Division

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HOME Division

Overview

What is HOME?

The HOME Investment Partnerships Program (HOME Program) is funded by the U.S. Department of Housing and Urban Development (HUD). Authorized under the Cranston-Gonzalez National Affordable Housing Act, the purpose of the program is to expand the supply of decent, safe, affordable housing and strengthen public-private housing partnerships between Units of General Local Governments, Public Housing Authorities, nonprofits, and for profit entities.

The TDHCA HOME Division is responsible for administering the HOME Program on behalf of the State of Texas. Entities approved to administer the HOME Program from TDHCA may use funds for eligible activities such as Homeowner Rehabilitation, Homebuyer Assistance, Contract for Deed Conversion, Tenant-Based Rental Assistance, Single Family Development, and Multifamily Development. TDHCA has set aside funding for Disaster Relief and Persons with Disabilities, among other set-asides.

Who can HOME help?

The TDHCA HOME Division contracts with Units of General Local Government, Public Housing Authorities, and nonprofit and for profit entities that provide affordable housing to low-income families in their local communities. By state law, 95% of HOME funds must be distributed to communities, typically rural, that do not receive HOME funds from HUD (please download the PDF list of [communities that are generally ineligible for TDHCA HOME funding \(PDF\)](#)). Additionally, 5% of HOME funds must serve persons with disabilities and is available statewide.

The HOME Division does not directly work with individuals looking for rental assistance or homeownership opportunities. Individuals seeking information about affordable options should visit the [Help for Texans](#) page of the TDHCA Web site. Homebuyers interested in the Texas HOMEbuyer Assistance Program or other TDHCA down payment assistance programs should contact their local home mortgage lenders to discuss eligibility and how to apply.

The HOME Division administers multiple programs and initiatives. Funding is limited to specific types of entities. Choose a category below for a list of applicable programs and initiatives:

- [Individuals - visit Help for Texans](#)
- + [Units of Local Government](#)
- + [Public Housing Authorities](#)
- + [Nonprofits](#)
- [Rental Housing Developers](#)

Programs

[Homeowner Rehabilitation Assistance \(HRA\)](#)

HUD Section 3 (Program Services)

Closing Status Database

Nonprofit Assistance (Housing Resource Center)

Single Family Training

Related Web Sites

Free file viewers
(To view and print PDF, DOC, XLS, PPT and PPS files)

The Homeowner Rehabilitation Assistance (HRA) program funds Units of General Local Governments, Public Housing Authorities, and nonprofits wishing to provide the following services under the Homeowner Rehabilitation Assistance initiative: (1) Rehabilitation or reconstruction of owner-occupied housing on the same site, (2) New Construction of site-built housing on the same site to replace an existing owner-occupied Manufactured Housing Unit (MHU), (3) Replacement and relocation of existing housing located in a floodplain to a new MHU or New Construction of housing on an alternative site, (4) New Construction or a new MHU to replace a housing unit that has become uninhabitable as a result of disaster or condemnation by local government, and (5) If allowable under the Notice of Funding Availability (NOFA), refinance of existing mortgages meeting federal requirements. [More »](#)

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Homebuyer Assistance (HBA)

The Homebuyer Assistance (HBA) program funds Units of General Local Governments, Public Housing Authorities, and nonprofits wishing to provide: (1) Down payment and closing cost assistance for homebuyers; and (2) Rehabilitation for accessibility modifications of single family housing units as needed. [More »](#)

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Contract for Deed Conversions (CFDC)

The Contract for Deed Conversion (CFDC) initiative funds Units of General Local Governments, Public Housing Authorities, and nonprofits wishing to assist colonia residents with converting contracts for deed into warranty deeds to attain ownership and property rights. Contract for Deed Conversions may occur with one of the following additional activities: (1) Reconstruction or New Construction of site-built housing; (2) Replacement of an existing Manufactured Housing Unit (MHU) with a new MHU; and (3) Rehabilitation of colonia housing. [More »](#)

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Tenant-Based Rental Assistance (TBRA)

The Tenant-Based Rental Assistance (TBRA) program funds Units of General Local Governments, Public Housing Authorities, and nonprofits wishing to provide the following services to individuals in their local communities: (1) Security and Utility Deposits; and (2) Rental Subsidies for up to 24 months while the household engages in a self-sufficiency program. If available, additional funds may be set-aside to provide assistance beyond 24 months for individuals meeting additional program requirements. [More »](#)

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Single Family Development

HOME provides funding to nonprofits certified as a Community Housing Development Organizations (CHDOs) for the new construction or rehabilitation of affordable single family homes. [More »](#)

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HOME Multifamily (Rental Housing) Development Program

HOME provides funding to Units of General Local Governments, Public Housing Authorities, nonprofits, and for profit entities for the new construction or rehabilitation of affordable multifamily rental developments. [More »](#)

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Other Assistance

Persons with Disabilities (PWD)

Additional funds are set-aside for Units of General Local Governments, Public Housing Authorities, nonprofits, and for profit entities that assist households that include a person with a disability. The funds set-aside for Persons with Disabilities can be used for the TBRA, HBA, and HRA activities and may be utilized throughout the state, including within Participating Jurisdictions.

Units of general local government, public housing authorities, and nonprofits may access the Persons with Disabilities set-aside by submitting an application which requests access to the set-aside on the application. Administrators with an existing Reservation System Agreement may request an amendment to their agreement to access the Persons with Disabilities set-aside.

For more information see the TBRA, HBA, and HRA information on this page. Please also visit the [Housing Trust Fund Program](#) page for more resources.

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Disaster Relief

Additional funds are set-aside to be accessed in the event of a disaster and are made available to Units of General Local Governments, Public Housing Authorities, and nonprofits to assist persons needing homebuyer assistance for relocation, rehabilitation, reconstruction assistance, or temporary rental assistance. For a list of entities that currently have an agreement to assist persons using HOME Disaster Relief funds, visit the [HOME Disaster Relief](#) page. The TDHCA [Disaster Relief Resources](#) page also has additional information on available resources.

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U.S. Department of Housing and Urban Development

COMMUNITY PLANNING AND DEVELOPMENT

Special Attention of:

Notice CPD-96-01

CPD FIELD OFFICE DIRECTORS
CDBG ENTITLEMENT GRANTEEES
HBCU GRANTEEES

Issued: January 16, 1996

JOHN HEINZ NEIGHBORHOOD DEVELOPMENT
PROGRAM GRANTEEES

Expires: January 16, 1997

Cross References: 24 CFR Parts 91 and 570

Subject: CDBG NEIGHBORHOOD REVITALIZATION STRATEGIES

PURPOSE

This Notice outlines HUD's criteria for approving a jurisdiction's neighborhood revitalization strategy as described in the Consolidated Plan regulations at Sec. 91.215(e)(2). It describes the process for submission of the strategy, amending the strategy, and measuring, reviewing, and reporting on performance against the strategy.

In recent years, HUD's Office of Community Planning and Development (CPD) has stressed a coordinated marshalling of resources to facilitate grantees' ability to engage in comprehensive community revitalization strategies. Comprehensive community revitalization strategies seek to create partnerships among federal and local governments, the private sector, community organizations and neighborhood residents. The Department seeks to create communities of opportunity in distressed neighborhoods by stimulating the reinvestment of human and economic capital and by economically empowering low-income residents.

The Department recognizes the fundamental necessity of partnering in problem-solving in order to achieve much greater success in our urban revitalization efforts. Many citizens, unhappy with their residential environments, have generally had three options available to them: pack up and move to a more satisfactory environment; change the unsatisfactory aspects of their communities; or stoically accept their living conditions. The

DGBE: Distribution: W-3-1, Special (ALL CDBG ENTITLEMENT GRANTEEES)

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continuing decline and widespread disinvestment in so many of our cities and counties and the spill-over effects in the surrounding communities point to a need for a different approach to rebuilding communities. HUD believes that no effort will succeed without the support of all of the community actors. Successful neighborhood revitalization strategies are those that bring together the neighborhood's and the larger community's stakeholders to forge partnerships that:

- o obtain commitments to neighborhood building;
- o make neighborhoods attractive for investments, thereby creating a market for profits;
- o generate neighborhood participation to ensure that the benefits of

economic activity are reinvested in the neighborhood for long-term community development;

- o support the use of neighborhood intermediary institutions (e.g., Community Development Corporations [CDCs], Community Development Financial Institutions [CDFIs], community housing development organizations [CHDOs under the HOME program], and religious institutions) to bridge gaps between local government agencies, the business community, community groups, and residents; and
- o foster the growth of resident-based initiatives to identify and address their housing, economic and human services needs.

The participation of all of the stakeholders, particularly the neighborhood's residents, in the development of a comprehensive neighborhood revitalization strategy enhances the chances of its successful implementation by bringing all of the affected parties into the process from the beginning, thus gaining participants' trust and garnering needed financial support. This approach also recognizes that the complexity of the causes of neighborhood decline requires a multi-pronged coordinated approach. The value of this approach has been borne out in the strategic planning process that many communities participated in during the development of their federal Empowerment Zone applications.

REGULATORY FRAMEWORK AND INCENTIVES

HUD is encouraging Community Development Block Grant (CDBG) entitlement grantees to develop comprehensive neighborhood revitalization strategies. The submission of such a strategy is described in the regulations at 24 CFR 91 which cover a consolidated submission for CPD programs although separate approval is required for the revitalization strategy. The Department seeks to stimulate the development of revitalization strategies by offering certain incentives for entitlement cities and urban counties. These incentives are described in amendments to the CDBG regulations at 24 CFR 570 which were published in the Federal Register on January 5, 1995, and updated in the Final rule changes published in the November 9, 1995, Federal Register. They are as follows:

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(1) Job Creation/Retention as Low/Moderate Income Area Benefit: Job creation/retention activities undertaken pursuant to the strategy may be qualified as meeting area benefit requirements, thus eliminating the need for a business to track the income of persons that take, or are considered for, such jobs (24 CFR 570.208(a)(1)(vii) and (d)(5)(i));

(2) Aggregation of Housing Units: Housing units assisted pursuant to the strategy may be considered to be part of a single structure for purposes of applying the low-and moderate-income national objective criteria, thus providing greater flexibility to carry out housing programs that revitalize a neighborhood (24 CFR 570.208(a)(3) and (d)(5)(ii));

(3) Aggregate Public Benefit Standard Exemption: Economic development activities carried out under the strategy may, at the grantee's option, be exempt from the aggregate public benefit standards, thus increasing a grantee's flexibility for program design as well as reducing its record-keeping requirements (24 CFR 570.209 (b)(2)(v)(L) and (M)); and

(4) Public Service Cap Exemption: Public services carried out pursuant to the strategy by a Community-Based Development Organization will be exempt from the public service cap (24 CFR 570.204(b)(2)(ii)).

The strategy shall also be implemented in accordance with the civil rights-related program requirements stated in the Consolidated Plan rule at 24 CFR Part 91.

CONTENTS OF THE NEIGHBORHOOD REVITALIZATION STRATEGY

A grantee's strategy should be designed to provide for the economic empowerment of the low- and moderate-income residents of a particular neighborhood and other long-term improvements within a reasonable period of time. Therefore, the strategy should clearly describe how it meets the following criteria:

- (1) Boundaries: The grantee has identified the neighborhood's boundaries for which the strategy applies. All areas within those boundaries must be contiguous.
- (2) Demographic Criteria: The designated area must be primarily residential and contain a percentage of low- and moderate-income residents that is equal to the "upper quartile percentage" (as computed by HUD pursuant to 24 CFR 570.208(a)(1)(ii)) or 70 percent, whichever is less but, in any event, not less than 51 percent;
- (3) Consultation: The grantee must describe how the strategy was developed in consultation with the area's stakeholders, including residents, owners/operators of businesses and Financial institutions, non-profit organizations, and community groups that are in or serve the neighborhood;
- (4) Assessment: The strategy must include an assessment of the economic conditions of the area and an examination of the opportunities for economic development improvement and the problems likely to be encountered;
- (5) Economic Empowerment: There must be a realistic development strategy and implementation plan to promote the area's economic progress focusing on activities to create meaningful jobs for the unemployed and low- and moderate-income residents of the area (including jobs created by HUD-assisted efforts) as well as activities to promote the substantial revitalization of the neighborhood; and
- (6) Performance Measurements: The strategy must identify the results (e.g., physical improvements, social initiatives and economic empowerment) expected to be achieved, expressing them in terms that are readily measurable. This will be in the form of "benchmarks."

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LEVEL OF DETAIL

In order to avoid an unnecessary burden for the grantee in describing its strategy in the Consolidated Plan, the grantee may refer to specific

portions of other documents that HUD has access to for this purpose. The grantee will only need to provide additional information to the extent that sufficient detail is not already contained in such existing documents in order that HUD may determine that each of the criteria in the "Contents" section of this Notice has been met.

Since the grantee's HUD CPD Field Office representative will review the neighborhood strategy submission, the grantee should consult with its HUD representative to discuss what existing documents and information the grantee will be relying on for its submission and what additional information HUD will need to make this approval.

While the grantee need not formally commit itself to the use of CDBG funds (or other resources it expects to receive from HUD) for future years, it will need to show in each year's Action Plan the specific activities it plans to assist with any of the HUD formula program funds covered in the Consolidated Plan for that year, clearly identifying those that it will apply in pursuit of its strategy to revitalize the area.

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HUD PARTNERSHIP APPROVAL PROCESS

HUD expects to approve neighborhood revitalization strategies that are submitted by a CDBG grantee as part of its Consolidated Plan, or an amendment, if the proposed strategy describes how it will meet the criteria outlined in the "Contents" section above.

Any Federally-designated Empowerment Zone (EZ) or Enterprise Community (EC) located within an entitlement community will be presumed by the HUD CPD Field Office to meet the above criteria and will be approved by HUD, at the request of the grantee, without further review. Those entitlement grantees that submitted applications for designation as an EZ or EC but did not receive a designation should be able to meet these criteria, but may not yet have developed the necessary benchmarks.

Grantees and their HUD CPD field office representatives should work together in developing revitalization strategies that meet these guidelines. HUD's review of strategies shall place particular importance on the grantee's capacity, the likelihood that the planned actions will result in economic revitalization, and the extent to which the strategy reflects coordination with other public and private resources. HUD encourages innovative and creative strategies that promote the active and meaningful participation of the stakeholders throughout the development and implementation of the plan because HUD is interested in strategies that not only will successfully revitalize the neighborhood but will also economically empower its residents.

In the event HUD believes that a grantee's submission is unlikely to achieve measurable progress in addressing the needs of the neighborhood, HUD will provide necessary technical assistance to the grantee to try to arrive at a consensus of what would constitute a "reasonable" strategy given the needs of the neighborhood and level of resources available. If after such technical assistance, HUD and the grantee remain apart in their assessment of what is a realistic strategy, HUD has the option of not approving the strategy.

The strategy may be submitted as part of the grantee's Consolidated Plan or may be submitted as an amendment to it. When applicable, HUD's approval of

the jurisdiction's Consolidated Plan will also state its approval of the revitalization strategy. HUD will not hold up approval of the Consolidated Plan if the revitalization strategy cannot be concurrently approved without delaying the funding of the grant programs covered by the plan. In any event, HUD's approval of a strategy for this purpose must be expressly stated.

PERFORMANCE MEASUREMENTS - BASELINES AND BENCHMARKS

HUD expects to approve strategies that will achieve substantial improvements in the delineated neighborhood area and will create meaningful levels of economic opportunities for residents during the time frame of that grantee's approved Consolidated Plan, generally a five year period. However, HUD does not require that a neighborhood be fully revitalized

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within that five year period, but that the level of improvements will be substantial. Once HUD approves a revitalization strategy, the grantee may assume that this approval is in effect for the full time period of the strategy, provided that both the grantee and HUD agree that reasonable progress is being made in its implementation. In order for HUD to be able to gauge the effectiveness of the strategy, the strategy will need to provide baseline needs information for the area and set benchmark projections initially indicating the results that it hopes to achieve in addressing those needs over the period it expects will be needed to revitalize the area. Actual performance information will need to be submitted on an ongoing basis.

The benchmarks for this pulse should be readily measurable and specific enough to show expected outputs by the grantee and should clearly represent positive steps toward the desired ultimate outcome: economic revitalization of the designated area. Each year following HUD's approval of the strategy, HUD will expect the grantee to identify in its Action Plan for that year the benchmark outputs the grantee expects to achieve by the end of that year.

The benchmarks should include measures of outputs expected to be achieved through the use of the HUD program funds together with other resources it plans to use in a coordinated fashion as part of the strategy. An example of outputs would be the number of new businesses formed or the reduction, by a certain number or percentage, of persons on welfare. Since the benchmarks are to reflect the expected level of accomplishments at the end of each program year, they must be measurable at such times.

PERFORMANCE REPORTING

The grantee will report progress against its benchmarks at the end of each program year. While the details of the new IDIS performance reporting system are not yet fully developed at this time, provision will be made in this system for the reporting of accomplishments, including performance against the grantee's own established benchmarks. For grantees with Federally-designated EZs or ECs that received HUD approval for a neighborhood revitalization strategy, reports that are required as part of the EZ/EC process shall suffice for purposes of reporting under this Notice.

PERFORMANCE REVIEW

HUD will review a grantee's progress at the end of each program year based upon information in the grantee's performance reports and, when appropriate, information from on-site monitoring.

If based on its reviews, HUD determines that progress towards achieving the expected improvements in the area is lagging substantially behind the projections, HUD may suspend/withdraw its approval of the strategy. During any period of suspension/withdrawal, the grantee would not be able to use the incentives provided under the CDBG regulations

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discussed earlier in this Notice for expenditures that are contingent upon an approved strategy. If the grantee submits and HUD approves an amended strategy for the area that satisfactorily addresses the lack of performance, the grantee would again be able to avail itself of the authorized benefits.

AMENDMENTS

Because the neighborhood revitalization strategy is an element of the Consolidated Plan (albeit an optional one), it must be included with a jurisdiction's Consolidated Plan submission. When a jurisdiction makes a new Consolidated Plan submission in accordance with 24 CFR 91.15(b)(2), usually every five years, the grantee will have to either: submit the prior HUD-approved strategy with a statement that there has been no change in the strategy (in which case, HUD approval for the existing strategy is not needed a second time) or submit a new or amended neighborhood revitalization strategy (for which separate HUD approval would be required). The criteria for purposes of any amendment(s) to neighborhood revitalization strategies are:

- o the criteria for Consolidated Plan amendments described at §91.505. It is presumed that these criteria would be applied whenever the conditions that existed at the time the strategy was developed have changed substantially (e.g., a decline in a dominant area industry, a natural disaster) or when a grantee determined that the strategy reflected in the HUD-approved plan was not working as well as it expected and it therefore wants to change its approach; or
- o whenever HUD suspends/withdraws approval (or advises the grantee that it is so considering) as a result of performance lagging substantially behind the benchmarks.

Grantees should follow the guidance provided in the "Level of Detail" section of this notice. Amended strategies are to be reviewed by HUD using the same criteria as apply to initial strategy submittals.

APPLICABILITY TO THE STATE CDBG PROGRAM

Currently, there are no comparable provisions in the State CDBG program regulations offering incentives for designation of revitalization areas. However, HUD is considering whether and how to add such provisions in the future. Comments and suggestions concerning this matter are welcomed and should be submitted to the CPD's State and Small Cities Office in Headquarters (202-708-1322).

Grantees that have questions and comments on other aspects of this Notice should contact their HUD CPD Field Office Representative. Field Offices should direct queries and comments to the Entitlement Communities Division in Headquarters (202-708-1577).