



U.S. Department of Housing and Urban Development

Hartford Field Office
Office of Field Policy & Management
20 Church Street, 19th Floor
Hartford, Connecticut 06103-3220
E-Mail Address: Julie.B.Fagan@hud.gov

Telephone: (860) 240-9700
Facsimile: (860) 240-4850
TTY: (860) 240-4665

AUG 18 2009

The Honorable Joan McDonald
Commissioner
Department of Economic and Community Development
505 Hudson Street
Hartford, CT 06106

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U.S. DEPARTMENT OF HOUSING
& URBAN DEVELOPMENT

Dear Commissioner McDonald:

The American Recovery and Reinvestment Act of 2009 (Recovery Act), signed into law on February 17, 2009, appropriated \$1 billion in Community Development Block Grant (CDBG) funds to states and local governments to carry out, on an expedited basis, eligible activities under the CDBG program. The Recovery Act is an unprecedented effort to jumpstart the American economy, save and create millions of jobs, and address long-neglected challenges so our country can thrive in the 21st century. The CDBG program is a key component in state and local efforts to stabilize neighborhoods and create jobs.

The Department is pleased to announce that the Substantial Amendment to your jurisdiction's Fiscal Year 2008 Action Plan has been approved. The State of Connecticut has been authorized to receive \$3,616,527 in Community Development Block Grant Recovery (CDBG-R) Program funding. Please note that all CDBG-R funds must be spent not later than September 30, 2012. Please be advised that HUD establishes a cut-off date for submission of draw requests several days before the end of a fiscal year because of systems and disbursing related issues. You will be notified of the expenditure cut-off date for the CDBG-R grant funds in 2012.

Enclosed are three copies of the Grant Agreement (including the Funding Approval (Form HUD-7082 and Special Conditions) between the U. S. Department of Housing and Urban Development (HUD) and the State of Connecticut for the CDBG-R Program.

In order to establish a Line of Credit for your CDBG-R grant, it will be necessary to execute and return two copies of the Grant Agreement, retaining one copy for your files. Failure to execute and return the grant agreements within 30 days of the transmittal date may be deemed to constitute rejection of the grant and cause for HUD to determine that the funds are available for reallocation to other grantees.

If there is a need to delete or add individuals authorized to access the Integrated Disbursement and Information System (IDIS), an IDIS Security Access Authorization Form (February 1999) must be prepared, notarized, and returned to this office with the Grant Agreement. Forms are enclosed. Program progress must be recorded in IDIS on a regular basis.

HUD will use this system to obtain beneficiary data and monitor your jurisdiction's program implementation and performance.

If there is need to establish or change the depository account to which these grant funds are to be wired, a Direct Deposit Sign-Up Form (SF-1199A) must be completed by you and your financial institution and mailed to this office.

Grantees are reminded that the Recovery Act was enacted to provide an immediate stimulus to the economy. The quarterly reporting requirements discussed below are one manifestation of the need for all grantees to demonstrate how CDBG-R funds are being put to immediate use, to stimulate the economy as well as to produce long-term improvements. Another reason that Recovery Act funds have been provided to states and local governments is the recognition that states and local governments are suffering from serious budgetary constraints as a result of simultaneous revenue shortfalls and increased demand for services. The current practice by many grantees - to meet immediate cash needs by paying outstanding obligations for CDBG activities with local funds, and then to obtain reimbursement from their Line of Credit on a semi-annual or yearly basis - works against governments' fiscal constraints as well as the transparency provisions of the Recovery Act. HUD strongly encourages grantees to examine their current funds drawdown practices for HUD formula grant funding, and to make adjustments as necessary to ensure that CDBG-R funds are drawn down on a regular basis. HUD expects that grantees will draw down CDBG-R funds on at least a quarterly basis, assuming the existence of actual cash needs for CDBG-R activities, and consistent with federal financial management regulations.

Certain activities are subject to the provisions of 24 CFR Part 58, Environmental Review Procedures for Entities Assuming HUD Environmental Responsibilities. Funds for such activities may not be obligated or expended unless the release of funds has been approved in writing by HUD. A request for the release of funds must be accompanied by an environmental certification. Appropriate forms are enclosed.

The Recovery Act requires that all State and local governments receiving Recovery Act funds report on the status of the environmental compliance reviews for all of their Recovery Act funded activities. HUD grantees are required to go to: http://portal.hud.gov/app_ramps and complete the information for all Recovery Act funded activities. Information should be entered when an activity's environmental compliance review is started and when it is completed. This reporting requirement will continue throughout the implementation period of the activity.

You are also reminded that the Recovery Act requires timely and accurate reporting of the CDBG-R grant in IDIS. Section 1512 of the Recovery Act requires that no later than 10 days after the end of each calendar quarter, each grantee is required to comply with quarterly reporting requirements regarding: (1) the total amount of recovery funds received; (2) the amount of recovery funds received that were expended or obligated to project activities; and (3) a detailed list of all projects or activities for which recovery funds were expended or obligated, including the name of the project or activity; a description of the project or activity; an evaluation of the completion status of the project or activity; an estimate of the number of jobs created and number

of jobs retained by the project or activity; and for infrastructure investments made, the purpose, total cost and rationale of the agency for funding infrastructure investment with funds made available under the Recovery Act and name of person to contact at the jurisdiction, if there are concerns with the infrastructure investment.

At this time, HUD intends that grantees will enter this data into IDIS so that HUD can automatically generate the quarterly reports. However, the Office of Management and Budget has not finalized the government-wide reporting requirements for Recovery Act funds, and may not do so until mid-August. HUD will provide guidance on specific reporting requirements at a later date. The necessary changes to IDIS to accommodate CDBG-R reporting requirements have not been fully implemented yet. In the meantime, please make sure you are collecting all necessary data, both from grantee sources and from all subrecipients and contractors, as it may be necessary for you to backfill this data into IDIS at a later date once system changes have been made.

Section 1605 of the Recovery Act requires grantees to comply with provisions of the Buy American Act for all CDBG-R assisted public buildings and public works. HUD is in the process of developing further implementation guidance for grantees regarding compliance with this provision and the process for requesting a waiver of these provisions.

Section 1604 of the Recovery Act contained language that significantly expanded the applicability of Davis-Bacon Act labor standards provisions to CDBG-R funded construction work. Please be advised that Section 1205 of the Supplemental Appropriations Act signed by President Obama on June 24, 2009, repealed the applicability of Section 1604 Act to CDBG-R activities. All CDBG-R funded construction activities are now subject to the same labor standard provisions that apply to regular (annual formula) CDBG funding, pursuant to Section 110 of the Housing and Community Development Act of 1974, as amended.

Grantees are reminded that all first-tier subrecipients and contractors, as well as the grantee itself, are required to have or obtain a DUNS number, and to register with the Central Contractor Registration (CCR). Registration information for the Central Contractor Registry can be found at: <http://www.ccr.gov/startregistration.aspx>. DUNS number registration information can be obtained at: http://www.grants.gov/applicants/request_duns_number.jsp. **Grantees are reminded that they must include their DUNS number in box 2 of the Form HUD-7082 grant agreement in order for the HUD's Chief Financial Officer staff to process the grant agreement and provide access to the CDBG-R funds via IDIS. CDBG-R grant agreements that do not have a DUNS number will not be processed until a DUNS number is supplied to the HUD field office by the grantee. The same requirements apply to provision of the grantee's tax identification number which is to be specified in box 3 of the HUD-7082.**

Please return two copies of the executed grant agreement to this office at the above address:

Mr. Gary Reisine, CPD Director
Office of Community Planning and Development

If you have any questions or require any assistance, please contact Gary Reisine, at 860-240-9770. We look forward to working with you and your staff throughout the coming year.

Sincerely,



Julie B. Fagan,
Field Office Director