

CDBG-DR

Policy Bulletin

Guidance on Extending Periods of Performance



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2023-01

Community Development Block Grant Disaster Recovery Extending Periods of Performance Guidance

INTRODUCTION¹

Certain *Federal Register* notices provide a waiver and alternative requirement that allows CDBG-DR and CDBG-MIT grantees to request an extension to extend the period of performance for the grant, upon a demonstration of good cause. Currently, all grantees with a grant in response to disasters occurring between 2011 and 2022 have this flexibility. Grantees should note that HUD may continue to apply this waiver and alternative requirement to future allocations of CDBG-DR. If a grantee's *Federal Register* notice includes this waiver language, grantees may refer to this Policy Bulletin for guidance on submitting extension requests².

The waiver and alternative requirements established in the *Federal Register* notice are designed to expedite the process for requesting and approving extensions to a grantee's period of performance. Allowing grantees the flexibility to receive extensions administratively will continue to support a swift recovery following eligible disasters, while ensuring that grantees have enough time to complete projects and that statutory requirements are met. Additionally, this waiver and alternative requirement is consistent with the requirements in 2 CFR part 200 that Federal awards include a period of performance and a budget period.

HUD will consider expenditure deadline extension requests for grant awards based on the Secretary's determination that the extension is necessary, and the grantee has demonstrated that it has evaluated all reasonable alternatives prior to determining that an extension is the only remaining viable alternative. HUD may extend the period of performance administratively, in accordance with the provisions of the waiver and alternative requirement governing the timely distribution of funds (e.g., via a letter and/or amendment to the grant agreement). Absent an extension, 120 days after the period of performance and budget period has ended, HUD will close out the grant and any remaining funds not expended by the grantee on appropriate programmatic purposes will be recaptured by HUD.

¹ CDBG-DR Policy Bulletins are guidance documents that are created by HUD staff, but do not create any new requirements. Through this guidance HUD seeks only to clarify existing requirements and provide best practices for grantees receiving CDBG-DR funds.

² On July 13, 2023, the Department published a *Federal Register* notice at [88 FR 44816](#) extending the period of performance and budget period for grants under Public Law 113-2 to September 30, 2029, which can be further extended administratively if good cause exists. Additionally, this notice allows HUD to extend the period of performance and budget period for grants under Public Laws 114-113, 114-254, 115-31, 115-56, 115-123, 115-254, and 116-20 (2015-2019 disasters) administratively if good cause exists. Grants subject to HUD's [Consolidated Notice](#) also have this flexibility.

KEY DEFINITIONS³ AND CLARIFICATIONS

Period of performance: This means the total estimated time interval between the start of an initial Federal award and the planned end date, which may include one or more funded portions, or budget periods.

Budget period: This means the time interval from the start date of a funded portion of an award to the end date of that funded portion during which recipients are authorized to expend the funds awarded, including any funds carried forward or other revisions pursuant to [§ 200.308](#).

For CDBG-DR grants, the period of performance and the budget period are the same length unless otherwise specified in the applicable *Federal Register* notice (for some older grants, this was referred to as an “expenditure deadline”). When the end date of the budget period and period of the performance (i.e., expenditure deadline) are the same, grantees must expend all funds by the end of the period of the performance.

In compliance with CPD Notice titled, “Closeout Instructions for Community Development Block Grant (CDBG) Programs” ([CPD-22-14](#)), HUD will determine that a grant is ready for closeout when the criteria at 24 CFR 570.509 and 24 CFR 570.489(o), as modified by waivers and alternative requirements in applicable *Federal Register* notices, have been met (for grants subject to 570.509, this determination will be made in consultation with the recipient). For more information on closeout, grantees should review CPD-22-14 linked above.

In compliance with [2 CFR 200.344\(a\)](#), grantees must submit, no later than 120 calendar days after the end date of the period of performance, all financial, performance, and other reports as required by the terms and conditions of the grant. A subrecipient must submit to the grantee, no later than 90 calendar days (or an earlier date as agreed upon by the grantee and subrecipient) after the end date of the period of performance, all financial, performance, and other reports as required by the terms and conditions of the subrecipient agreement. Grantees may approve an extension of the 90-day deadline for their subrecipients, but an extension of the subrecipient deadline does not extend the 120-day deadline for the grantee. If necessary, the grantee must request, and HUD must approve an extension of the 120-day deadline to submit documentation for closeout ([2 CFR 200.344\(a\)](#)).

Grantees should consider this guidance when they are determining how much time they will need for their extension, while also not extending the timeframe unnecessarily and delaying the completion of the grantees’ recovery programs. Grantees must have expended all their funds by the end of their period of performance date and be ready within 120 days after that date to submit all necessary documentation for closeout.

³ Definitions are from 2 CFR 200.1.

CRITERIA FOR GOOD CAUSE EXTENSION

When requesting an extension, HUD recommends that grantees include the following information in their good cause statement:

1. Indicate what factors are affecting the grantee's ability to expend its CDBG-DR funds in a timely manner.
2. Describe the specific CDBG-DR-funded programs, activities, or projects in the grantee's current, approved Action Plan that have slowed and why.
3. Describe what, if any, additional performance outcome measures will be accomplished if the grantee's request is approved (e.g., the grantee will build 100 more units of affordable rental housing with the additional two years added to its period of performance).
4. Submit an updated "CDBG-DR Grantee Projections of Expenditures and Outcomes" that matches the grantee's new period of performance.
5. Indicate if it was identified by HUD as a "slow spender" in the last year in the Department's Monthly CDBG-DR Grant Financial Reports for the grant under consideration, and if yes, describe:
 - a. The causes of its slow expenditures before this extension request;
 - b. The actions implemented (to date) to address the causes; and
 - c. The concrete steps it will take to ensure its CDBG-DR expenditures will be "on pace" as soon as practicable.

Additionally, in compliance with the applicable *Federal Register* notices, the grantee must update the projection of expenditures and outcomes if the extension is approved. Typically, *Federal Register* notices require grantees to "submit projected expenditures and outcomes with the action plan. The projections must be based on each quarter's expected performance – beginning with the first quarter funds are available to the grantee and continuing each quarter until all funds are expended." Therefore, the updated expenditures should accurately depict the grantee's anticipated timeline for expending the funds and meeting the final national objective criteria.

GRANTEE SUBMISSION PROCESS FOR AN EXPENDITURE EXTENSION REQUEST

HUD expects grantees to submit their period of performance extension request once they have made substantial progress in their programs and have clearly identified the barriers to meeting the deadline in their applicable *Federal Register* notice. In compliance with the applicable *Federal Register* notices, grantees seeking an extension must provide a good cause statement. This statement should include an explanation for why an extension is being requested, including all relevant and compelling statutory, regulatory, policy, or operational challenges, and how the extension will promote a more effective and efficient recovery effort as well as identify the proposed date for the full expenditure of the specified portion of funds.

Grantees should also be mindful that HUD will close out the CDBG-DR grant in compliance with CPD-22-14, as amended, and the grantee must be prepared to submit all financial, performance, and other required reports no later than 120 calendar days after the end date of the period of performance. Grantees should submit formal written requests to extend the period of performance to disaster_recovery@hud.gov and make sure to cc their assigned CPD Representative or Grant Manager. Grantees should include their good cause justification with the formal, written request following the guidance above.

HUD will provide written notice of its determination for each extension request submitted by a grantee. As always, grantees are advised to work with their assigned CPD Representative or Grant Manager in the development of period of performance extension requests.
