



National Association of Housing and Redevelopment Officials

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February 14, 2023

Office of Community Planning and Development
451 7th Street SW
Washington, D.C. 20410

Re: Waive Three-Year Expenditure Requirement for CDBG-CV Funds [FR-6218-N-01]

To Whom It May Concern:

On behalf of the National Association of Housing and Redevelopment Officials (NAHRO) I am writing to express our concern regarding the three-year expenditure requirement for CDBG-CV funds as described in the notice titled “Notice of Program Rules, Waivers, and Alternative Requirements Under the CARES Act for Community Development Block Grant Program Coronavirus Response Grants, Fiscal Year 2019 and 2020 Community Development Block Grants, and for Other Formula Programs” published in the *Federal Register* on August 20, 2020.

Formed in 1933, NAHRO represents over 20,000 housing and community development individuals and agencies. Collectively, our members manage and receive over \$1.5 billion in Community Development Block Grant (CDBG) and HOME Investment Partnerships Program (HOME) funding to use in their communities.

The notice gives grantees six years to spend all CDBG-CV funds allocated by the Department of Housing and Urban Development (HUD). However, it also establishes a three-year expenditure requirement, which gives grantees three years from the period of performance date to expend at least 80 percent of all CDBG-CV funds or have the funds recaptured. For many, that deadline is approaching as soon as spring 2023.

Many grantees have faced major hardships including the rise of inflation and supply chain issues, which have impacted their ability to use CDBG-CV funds. This has slowed construction, material sourcing, and is impacting development timelines. In addition, many localities have experienced backlogs in the chain of the distribution of funds from HUD to states and states to community development agencies. States who have received CDBG-CV funds from HUD have had

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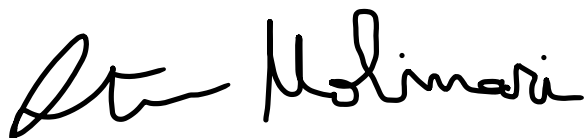
occurrences where funds were unable to be fully allocated due to their own distribution formula to community development agencies. Essentially, after allocation from HUD, states are responsible for allocating funds and they distribute the funds to localities based on need, population size, and other factors. After these funds are distributed there may still be additional funds remaining. In such instances, these funds are allocated to community development organizations who may have received funds as recently as fall 2022. This makes it very difficult to meet the required spending deadline.

The Redevelopment Authority of the County of Fayette, Pennsylvania is just one example. In 2020, they were allocated CDBG-CV funds to assist towards broadband related activities by the state of Pennsylvania. They were then allocated CDBG-CV funds again in 2021 for broadband and in fall 2022 for infrastructure related activities. However, while these funds are greatly needed, the capacity to use all funds within the given period has become constrained. Limited contractor availability and other issues within the supply chain have increased the challenge of spending funds in accordance with current requirements, especially those allocated so recently.

According to Section III.B.7.(c) of the notice, which informs on the closeout process, HUD states its willingness to authorize an extension of the three-year expenditure requirement or the overall period of performance for grantees who face circumstances that disrupt their intended timeline for activity completion. Given the ongoing supply chain issues impacting the country and the challenges grantees are facing in utilizing funding—especially community development organizations who were just recently allocated funds by states—we request that the three-year expenditure requirement be waived across the board. At a minimum, we request that HUD allow agencies to submit a simplified waiver form that provides a basic scope and updated timeline for use of the funds that otherwise would be reallocated. This would give grantees the additional time needed, regardless of the percentage of funds spent, to utilize CDBG-CV allocations.

If you have any questions, please feel free to contact me at 202-580-6263 or via email at smolinari@nahro.org.

Thank you,

A handwritten signature in black ink that reads "Steven Molinari". The signature is written in a cursive, flowing style.

Steven Molinari
Policy Analyst