CDBG & Disaster Recovery

IEDC Webinar Series Restore Your Economy

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What You Will Learn

- How the CDBG-DR program works
- Who receives funds
- Eligible uses for funds
- HUD and other cross-cutting federal requirements
- What's new since previous appropriations

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CDBG-DR Program Overview

- CDBG + special provisions
- Eligible activities
- National objectives
- Investments related to storms
- Prioritizes low- and moderate-income (LMI) persons and geographies

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CDBG-DR Funding Process

Congress

- Approves Appropriation

HUD

- Calculates and announces allocations
- Publishes a notice in the Federal Register
- Awards funds

Grantee

- Prepares Action Plan
- Executes grant agreement with HUD
- Administers its own programs & activities or works with other entities to distribute funds

CDBG-DR Program Steps

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CDBG-DR Grants

Use & Distribution of Funds Subject to Action Plan

Action Plan

Prepared by state

Assessment of damage:

- Housing
- Infrastructure
- Economic revitalization

Analysis of unmet needs

Plans and budget for investment

Citizen review and input

Sent to HUD for approval

HUD approves

Action plans can be amended to meet changing needs!

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Cross-Cutting Federal Requirements

- Not just about HUD
- Cross cutting regulations
  - Addressed in Action Plan
  - Must comply during implementation

✓Environmental Review
✓Flood Insurance
✓Labor Standards
✓Section 3
✓FFATA
✓Procurement
✓Lead Based Paint
✓Fair Housing
✓Relocation & Acquisition
✓Accessibility
✓Equal Opportunity

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Waiver Requests

- Waivers of statute and regulation permitted
- Written request for a waiver:
  - Show ‘Good cause’
  - Consistent with HCD Act
  - Cannot conflict with or waive:
    - Discrimination
    - Fair Housing
    - Environmental Review
    - Labor Standards

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Implementation

Direct: Grantee implements

Partner: Grantee partners with other agencies or contractors

Distribution: Grantee gives to Units of General Local Government

- Three basic models
- Models can be combined
- Decision based on tradition, capacity, complexity
- Detailed policies and procedures needed for any model

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Eligible Activities

- Housing
- Restoration of infrastructure
- Economic revitalization
- Administration & planning (max of 20% with only 5% for admin)

CDBG-DR Funded Programs:

- Rehab or replacement of storm-damaged properties
- Repair of storm-damaged infrastructure
- Buyouts
- Support for essential government services
- Match for other federal programs

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Examples of Economic Revitalization Activities

- Direct help for businesses (grants, loans)
- Investments in industries and/or initiatives with job benefits or wider community benefits (fresh food initiatives, fisheries/agricultural recovery programs, combined with New Market Tax Credits)
- Workforce training and development programs (assistance to community and technical colleges, customized training for incumbent workers)
- Technical assistance to small business (contracting and procurement training, assistance with disaster preparedness or business continuity plans, financial management training
- Assistance to microenterprises (grants, loans, technical assistance, investments in business incubators
- Neighborhood commercial revitalization (streetscape improvements, façade programs, wayfinding/signage)
- Other activities with waiver (e.g. tourism marketing, Energy Resilience Bank)

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Federal Register Notices – Key Elements

- Eligible use of funds
- Allocation overview and policy objective
- Allocations
- Overview of grant process
- Applicable rules, statutes, waivers and alternative requirements
  - Grant administration and action plan requirements
  - Housing and related floodplain issues
  - Infrastructure
  - Economic development
- Certifications and collection of information
- Duration of funding

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CDBG and CDBG-DR: A Comparison

	CDBG	CDBG-DR
Statutory Authority	• Housing & Community Development Act of 1974 as amended (HCDA) • Annual appropriation acts	• Supplemental appropriation provides funds for specific disasters/years • HCDA provides basic framework
Primary Objective	• Viable communities through provision of housing, suitable living environment, economic opportunity	• Disaster relief, long term recovery, restoration of infrastructure and housing, economic revitalization
Regulations	• 24 CFR 570	• 24 CFR 570 • Federal Register Notices for each CDBG-DR appropriation • Appropriation allows HUD to waive HCDA provisions and add alternative requirements
Grantees	• States • Cities & counties • Insular areas (e.g. USVI)	• States • Appropriation may give HUD option for local government awards (entitlements, insular areas)

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CDBG and CDBG-DR: A Comparison

	CDBG	CDBG-DR
Fund Allocation Process	Statutory formulas in Sec. 106 of HCDA	• Appropriation provides guidance • HUD allocates using FEMA/SBA data to identify most impacted distressed areas • HUD has wide discretion
Eligible Activities	• Housing • Public services • Real property improvements • Public facilities • Economic development	• Same as CDBG • Appropriation allows HUD to waive HCDA provisions and add alternatives
Administration & Planning Costs	• Capped at 20% of grant plus program income	• 5% cap for administration • Total of 20% for planning & admin
Application	• Grantee submits annual Action Plan to HUD • Plan is accepted unless HUD identifies problems	• Grantee must submit CDBG-DR Action Plan to HUD • HUD must affirmatively approve plan • Grantee must address any HUD concerns
Overall Benefit	• 70% of funds must benefit low/mod persons/areas	• Appropriation may retain 70% requirement or reduce it • HUD may reduce 70% requirement per waiver/alternative authority based on compelling need

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Documenting Tie to the Disaster

- ALL CDBG-DR activities must be tied to the disaster(s) covered by the appropriation.
- Examples:
  - Home suffered damage
  - Project helps economically revitalize impacted area
  - Community suffered impact
- **Documentation gets harder with passage of time**

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Activities Must Meet a National Objective

- LMI targeting is determined, documented, and reported via the National Objective used to qualify each project

Benefit to low- and moderate-income (LMI) persons

Aid in the prevention or elimination of slums or blight

Meet a need having a particular urgency (referred to as urgent need)

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Duplication of Benefits

- The Robert T. Stafford Disaster Relief and Emergency Assistance Act prohibits a "duplication of benefits"
- CDBG-DR Appropriations Acts, HUD Federal Register Notices & other regulations incorporate this requirement
- DOB includes private sources and funds from public agencies
- CDBG-DR is considered "funding of last resort"

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Grant and Financial Management

Must Comply with All OMB Requirements at 2 CFR 200 Including:

- Financial and internal controls
- Procurement
- Independent cost estimates
- Accounting procedures
- Cost principals and audit requirements
- Timely expenditure of funds including program income
- Performance measures
- Written agreements
- **HUD requires grantees to prepare financial forecasts by programs to project expenditures and measure progress.**

Reporting & Record Keeping Requirements

- Disaster Recovery Grant Reporting (DRGR) system is used for reporting
- In DRGR, grantees:
  - Access their line of credit
  - Enter action plans and amendments
  - Report on progress quarterly
- Records retention: 3 years following grant closeout

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Monitoring

- HUD monitors the grantee
- Grantee monitors:
  - Grantee's own files
  - Public agency partners
  - Sub-recipients
  - Contractors and beneficiaries
- Monitoring includes:
  - Desk reviews (reports, documentation)
  - On-site visits (review of files, staff interviews, etc.)
- **Grantees must conduct risk assessments and provide TA to partners and sub-recipients**

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What's New: CDBG-Mitigation (CDBG-MIT)

Eligible Activities:

- **Infrastructure:** construction of risk reduction infrastructure or retrofitting existing infrastructure to increase resilience
- **Housing:** buyouts, residential retrofits or new construction
- **Economic Development:** financing for commercial mitigation functions
- **Planning & Administration:** developing building codes, land use plans, updating HMGP, risk related mapping and data collection
- Can be used to **match** other federal agency programs (FEMA PA, EPA, etc.)

- Announced August 30, 2019
- $6.875 billion funding
- Allocated to grantees recovering from qualifying 2015, 2016, 2017 disasters
- Low/mod income requirements reduced to 50%
- Incorporating identified risks from grantee's approved FEMA HMGP a requirement

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Resources!

- CDBG-DR Website at HUD Exchange: https://www.hudexchange.info/programs/cdbg-dr/
- 24 CFR 570: http://www.ecfr.gov/cgi-bin/textidx?tpl=/ecfrbrowse/Title24/24cfr570_main_02.tpl
- HCD Act: http://portal.hud.gov/hudportal/HUD?src=/programoffices/fair_housing_equal_opp/FHLaws/109
- Toolkits:
  - CDBG-DR: https://www.hudexchange.info/programs/cdbg-dr/toolkits/
  - Mapping Tool: Under CPD Maps on far right-hand side https://www.hudexchange.info/programs/consolidated-plan/

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More Resources!

- Guide to National Objectives and Eligible Activities:
  - States: https://www.hudexchange.info/resource/2179/guide-national- objectives-eligible-activities-state-cdbg-programs/
  - Entitlements: https://www.hudexchange.info/resource/89/community-development-block-grant-program-cdbg-guide-to-national-objectives-and-eligible-activities-for-entitlement-communities/
- "Basically CDBG" presentations
  - States: https://www.hudexchange.info/resource/269/basically-cdbg-for-states/
  - Entitlements: https://www.hudexchange.info/resource/19/basically-cdbg-training-guidebook-and-slides/
- Relevant supplemental appropriations law(s) & Federal Register Notice(s) available on the CDBG-DR HUD Exchange site

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Questions

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