rule on economic development guidelines for the CDBG program.

A proposed rule on citizen participation for the CDBG Entitlement program was published on March 28, 1990 (55 FR 11556). This rule reflects consideration of the public comments on that rule, and constitutes the final rule for that rulemaking.

## **III. Public Comments**

The proposed rule drew 138 public comments from 38 local governments or groups representing their interests, 19 States or groups representing State interests, 62 groups advocating for the interests of low-income persons, 15 groups advocating for the interests of persons with disabilities, three professional organizations with no apparent client constituency, and one individual.

In addition, the Department officials have talked by telephone to representatives of 19 national groups that had submitted written comments, to more fully understand their views. These groups are: National Association for County Community and Economic Development, Council Of State Community Development Agencies, National Community Development Association, Local Initiatives Support Corporation, National Association of Housing and Redevelopment Officials, Housing Assistance Council, AIDS Council, National Coalition for the Homeless, Center for Community Change, National Low Income Housing Coalition, National Alliance to End Homelessness, National Council of State Housing Agencies, Corporation for Supportive Housing, Enterprise Foundation, United Cerebral Palsy, Coalition for Low Income Community Development, Lawyers Committee for Civil Rights under Law, National Association for Developmental Disabilities, and the National Housing Law Project, Low-income advocates. cities and States often had diametrically opposing views on the rule.

The general views of the low-income and disability advocacy groups were that data requirements concerning needs had been removed from the CHAS to produce the consolidated plan; a stronger linkage between need, strategy, and action should be required to be stated in the plan; "worst case" needs should be addressed on the basis of a "fair share" of the funds to be made available from HUD; the citizen participation process should be augmented and adequate notice should be provided for hearings. Many of these concerns apply equally to the CHAS process as to the consolidated plan. Many low-income advocates also

expressed concern about the requirement making the consolidated plan applicable for Fiscal Year 1995 funding of the formula programs, with the short deadlines that this will require for jurisdictions—and the impact it would have on their clients.

To respond to these concerns, the Department has added a clearer statement of specific data requirements on needs (including a specific description of the needs of non-homeless persons with disabilities), a statement on how the priorities in the strategic plan relate to the statement of needs, and a clearer statement on how the activities proposed in the action plan relate to the strategic plan. Citizen participation has been strengthened in a number of places, including improved guidelines for providing adequate notice.

The Entitlement communities responded to the rule with diverse concerns. Some objected to the use of and reporting on "extremely lowincome" category particularly with regard to CDBG. Many expressed concern about the usefulness of estimating needs for community development facilities in terms of the dollars to address those needs.

Although the term "extremely lowincome" (0-30 percent) was retained in the plan, since this category was familiar in the CHAS, the reporting burden for CDBG has been reduced by requiring reporting on beneficiaries by income only where income data is required for CDBG eligibility. Language has been added codifying the field office authority to grant exceptions and extensions for FY 1995 for good cause. To meet concerns of these communities that the rule has gone beyond the statute and become too prescriptive, suggestions for revisions that would have added significant detail to the plan were rejected. Other changes to accommodate entitlement community concerns are to require that the basis be assigned for relative priority to each category of needs in the strategic plan rather than each separate need; that flexibility be provided for consortia; that more flexible amendment language be provided; and that the time period for comments on performance reports be reduced to 15 days.

A number of States had a particular concern about being required to implement the plan in FY 1995, particularly those with early program years. Other States wanted specific guidance on citizen participation specifically for the States because of their unique situation. They felt that it was inappropriate to offer technical assistance directly to low-income

groups under the citizen participation plan at the State level. Several States suggested that HUD and the Department of Health and Human Services should get together with regard to making estimates of homeless needs. Several States said that the priority needs tables, goals, and target dates for completion are too detailed for the States since they have less degree of control over what actions are taken than entitlement jurisdictions do. Other States felt that it was unrealistic that States show how funds were distributed geographically since most States distributed funds by competition for different categories of assistance and cannot control geographical distribution.

Most States have been in contact with the appropriate HUD field office about the timing and content of their submissions for FY 1995. In most cases, agreement has already been reached on both matters. With respect to tables, the States are expected to complete the information to the extent that they are able to do so. The requirement for information about geographic distribution is included because it is a CHAS statutory requirement. To the extent that funds are distributed by competition and a prediction of the ultimate geographic distribution cannot be made, the State should so indicate. A separate section on citizen participation has been added that applies just to States. The Department believes that it is responsive to the comments of the States, including the request to remove the technical assistance provision.

In order to provide technical assistance, HUD intends to issue supplemental guidance on effective ways to undertake consolidated planning, prepare adequate submissions, and implement subsequent projects and activities. In addition, the Department will issue supplemental guidance on various cross-cutting concerns. These include historic preservation, the role of community based organizations, urban design and strategic planning, environmental justice, viable communities and sustainable development.

One comment that was made by both low-income advocates and local governments was that the status of the guidelines should be clarified. The commenters noted that the regulations specify the requirements for the consolidated plan, and the guidelines appear to state the recommendations for the plan. They asked, "How closely will grantees be held to the 'recommendations'?"

The Department agrees that this subject needs clarification. The