




OFFICE OF COMMUNITY PLANNING  
AND DEVELOPMENT

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT  
WASHINGTON, DC 20410-7000

JUL 30 2015

MEMORANDUM FOR: All Community Planning and Development Directors

FROM:   
Marion Mollegen McFadden, Deputy Assistant Secretary  
for Grant Programs, DG

SUBJECT: Potential New Metropolitan Cities and Urban Counties  
for Fiscal Year 2016  
Community Development Block Grant (CDBG) Program

This memorandum provides guidance regarding the options available to potential new metropolitan cities and urban counties for Fiscal Year (FY) 2016. These potential new entitlement grantees are listed by category:

- Potential new metropolitan cities.
- Cities currently participating in an urban county that is requalifying this year for FYs 2016-2018.
- Cities located in a potential new urban county, or located in but not currently participating in an urban county.
- Cities not located in an urban county.
- New potentially eligible urban counties.
- Previously identified potentially eligible urban counties.

Cities and counties that have been identified as eligible for entitlement or urban county status for the first time appear in *italics* on these lists. Please use the information below to notify any community within your office's jurisdiction of its potential eligibility and the options available to it. Please notify such communities in writing no later than two weeks after receipt of this memorandum.

The potential new metropolitan cities and urban counties listed below are identified based on the 2015 Census data. All of the newly-identified cities have qualified based on population. No new principal cities of metropolitan areas have been identified this year. According to a June 28, 2010, Federal Register, the Office of Management and Budget will not designate new metropolitan areas or principal cities until 2018. A copy of the Federal Register Notice may be accessed at [http://www.whitehouse.gov/sites/default/files/omb/assets/fedreg\\_2010/06282010\\_metro\\_standards-Complete.pdf](http://www.whitehouse.gov/sites/default/files/omb/assets/fedreg_2010/06282010_metro_standards-Complete.pdf).

## **POTENTIAL NEW METROPOLITAN CITIES (NOT PART OF AN URBAN COUNTY)**

### **Pacific/Hawaii (Region 9)**

#### **Planning Estimates**

<i>West Sacramento City, CA</i>	<i>\$431,800</i>
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### **Northwest/Alaska (Region 10)**

<i>Caldwell, ID</i>	<i>\$403,300</i>
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West Sacramento and Caldwell may accept their entitlement status or defer their status and participate in the State CDBG program.

## **CITIES CURRENTLY PARTICIPATING IN AN URBAN COUNTY THAT IS REQUALIFYING THIS YEAR FOR FYS 2016-2018**

### **New England (Region 1)**

#### **Urban County**

#### **Planning Estimates**

South Portland City, ME	Cumberland County	\$262,000
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### **New York/New Jersey (Region 2)**

Hammonton, NJ	Atlantic County	\$ 94,000
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### **Southeast/Caribbean (Region 4)**

Huntersville, NC	Mecklenberg County	\$160,400
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Bartlett, TN	Shelby County	\$175,900
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### **Midwest (Region 5)**

Fishers, IN	Hamilton County	\$220,200
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Noblesville, IN	Hamilton County	\$214,900
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<i>Lenexa, KS</i>	<i>Johnson County</i>	<i>\$218,700</i>
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Olathe, KS	Johnson County	\$551,500
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### **Southwest (Region 6)**

Cedar Park, TX	Williamson County	\$227,200
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<i>Georgetown, TX</i>	<i>Williamson County</i>	<i>\$279,300</i>
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### **Rocky Mountains (Region 8)**

<i>Castle Rock, CO</i>	<i>Douglas County</i>	<i>\$212,200</i>
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**Northwest/Alaska (Region 10)**

<i>Tumwater, WA</i>	<i>Thurston County</i>	<i>\$ 89,200</i>
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These cities have four options:

1. Accept status as an entitlement grantee;
2. Accept status as an entitlement grantee and enter into a joint agreement with the urban county in which it is located;
3. Defer status as an entitlement grantee and participate through the State CDBG program;  
or
4. Defer status as an entitlement grantee and continue to participate as part of the urban county.

A unit of general local government (UGLG) may become a participant in an urban county's CDBG program during any year in the urban county's three year qualification period. However, once an UGLG becomes a participant in the urban county's CDBG program, it must remain with the county for the entire period of qualification that remains when the cooperation agreement is executed. A city may enter into a joint agreement with an urban county only when the county is requalifying for the next three-year period.

**CITIES LOCATED IN A POTENTIAL NEW URBAN COUNTY OR LOCATED IN BUT NOT CURRENTLY PARTICIPATING IN AN URBAN COUNTY**

<b>Southeast/Caribbean (Region 4)</b>	<b>Planning Estimates</b>
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North Myrtle Beach, SC	\$ 60,800
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**Great Plains (Region 7)**

Ankeny, IA	\$151,300
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**Pacific/Hawaii (Region 9)**

Kingman, AZ	\$179,700
Lake Havasu, AZ	\$269,900

North Myrtle Beach is located in Horry County, which requalifies in 2016 for FYs 2017-2019. North Myrtle Beach may accept its entitlement status, defer its status and join Horry County as a participating unit of general local government, or defer its status and participate in the State CDBG program. When Horry County requalifies as an urban county, North Myrtle Beach could accept its status and enter into a joint agreement with the county.

Ankeny, IA, is located in Polk County, a newly identified potential new urban county. If Polk County accepts its status, Ankeny may accept its entitlement status, defer its status and join Polk County as a participating unit of general local government, or defer its status and participate in the State CDBG program. If Polk County does not accept its status, then Ankeny may accept its entitlement status or defer its status and participate in the State CDBG program.

Kingman and Lake Havasu, AZ, are located in Mohave County, a previously identified potential new urban county. If both cities accept their entitlement status, Mohave County will not qualify as an urban county. Both cities may accept their entitlement status, defer their entitlement status to join Mojave County, or defer their status to participate in the State CDBG program.

### **CITIES NOT LOCATED IN AN URBAN COUNTY**

The following cities were previously identified as potential new entitlement communities (not located in an urban county), but deferred their entitlement status. Please notify these cities that they are still potentially eligible for their entitlement status.

#### **New England (Region 1)**

#### **Planning Estimates**

South Burlington City, VT	\$ 59,000
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#### **New York/New Jersey (Region 2)**

Greenburgh, NY	\$454,700
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#### **Mid-Atlantic (Region 3)**

Berwick Borough, PA	\$285,600
Bloomsburg, PA	\$255,800
East Stroudsburg Borough, PA	\$ 81,900
Gettysburg Borough, PA	\$142,500
Waynesboro Borough, PA	\$197,400

Staunton, VA	\$319,900
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#### **Southeast/Caribbean (Region 4)**

Daphne, AL	\$ 88,600
Foley, AL	\$126,100
Jacksonville, AL	\$108,700
Muscle Shoals, AL	\$ 74,000
Oxford, AL	\$134,100

Crestview, FL	\$147,600
Sebring, FL	\$ 83,200

Vero Beach, FL	\$109,000
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Beaufort, SC	\$ 79,700
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Bluffton, SC	\$107,600
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Easley, SC	\$103,400
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South Haven, MS	\$248,500
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#### **Midwest (Region 5)**

Carbondale, IL	\$312,800
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Marion, IL	\$134,500
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Greenwood, IN	\$243,700
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Onalaska, WI	\$ 76,900
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#### **Southwest (Region 6)**

Hammond, LA	\$196,500
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#### **Great Plains (Region 7)**

Grand Island, NE	\$322,800
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Cape Girardeau, MO	\$274,500
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#### **Pacific/Hawaii (Region 9)**

Corcoran, CA	\$202,400
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#### **Northwest/Alaska (Region 10)**

Fairbanks, AK	\$188,100
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### **NEWLY POTENTIALLY ELIGIBLE URBAN COUNTIES.**

#### **Southeast/Caribbean (Region 4)**

#### **Planning Estimates**

*Forsyth County, GA*

#### **Great Plains (Region 7)**

*Polk County, IA*

Planning estimates have not yet been developed for Forsyth and Polk Counties.

## PREVIOUSLY IDENTIFIED POTENTIAL NEW URBAN COUNTIES

The following urban counties were previously identified as potential new urban counties, but deferred their entitlement status. Please notify these counties that they are still eligible to accept their urban county entitlement status for Fiscal Year 2016.

<b>New England (Region 1)</b>	<b>Planning Estimates</b>
Hillsborough County, NH	\$ 847,000
Rockingham County, NH	\$1,138,000
<b>New York/New Jersey (Region 2)</b>	
Westchester County, NY	\$4,087,000
<b>Mid-Atlantic (Region 3)</b>	
Sussex County, DE	\$1,104,000
<b>Southeast/Caribbean (Region 4)</b>	
St. John's County, FL	\$ 898,000
Union County, NC	\$1,121,000
<b>Midwest (Region 5)</b>	
Ottawa County, MI	\$1,181,000
<b>Southwest (Region 6)</b>	
Collin County, TX	\$1,346,000
<b>Pacific/Hawaii (Region 9)</b>	
Mohave County, AZ***	\$1,543,000
Pinal County, AZ	\$2,184,000
Tulare County, CA	\$2,574,900

\*\*\*Mohave County may only qualify as an urban county if the cities of Kingman and Lake Havasu both decide to not accept their entitlement status and join the county instead. Both cities appear on the list of cities located in a potential new urban county.

## QUALIFICATION DEADLINES

Please have the cities identified above that are not located in requalifying urban counties notify you of their intent to accept or defer their entitlement status by September 11, 2015. Cities located in requalifying urban counties are required to notify you of their intent to accept or defer their entitlement status by August 21, 2015. You may email all decisions to Abubakari Zuberi of the Systems Development and Evaluation Division and Gloria Coates of the Entitlement Communities Division upon receipt.

Please contact all qualified potential new urban counties, provide each a copy of the 2015 Urban County Notice (a copy may be accessed at <http://portal.hud.gov/hudportal/documents/huddoc?id=15-04cpdn.pdf>) and review the qualification steps that a county must complete to qualify as an urban county under the CDBG program. Please also provide this Notice to any potential new metropolitan city that also as the option of signing a joint agreement with an urban county.

For a potential new urban county to qualify for CDBG funding in Fiscal Year 2016, by no later than September 11, 2015, your office (and field counsel) must receive and review the documentation a potential new urban county is required to complete and submit to qualify as an urban county. HUD must receive and approve the necessary documents before September 30, 2015, for a county to qualify for HOME funding in FY 2016. This deadline is based on a statutory requirement [Sec. 217(b)(2)(B)(3) of the NAHA] and cannot be extended.

The attached guidance for new entitlement grantees identifies the requirements that must be followed if potential new grantees elect to accept their entitlement status.

## CONCLUSION

Any potentially eligible city or urban county may choose to “permanently” defer their entitlement status. This means that the city or county does not intend to accept its status in the foreseeable future. Any city or county that makes this choice should notify your office in writing of this intent. HUD will not send any further notifications to the grantee regarding its potential entitlement status. The city or county may elect in the future to accept its entitlement status, as its decision to “permanently” defer its entitlement status is reversible. It will be the responsibility of the city or county to notify HUD if it changes its mind in the future. (Communities that Headquarters knows to have “permanently” deferred their entitlement status are: Destin, FL; Richardson, TX; and Denton County, TX.)

Please direct any questions related to this memorandum to the Entitlement Communities Division at (202) 708-1577.

Attachment

## GUIDANCE FOR POTENTIAL NEW ENTITLEMENT GRANTEES COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) PROGRAM

Potential new CDBG entitlement grantees may be identified annually when the Census Bureau releases updated population data. In addition, the Office of Management and Budget periodically issues bulletins that update their designations of metropolitan areas, counties included in metropolitan areas, and principal cities of those metropolitan areas. This memorandum provides guidance to potential new entitlement communities on the process required to become entitlement communities.

Once they are notified that they may be eligible for CDBG funding, potential new entitlement grantees are required to provide a written response to their local HUD Field Offices stating that they accept or decline their entitlement status. This response may be sent via email with a PDF attachment, facsimile, or mailed to the Field Office.

### Part 91 Requirements

Potential new entitlement grantees must select a program year start date between January 1 – October 1. New grantees are encouraged to select a program year start date from July 1 – October 1 because of the amount of time required to develop a citizen participation plan, Consolidated Plan/Action Plan, train and hire staff on CDBG program requirements, and perform other necessary administrative actions required for start-up. In addition, because the Congressional appropriation process is often not completed by the start of the federal fiscal year, grantees with a program year start date of April 1 or earlier often do not receive their CDBG grants until well after their program year start dates.

Grantees are required to prepare a citizen participation plan that gives their policies and procedures for citizen participation in accordance with 24 CFR 91.105(a)(1). According to 24 CFR 91.105(a)(2), the citizen participation plan must provide for and encourage citizens to participate in the development of the consolidated plan/action plan, substantial amendments to the consolidated plan, and the annual performance and evaluation report. Low and moderate persons should be encouraged to participate in this process, particularly those that reside in areas where CDBG assistance may be targeted. Grantees must also encourage the participation of minorities, non-English speaking persons, and persons with disabilities as well. Participation by nonprofits, community based organizations, public housing agencies, businesses, developers, and faith based organizations should also be encouraged.

A grantee is required to prepare a Consolidated Plan every three to five years and an annual Action Plan that details the activities it will carry out with CDBG funds. 24 CFR 91.5 defines a Consolidated Plan as the document submitted to HUD that serves as the comprehensive housing affordability strategy, community development plan, and submissions for funding under any of the Community Planning and Development formula programs (CDBG, HOME, ESG, and HOPWA) prepared in accordance with the process detailed in Subpart C of the Part 91 regulations.



Information required for a complete Consolidated Plan includes:

- A housing and a homeless needs assessment, which includes the jurisdiction's estimated housing needs, number and types of families in need of housing assistance for extremely low income, low income, moderate income, and middle income families, renters or owners, elderly persons, single persons, large families, persons with HIV/AIDS and their families, and persons with disabilities.
- A homeless needs assessment which describes the nature and extent of homelessness; an estimate of the number of persons who are not homeless but require supportive housing; and the number of housing units occupied by low and moderate income families that contain lead paint hazards.
- A housing market analysis.
- A strategic plan which addresses nonhousing community development needs and barriers to affordable housing.
- An anti-poverty strategy.

Grantees must address all of the requirements listed in the regulations.

HUD cannot provide an estimate of how many hours it would take to prepare a Consolidated Plan because the number would vary with each entitlement grantee. It is recommended that potential new entitlement grantees contact other comparable entitlement grantees or the HUD Field Office to ascertain this information.

The regulations at 24 CFR 91.15(a)(1) state that jurisdictions should submit their Consolidated Plans to HUD at least 45 days before the start of its program year. 24 CFR 91.15(a)(2) states that HUD will not accept a Consolidated Plan submission earlier than November 15 or later than August 16 of the federal fiscal year for which the grant funds are appropriated. It is important for grantees to understand that failure to submit their Consolidated Plan and Annual Action Plan by August 16 will result in the loss of funding for that fiscal year. Grantees should consult 24 CFR 91.220-230 for guidance concerning preparation of an annual Action Plan. Information on the Consolidated Plan may be accessed at [http://portal.hud.gov/hudportal/HUD?src=/program\\_offices/comm\\_planning/about/conplan](http://portal.hud.gov/hudportal/HUD?src=/program_offices/comm_planning/about/conplan).

Grantees are required to submit their Consolidated Plan/Action Plan in the eCon Planning Suite: Consolidated Plan and IDIS. The eCon Planning Suite includes CPD maps, a mapping tool to assist grantees in determining where to target CDBG assistance. It may be accessed at <http://egis.hud.gov/cpdmaps/>. Additional information on the eCon Planning suite may be accessed at [http://portal.hud.gov/hudportal/HUD?src=/program\\_offices/comm\\_planning/about/conplan/cp\\_i](http://portal.hud.gov/hudportal/HUD?src=/program_offices/comm_planning/about/conplan/cp_i) dis. Webcasts on use of the eCon Planning suite may be accessed at <https://www.onecpd.info/learning-center/conplan-training/>.

Grantees are also permitted to hire consultants to assist them in developing a Consolidated Plan. Consultants must be procured in accordance with the procurement requirements at 24 CFR 85.36. Notice 96-5 also provides guidance on procurement. It may be accessed at <http://www.hud.gov/offices/adm/hudclips/notices/cpd/96cpdnotices.cfm>.

Once a grantee submits its Consolidated Plan/Action Plan to the HUD Field Office, HUD has 45 days to review and approve it. A Consolidated Plan/Action Plan is considered approved by HUD 45 days after HUD receives it unless HUD notifies the grantee before that date that its plan is disapproved. The Field Office may disapprove all or part of a grantee's Consolidated Plan/Action Plan. Reasons include but are not limited to the plan being substantially incomplete, developed without citizen participation and/or consultation, or HUD determined that one or more of the certifications submitted with the plan are inaccurate. A grantee has 45 days from the date of notification of disapproval by HUD to resubmit its Consolidated Plan/Action Plan, and HUD has 30 days to approve or disapprove the resubmitted Consolidated Plan/Action Plan.

Once HUD approves a grantee's Consolidated Plan/Action Plan, the HUD Field Office issues a grant agreement. After the grant agreement is executed by HUD and the grantee, an account is established in the grantee's name with the U.S. Treasury. This is the grantee's Line of Credit. Grantees must draw down funds by activity as they are needed rather than draw down the entire grant at once. Grantees are not permitted to draw down funds in advance of need and are required to minimize the time between the transfer of funds from the Treasury to disbursement by them or their subrecipients for eligible activities.

#### Preparation of Consolidated Plans/Action Plans

New CDBG grantees are permitted to incur costs for the preparation of their citizen participation plans, Consolidated Plans/Action Plan and other administrative costs before the date of their grant agreements. Under the authority of 24 CFR 570.200(h), reimbursement for pre-award costs, before the effective date of the grant agreement, a grantee may incur costs and then after the effective date of the grant agreement pay for those costs using its CDBG funds. Citizens must be advised of the extent that pre-award costs will affect future grants, and the costs must be in compliance with Subpart C of the Part 570 regulations and the environmental review procedures stated in 24 CFR Part 58. Pre-award authority is only permitted for preparation of the first year's Consolidated Plan/Action Plan.

#### CDBG Program Administration

CDBG grantees are permitted to spend no more than 20 percent of their CDBG grants plus 20 percent of program income earned that program year for planning and administration expenses. Planning and administration expenses include but are not limited to preparation of the Consolidated Plan/Action Plan, staff salaries for employees administering the CDBG program, and lease of office space. New grantees will require significant start-up costs associated with the development of their citizen participation and consolidated/action plans and capacity building.

New CDBG grantees are advised to carefully consider the options for administering their proposed CDBG-assisted activities. The option(s) selected may depend on the size of the CDBG

grant, grantees' capacity for CDBG program administration, and the activities that they plan to carry out. In accordance with 24 CFR 570.200(f), a grantee may carry out CDBG activities:

- through its employees (the hiring of staff to administer the CDBG program is an eligible administrative cost).
- procuring with a consulting firm or for-profit grant administrator (the contract must be governed by the requirements of 2 CFR 200.318-200.326).
- through loans or grants made to subrecipients (see 24 CFR 570.500(c) for the definition of subrecipient) or
- the use of one or more public agencies (such as the county, a public housing authority or a redevelopment authority).

Grantees may use one or more of these options for carrying out CDBG-assisted activities. However, please note that 24 CFR 570.501(b) states that the grantee is responsible for ensuring that CDBG funds are used in accordance with all program requirements. The use of designated public agencies, subrecipients, or contractors does not relieve grantees of this responsibility. This means that grantees must ensure that designated public agencies, subrecipients, and contractors are carrying out CDBG-assisted activities in compliance with all CDBG program requirements. The grantee is responsible for monitoring such entities to ensure performance and compliance. The grantee remains responsible for any compliance problems and is financially responsible for any disallowed costs.

CDBG grantees are required to provide CDBG assistance only to areas within their jurisdictions' boundaries unless the requirements in 24 CFR 570.309 are met. This provision states that a grantee must determine that an activity funded outside of its jurisdiction is necessary to further the purposes of the Housing and Community Development Act of 1974 and its community development objectives, and that the grantee's residents are reasonably benefiting from the activity. It is important that grantees document the basis for this determination before CDBG funds are expended, and grantees must maintain that documentation. Urban counties are reminded that local governments which chose to opt out of the county's program or chose not to sign a cooperation agreement to participate in the county's program are not part of the CDBG Urban County. Even though these local governments may lie within the county's corporate boundaries, they are outside the jurisdiction of the county for CDBG program purposes.

### Reporting Requirements

CDBG grantees are required to be proficient in the use of the Integrated Disbursement and Information System (IDIS). IDIS is the system through which grantees enter activity accomplishments and draw funds from the Line of Credit. Grantees are required to report on all CDBG-assisted activities in IDIS on a regular basis. Grantees are required to enter information on the proposed activity and national objective. As the activity progresses, grantees are required to report on activity accomplishments and performance measures. For activities that will meet the low- and moderate-income jobs national objective, grantees are required to enter information

on race and income of the beneficiaries and identify the number of job created or retained. For activities that will meet the low- and moderate-income limited clientele national objective, grantees are required to enter information on race and income of the beneficiaries. For activities that will meet the low- and moderate-income area benefit national objective, grantees are required to enter information on the Census tract and block groups that comprise the service area of the activity. The IDIS training manual may be accessed at [http://www.hud.gov/offices/cpd/systems/idis/cdbg/idisonline entitlements.pdf](http://www.hud.gov/offices/cpd/systems/idis/cdbg/idisonline%20entitlements.pdf). The IDIS library may be accessed at <http://archives.hud.gov/offices/cpd/systems/idis/library/index.cfm>.

To obtain an IDIS account, a grantee's chief executive officer (or their designee) must fill out the IDIS Online Access Request Form, have it notarized, and submit it to their local HUD Field Office. For security and separation of duties purposes, multiple staff members will require IDIS access. The form and additional information on the requirements for acquiring an IDIS account may be accessed at [http://portal.hud.gov/hudportal/HUD?src=/program\\_offices/comm\\_planning/systems/idis/obtain account](http://portal.hud.gov/hudportal/HUD?src=/program_offices/comm_planning/systems/idis/obtain_account).

### Additional Information

Previous guidance for new grantees was presented in two webcast sessions. The link to both sessions are below. Please note that portions of these sessions regarding the Consolidated Plan are out of date because of the advent of the new eConPlan Suite.

Session 1: <http://youtu.be/6bO7jgrEl4k>

Session 2: <http://youtu.be/O5XXrQcLImg>