U.S. Department of Housing and Urban Development
Washington, D.C. 20410-7000

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OFFICE OF ASSISTANT SECRETARY
FOR COMMUNITY PLANNING AND DEVELOPMENT

February 9, 1996

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Honorable Kenneth Reeves
Mayor of Cambridge
Cambridge, MA 02139

Dear Mayor Reeves:

As you know, the continuing uncertainty over the Federal budget affects a wide range of programs critical to localities. I am writing to inform you of our efforts, while we await final budget resolution, to provide you with funds for this fiscal year under the Community Development Block Grant (CDBG), HOME, Emergency Shelter Grant (ESG), and Housing Opportunities for Persons with AIDS (HOPWA) programs.

The bottom line is that we do not know how much will ultimately be available to you this year under these programs. However, since we realize how critical these funds are to your affordable housing, homelessness, and community and economic development efforts, we have developed a way to provide you with at least a portion of your allocation, pending further action on the budget. Through this effort, your jurisdiction is now eligible to receive funding in the amount of $2,125,000: CDBG $1,773,000, ESG $46,000, and HOME $306,000.

This amount represents your jurisdiction's pro-rata share of the funds HUD has received under these programs under the Continuing Resolutions in effect through March 15. As soon as we get further funding under a future Continuing Resolution or budget agreement, we will increase your amount accordingly. Please note that we have done this in a way that does not require you to modify your existing program year or Consolidated Plan submission date.

I have enclosed a Fact Sheet which describes in more detail how these figures were derived. We will work with you throughout the year to get you additional funds as they become available.

We will also continue our efforts to simplify the requirements for these formula programs. In particular, this year you can submit your Consolidated Planning application electronically, avoiding thousands of pages of paperwork. We have also made summaries of the Consolidated Plan for a wide range of cities and States available through the Internet. These illustrative summaries can provide you and your staff with creative ideas and innovative activities being implemented across the nation. You can access them through our home page at http://www.hud.gov.

Our Field Offices stand ready to assist you in developing effective partnerships to address your housing and community development needs. If I can be of further assistance, please do not hesitate to contact me.

Very sincerely yours,

Andrew Cuomo
Assistant Secretary

Enclosure

FACT SHEET

HUD is providing cities with their pro-rata portion of the funds received under the Continuing Resolution, P.L. 104-99, signed by the President on January 26, 1996. This ensures that all grantees are treated fairly. Grantees with early program years will not be forced to wait until final passage of a budget to access a portion of their money, and grantees with late program years will not face the risk of having to speed up their planning and application processes in order to avoid having their funds allocated to other localities. Below is a description of how the funding amounts were arrived at under each program.

Community Development Block Grants

The Continuing Resolutions enacted so far for this fiscal year have appropriated approximately 45 percent of last year's Entitlement/Nonentitlement CDBG amount for the period through March 15. Each State or entitlement jurisdiction, therefore, is now eligible to receive that amount.

HOME Investment Partnerships

The Continuing Resolutions enacted so far for this fiscal year have appropriated 46 percent of last year's HOME amount for the period through March 15. Many States and participating jurisdictions are, therefore, now eligible to receive that amount.

<u>Special rule for participating jurisdictions below statutory thresholds</u>. However, certain participating jurisdictions (PJs) that received HOME funding directly last year are not yet eligible to receive funding this year based on the partial appropriation. This is because the HOME statute requires that jurisdictions can receive HOME funds directly only if their formula amount exceeds certain statutory thresholds ($335,000). Therefore, since the statutes say the formula can only be run based on the amount appropriated so far (e.g., 46 percent of last year's $1.4 billion or approximately $640 million dollars), many participating jurisdictions fall below this threshold. When this happens, HUD is setting aside the funds that a prospective participating jurisdiction would get, and will make them available to that participating jurisdiction as soon as the appropriation increases sufficiently that the formula amount for that PJ exceeds the statutory threshold.

<u>Special rule for States</u>. The HOME statute also requires that each State receive at least $3 million in HOME funding, regardless of its formula amount. Consistent with this statutory requirement, HUD is providing even those States whose formula amounts fall below $3 million under this partial funding situation with the statutorily required minimum appropriation.

Emergency Shelter Grants

The Continuing Resolutions enacted through March 15 significantly reduced HUD's homeless funding from last year's level. In 1995, programs to fight homelessness reached $1.12 billion. The Clinton Administration requested the same funding for this year. The Conference Bill passed by Congress, however, would reduce these resources to $823 million for FY 1996, if appropriations are received for the entire year. Under this reduced level, the Emergency Shelter Grant program would be allocated $115 million of the total $823 million for the entire fiscal year (the same proportion that ESG represented of total homelessness funding last year). Based on this reduction and the fact that HUD has received funding only through March 15 for this program, eligible ESG grantees are now eligible to receive 32 percent of last year's formula amount.

Housing Opportunities for Persons with AIDS

The Continuing Resolutions enacted so far this fiscal year have appropriated approximately 44 percent of last year's post-rescission HOPWA amount ($171 million) for the period through March 15. As established by statute, 90 percent of these funds are allocated by formula to qualifying cities on behalf of metropolitan areas and to qualifying States. The remaining 10 percent of these funds is reserved for competitive award under the statute.

Special rule for HOPWA. The AIDS Housing Opportunity Act requires that each formula grantee receive a minimum of $200,000 in HOPWA funding, regardless of the formula determinations based on the number of cases of AIDS and incidence within the population. Consistent with this minimum requirement, HUD is providing those affected jurisdictions with the minimum required allocation. HUD will adjust any future allocation to those grantees to the statutory formula, if additional funds are made available.

Consent Communication #8 F-31

Communication was received from Andrew Cuomo, Assistant Secretary, U.S. Department of Housing and Urban Development transmitting a fact sheet on how the figures were derived on the Federal budget.

In City Council March 18, 1996

3/25/96
Placed on File.