



HDLI MESSENGER

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HDLI's cumulative **INDEX TO HUD REGULATIONS** covering HUD regulations through December 31, 2006 is ready for purchase! *Order copies for yourself and your colleagues now!*

HUD ISSUES FINAL TIMELINESS EXPENDITURE STANDARDS FOR THE INSULAR AREAS PROGRAM

Today, HUD published a final rule making changes to the Insular Areas Program. 72 FR 12533 (3/15/07). In addition to making certain technical and conforming changes, the Final Rule implements regulatory timeliness standards for the Insular Areas Program. The Rule also provides that an Insular Area grantee may submit an abbreviated consolidated plan that is appropriate to the types and amounts of assistance sought from HUD, rather than a full consolidated plan.

If a grantee fails to meet the standards, HUD can reduce the next grant by 100 percent of the amount in excess of twice the Insular Area grantee's most recent CDBG grant, unless HUD determines that the untimeliness resulted from factors outside of the grantee's reasonable control. In determining the corrective action for untimely expenditure, HUD will consider the likelihood that the recipient will expend a sufficient amount of funds over the next program year to bring the grantee into compliance with the timeliness requirements.

The earliest that HUD will reduce grants under this final rule will be in FY 2008, should an Insular Area grantee be untimely 60 days prior to the conclusion of its FY 2006 and FY 2007 program years.

Additionally, HUD will allow funds to be reallocated to the remaining eligible Insular Areas on a pro rata basis should an Insular Area grantee have its funding reduced for failing to submit a final statement for CDBG funds.

Abbreviated consolidated plans submitted by Insular Areas grantees will be considered to be full consolidated plans, provided the Insular Area grantee complies with the certifications, amendments, and performance reports requirements of Sec. 570.440 and citizen participation requirements of Sec. 570.441.