

**CITY OF WORCESTER  
COMMUNITY DEVELOPMENT BLOCK GRANT**

**SECOND YEAR ACTION PLAN / PROGRAM YEAR 47  
SUBSTANTIAL AMENDMENT #1  
July 1, 2021 – June 30, 2022**



October 3, 2022

## **BACKGROUND AND OVERVIEW**

Pursuant to recent US Department of Housing and Urban Development (HUD) guidance, *The American Rescue Plan* appropriated \$5 billion to help communities provide housing, shelter, and services for people experiencing and other qualifying populations. These HOME Investment Partnerships Program – American Rescue Plan (HOME-ARP) funds are in addition to your regular FY 2021 HOME formula allocation. This one-time funding creates a significant opportunity for you to meet the housing and service needs of your community’s most vulnerable populations.

HOME-ARP funding gives jurisdictions significant new resources to address their homeless assistance needs by creating affordable housing or non-congregate shelter units and providing tenant-based rental assistance or supportive services. HOME-ARP funds are allocated through the HOME formula to all participating jurisdictions that qualified for an annual HOME Program allocation for FY 2021. HOME-ARP funds must be used for individuals or families from the following qualifying populations: homeless; at-risk of homelessness; fleeing or attempting to flee domestic violence, dating violence, sexual assault, stalking, or human trafficking; other populations where providing assistance would prevent the family’s homelessness or would serve those with the greatest risk of housing instability; and veterans and families that include a veteran family member that meet one of the preceding criteria.

HOME-ARP funds can be used for four eligible activities including the production or preservation of affordable housing; tenant-based rental assistance; supportive services, including homeless prevention services and housing counseling; and the purchase or development of non-congregate shelter for individuals and families experiencing homelessness. HOME-ARP funds are available for expenditure until September, 2030.

As per HUD guidance, through an amendment to its Consolidated Submission for Community Planning & Development (2020-2024), Second Year Action Plan, the City of Worcester has allocated \$5,969,718 in HUD supplemental HOME-ARP funds to activities including \$1,272,049.22 for Supportive Services, \$592,838.57 for acquisition and development of non-congregate shelters, \$ 770,128.88 for tenant based rental assistance (TBRA), \$2,185,531.33 for development of affordable rental housing, \$253,713 for non-profit operating and capacity building, and \$895,457 for administration and planning.

## **SUBSTANTIAL AMENDMENT POLICIES**

A PJ is not required to amend its citizen participation plan to change the public comment period to a 15-day public comment period, as permitted by the HOME-ARP Notice (page 13). The HOME-ARP Notice Appendix includes a waiver and alternative requirement to waives Section 105 and 107 of the Cranston-Gonzales National Affordable Housing Act (42 USC 12705 and 12707) and the citizen participation plan requirements at 24 CFR 91.105, 91.115, and 91.401, and imposes the alternative requirements described in the HOME-ARP Notice (pages 67 and 68 of the Appendix). Per the waiver and alternative requirement, a PJ is required to follow its adopted requirements for “reasonable notice and opportunity to comment” for plan amendments in its current citizen participation plan except for where its plan conflicts with the alternative requirements of the Appendix. Consequently, a PJ is not required to amend its current citizen participation plan because the Appendix permit a reduced public comment period of 15 days and requires one public hearing during the development of the HOME-ARP allocation plan prior to submission to HUD. All other aspects of the requirements of the citizen participation plan will remain in effect.

Title 24 Section 91.505 of the Code of Federal Regulations stipulates that participating jurisdictions shall amend their approved action plans whenever they make one of the following decisions:

1. To make a change in its allocation priorities or a change in the method of distribution of funds;

2. To carry out an activity, using funds from any program covered by the Consolidated Plan (including Program Income) not previously described in the action plan; or
3. To change the purpose, scope, location, or beneficiaries of an activity.

The Regulation (CFR 91.505) further requires that a jurisdiction identify in its Citizen Participation Plan the criteria they use for determining what constitutes a substantial amendment. Consistent with these requirements, the Citizen Participation Plan adopted by the City of Worcester as a component of its 2020-2024 Consolidated Five Year Plan identifies three criteria that will require a substantial amendment:

1. To make a change in its allocation priorities or a change in the method of distribution of funds;
2. To carry out an activity, using funds from any program covered by the Consolidated Plan (including Program Income) not previously described in the action plan; or
3. To change the purpose, scope, location, or beneficiaries of an activity.

**PROPOSED SUBSTANTIAL AMENDMENT**

This proposed amendment will allow the City of Worcester to fund the following activities and programs utilizing new and supplemental funds and guidance from the U.S. Department of Housing HUD related to the *HOME Investment Partnerships Program – American Rescue Plan (HOME-ARP)* Public Law. The following, as generally described herein, will be funded by amending the approved Second Year (July 1, 2021 – June 30, 2022) Action Plan. The proposed projects, programs and activities are as follows:

As such, on or about the 4<sup>th</sup> week of April, 2021, the City of Worcester anticipates receiving the following entitlement funds from HUD with the following allocation/award amounts:

- **HOME-American Rescue Plan or “HOME-ARP”: \$5,969,718**

The City of Worcester is therefore proposing to substantially amend its Consolidated Submission for Community Planning & Development (2020-2024), Second Year Action Plan, July 1<sup>st</sup>, 2021 – June 30<sup>th</sup>, 2022, in order to additionally fund the following activities and programs through the above supplemental allocations as itemized and further described in this amendment document on the following pages:

**HOME-ARP: \$5,969,718**

<b>1. Supportive Services</b>	<b>\$ 1,272,049.22</b>
<b>2. Acquisition and Development of Non-Congregate Shelters</b>	<b>\$ 592,838.57</b>
<b>3. Tenant Based Rental Assistance (TBRA)</b>	<b>\$ 770,128.88</b>
<b>4. Development of Affordable Rental Housing</b>	<b>\$ 2,185,531.33</b>
<b>5. Non-Profit Operating and Capacity Building</b>	<b>\$ 253,713</b>

**6. Administration and Planning**

**\$ 895,457**

*Please Note: The allocation amounts provided above are based upon estimates and are subject to change. Final allocation amounts will be subject to 2 CFR 200.00 et. seq. (entitled “Uniform Administrative Requirements for Federal Awards”) for requirements formerly set forth in O.M.B. Circular A-122 and satisfaction of additional HOME-ARP program eligibility criteria, as well as any other guidance or regulations as they may relate to the HOME Investment Partnerships Program – American Rescue Plan (HOME-ARP) Public Law.*

**PROPOSED AMENDMENT ACTIVITY DESCRIPTIONS**

This proposed amendment will allow the City of Worcester to fund the following activities and programs utilizing new and supplemental funds and guidance from the U.S. Department of Housing HUD related to the *HOME Investment Partnerships Program – American Rescue Plan (HOME-ARP) Public Law*. The following, as generally described herein, will be funded by amending the approved Second Year (July 1, 2021 – June 30, 2022) Action Plan. The proposed projects, programs and activities are as follows:

**HOME-ARP: \$5,969,718**

**1. Supportive Services \$ 1,272,049.22**

**City of Worcester Executive Office of Economic Development, Housing Development Division**

HOME-ARP funds may be used to provide a broad range of supportive services to qualifying individuals or families as a separate activity or in combination with other HOME-ARP activities. Supportive services include: a) services listed in section 401(29) of the McKinney-Vento Homeless Assistance Act (“McKinney-Vento Supportive Services”)1 (42 U.S.C. 11360(29)); b) homelessness prevention services; and c) housing counseling services.

**2. Acquisition and Development of Non-Congregate Shelters \$ 592,838.57**

**City of Worcester Executive Office of Economic Development, Housing Development Division**

A non-congregate shelter (NCS) is one or more buildings that provide private units or rooms as temporary shelter to individuals and families and does not require occupants to sign a lease or occupancy agreement. HOME-ARP funds may be used to acquire and develop HOME-ARP NCS for individuals and families in qualifying populations. This activity may include but is not limited to the acquisition of land and construction of HOME-ARP NCS or acquisition and/or rehabilitation of existing structures such as motels, hotels, or other facilities to be used for HOME-ARP NCS. HOME-ARP funds may not be used to pay the operating costs of HOME-ARP NCS. Consequently, PJs must consider the availability of ongoing operating funds for the HOME-ARP NCS so that the HOME-ARP NCS can remain viable through the restricted use period specified in this Notice.

**3. Tenant Based Rental Assistance (TBRA) \$ 770,128.88**

**City of Worcester Executive Office of Economic Development, Housing Development Division**

HOME-ARP funds may be used to provide tenant-based rental assistance to qualifying households (“HOME-ARP TBRA”). In HOME-ARP TBRA, the PJ assists a qualifying household with payments to cover the entire or insufficient amounts that the qualifying household cannot pay for housing and housing-related costs, such as rental assistance, security deposits, and utility deposits. HOME-ARP

TBRA assisted households may choose to rent a unit in a HOME-ARP rental project or any other eligible rental unit. HOME-ARP TBRA is a form of rental assistance that is attached to the household and not a particular rental unit. Therefore, the HOME-ARP TBRA assisted household may choose to move to another unit with continued HOME-ARP TBRA as long as the new unit meets the applicable property standards of this Notice. If a HOME-ARP TBRA assisted household chooses to move, the rental assistance contract terminates and a new rental assistance contract for the new unit will be executed according to HOME-ARP TBRA requirements. The HOME-ARP TBRA assisted household must notify the PJ before moving in order to receive continued HOME-ARP TBRA.

**4. Development of Affordable Rental Housing \$ 2,185,531.33**  
**City of Worcester Executive Office of Economic Development, Housing Development Division**

HOME-ARP funds may be used to acquire, rehabilitate, or construct affordable rental housing primarily for occupancy by households of individuals and families that meet the definition of one or more of the qualifying populations described in Section IV.A of this Notice (“qualifying households”). Unlike the regular HOME Program, which targets HOME-assisted rental units based on tenant income, 70 percent of all HOME-ARP units will admit households based only upon their status as qualifying households. This complicates the underwriting and operation of projects that include HOME-ARP units. As a result, the requirements for HOME-ARP rental housing provide significant flexibilities to enable HOME-ARP rental projects to remain financially viable and affordable for the qualifying populations throughout the minimum compliance period.

Eligible HOME-ARP rental housing includes “housing” as defined at 24 CFR 92.2, including but not limited to manufactured housing, single room occupancy (SRO) units, and permanent supportive housing. Emergency shelters, hotels, and motels (including those currently operating as non-congregate shelter), facilities such as nursing homes, residential treatment facilities, correctional facilities, halfway houses, and housing for students or dormitories do not constitute housing in the HOME-ARP program. However, HOME-ARP funds may be used to acquire and rehabilitate such structures into HOME-ARP rental housing.

**5. Non-Profit Operating and Capacity Building \$ 253,713**  
**City of Worcester Executive Office of Economic Development, Housing Development Division**

Eligible Costs:

- a. Operating Expense Assistance: Operating expenses are defined as reasonable and necessary costs of operating the nonprofit organization. These costs include employee salaries, wages and other employee compensation and benefits; employee education, training, and travel; rent; utilities; communication costs; taxes; insurance; equipment, materials, and supplies.

HOME-ARP funds used for operating expenses must be used for the “general operating costs” of the nonprofit organization. These operating costs must not have a particular final cost objective, such as a project or activity, or must not be directly assignable to a HOME-ARP activity or project. For example, HOME-ARP funds for operating expenses may not be used for staffing costs to provide supportive services or develop HOME-ARP-rental housing (as operating costs to develop HOME-ARP rental housing are paid for by a developer fee which is a project delivery or soft cost). Because ARP does not permit any HOME-ARP funds to be used to operate a shelter, all costs related to operating a non-congregate shelter (e.g., allocable overhead and staffing costs, insurance, utilities) also cannot be paid with HOME-ARP funds.

The actual costs of implementing a specific activity or project, including staff costs to deliver supportive services or administer HOME-ARP TBRA, are considered HOME-ARP project delivery costs or project soft costs and are not eligible costs under Nonprofit Operating and Capacity Building Assistance.

HOME-ARP project delivery costs are those allowable costs incurred for implementing and carrying out eligible HOME-ARP projects or activities, such as supportive services. All project delivery costs are allocable to a HOME-ARP project, including direct project and related delivery costs integral to developing the project or providing the activity. HOME-ARP project delivery costs may be paid, if eligible, by HOME-ARP funds provided under a written agreement for the activity or project and must not be paid with nonprofit operating expense or capacity building assistance.

- b. Capacity Building Assistance: Capacity building expenses are defined as reasonable and necessary general operating costs that will result in expansion or improvement of an organization's ability to successfully carry out eligible HOME-ARP activities. Eligible costs include salaries for new hires including wages and other employee compensation and benefits; costs related to employee training or other staff development that enhances an employee's skill set and expertise; equipment (e.g., computer software or programs that improve organizational processes), upgrades to materials and equipment, and supplies; and contracts for technical assistance or for consultants with expertise related to the HOME-ARP qualifying populations.

## **6. Administration and Planning \$ 895,457**

### **City of Worcester Executive Office of Economic Development, Housing Development Division**

The PJ may expend, for payment of reasonable administrative and planning costs, up to 15 percent of its HOME-ARP allocation. Reasonable administrative and planning costs for the HOME-ARP program include:

1. Reasonable costs of overall HOME-ARP program management, coordination, monitoring, and evaluation. Such HOME-ARP costs include, but are not limited to, necessary expenditures for the following:
  - a. Salaries, wages, and related costs of the PJ's staff. If a PJ charges costs to this category, the PJ may either include the entire salary and related costs allocable to the HOME-ARP program of each person whose primary responsibilities with regard to the HOME-ARP program involves program administration assignments, or the prorated share of the salary, wages, and related costs of each person whose job includes any program administrative assignments. A PJ may only use one of these two methods. Program administration includes:
    - i. Developing systems and schedules for complying with HOME-ARP program requirements, including systems to prevent a duplication of benefits among beneficiaries of HOME-ARP activities;
    - ii. Developing interagency agreements and agreements with entities receiving HOME-ARP funds;
    - iii. Monitoring HOME-ARP activities for progress and compliance with HOME-ARP program requirements;
    - iv. Preparing HOME-ARP reports and other documents related to the HOME-ARP program for submission to HUD; 19
    - v. Coordinating the resolution of audit and monitoring findings on HOME-ARP activities;
    - vi. Evaluating HOME-ARP program results against stated objectives in the HOME-ARP allocation plan, and vii. Managing or supervising persons whose primary responsibilities with regard to the HOME-ARP program include such assignments as those described above.
  - b. Travel costs incurred for official business in carrying out the HOME-ARP program.
  - c. Administrative services performed under third party contracts or agreements, including such services as general legal services, accounting services, and audit services.
  - d. Other costs for goods and services required for administering the HOME-ARP program, such as: rental or purchase of equipment, insurance, information systems necessary to track and implement beneficiaries of HOME-ARP activities in accordance with the requirements of this Notice, utilities, office supplies, and rental and maintenance (but not purchase) of office space.
  - e. Costs of administering HOME-ARP TBRA and HOME-ARP supportive services programs.

2. Staff and overhead costs of the PJ directly related to carrying out a HOME-ARP project, in accordance with 24 CFR 92.207(b).
3. The provision of information and other resources to residents and citizen organizations participating in the planning, implementation, or assessment of projects being assisted with HOME-ARP funds.
4. Activities to affirmatively further fair housing (AFFH) in accordance with 24 CFR 5.151 and the PJ's certification as required under this Notice and 24 CFR 5.152. The AFFH definition in HUD's Interim Final Rule entitled, "Restoring Affirmatively Furthering Fair Housing Definitions and Certifications" (86 FR 30779, June 10, 2021), as amended, at 24 CFR 5.151, and the AFFH certification requirement, at 24 CFR 5.152, available at <https://www.federalregister.gov/documents/2021/06/10/2021-12114/restoring-affirmatively-furthering-fair-housing-definitions-and-certifications>.
5. Indirect costs may be charged to the HOME-ARP program under a cost allocation plan prepared in accordance with 2 CFR part 200, subpart E, as amended.
6. Preparation of the HOME-ARP allocation plan as required in this Notice. Preparation includes the costs of public hearing, consultations, and publications.
7. Costs of complying with the applicable Federal requirements in 24 CFR part 92, subpart H. Project-specific environmental review costs may be charged as administrative or project costs in accordance with 24 CFR 92.206(d)(8) and is at the discretion of the PJ.

*Contracts, or contract amendments, for all above activities will be executed once formal scopes of work have been reviewed and determined to be cost reasonable per 2 CFR 200.00 et. seq. (entitled "Uniform Administrative Requirements for Federal Awards") for requirements formerly set forth in O.M.B. Circular A-122 as well as full satisfaction of additional program eligibility criteria, including completion of Environmental Reviews per 24 CFR Part 58.*

### **CITIZEN PARTICIPATION**

In accordance with 24 CFR 91.105 (c) (3) for local governments, this proposed Substantial Amendment for use of Community Development Block Grant funds, will be made available for a 15-day citizen review and comment period from October 4, 2022 through October 18, 2022 as was published in the Worcester Telegram & Gazette on October 3, 2022. The Substantial Amendment (contained herein) was available during regular business hours between 8:30 a.m. and 5:00 p.m., Monday through Friday at the following locations:

- The City of Worcester Department of Housing and Neighborhood Development website- Main Page: <http://www.worcesterma.gov/housing-neighborhood-development>
- The City of Worcester's Community Development website, Policies & Procedures Page: <http://www.worcesterma.gov/housing-neighborhood-development/community-development-block-grants/policies-procedures>

A public hearing will also be held at 5:00 PM, Thursday, October 13, 2022 by the Executive Office of Office of Economic Development to discuss the Draft Substantial Amendment (contained herein). The hearing will be held in City Hall Room 310B, 3<sup>rd</sup> Floor, City Hall, 455 Main Street, Worcester, MA 01608.

Public input, comments, and inquiries were directed to the City of Worcester's Executive Office of Economic Development as follows:

- By E-mail: [Development@worcesterma.gov](mailto:Development@worcesterma.gov)
- By Phone: (508) 799-1400

The final day for accepting public comments will be Tuesday, October 18, 2022.