



CDBG-DR Program Overview



U.S. Department of Housing and Urban Development

Welcome & Speakers

- Welcome to HUD's webinar series on CDBG-DR basics
 - Webinars will focus on key rules and requirements for managing DR grants
 - Webinars will also share tips & lessons learned
- Speakers:
 - Tennille Parker, U.S. Department of Housing and Urban Development (HUD)
 - Marsha Tonkovich, The Community Building Collaborative , a subcontractor to ICF International

CDBG-DR Webinar Series

- This is the first in a series of webinars about CDBG-DR for CDBG-NDR grantees and CDBG-DR grantees
 - Specific guidance on NDR will not be covered in these webinars
- Upcoming webinar schedule:

Topic	Date
2016 CDBG-DR Action Plans, Citizen Participation, and Limited English Proficiency	March 17, 2016 at 2pm EDT
2016 CDBG-DR Program Planning, Administration and Activity Delivery	March 29, 2016 at TBD
2016 Disaster Recovery Grant Reporting System	March 31, 2016 at TBD
2016 Duplication of Benefits	April 7, 2016 at TBD
3 2016 Environmental Review	April 21, 2016 at TBD

Polling and Asking Questions

- Webinar will include some polls & brief opportunities to practice
 - If you are attending as a group, feel free to briefly discuss before answering
- How to ask questions
 - Questions will be taken throughout webinar
 - Written questions: Type questions into the “Questions” box located on your GoToWebinar panel

Agenda

- CDBG and CDBG-DR program background
- Recap of key steps in the CDBG-DR process
- Determining activity & project eligibility:
 - Eligible activities
 - Documenting “tie back”
 - National objectives

Poll #1

- Years of experience with CDBG
 - A. <1 year
 - B. 1-5 years
 - C. 6-10 years
 - D. 10+ years

Poll #2

- Experience with disaster recovery
 - A. Have managed CDBG-DR grants in the past
 - B. Have worked with FEMA or SBA funds but not CDBG-DR
 - C. Have experience in emergency management and preparedness but not federal funds
 - D. Have experience with regular CDBG but not DR
 - E. None of the above

CDBG and CDBG-DR Program Background



What is CDBG?

- The Community Development Block Grant Program
- Authorized under Title I of the Housing and Community Development Act (HCD Act) of 1974
- Consolidated eight Federal programs under which communities competed for funds
- Primary objective – develop viable urban communities through the provision of decent housing, suitable living environments, & expanded economic opportunities
- Provided as an annual block grant to states and entitlement jurisdictions (cities and urban counties)

Why Use CDBG for Disaster Recovery?

- Multiple Federal recovery programs
 - Federal Emergency Management Agency (FEMA), the Small Business Administration (SBA), the U.S. Army Corps of Engineers (USACE) and sometimes Environmental Protection Agency (EPA) and Department of Transportation (DOT)
- CDBG-DR is different than these programs
 - Allows many types of activities, offering grantees additional recovery options and tools
 - Provides grantees the discretion to address unmet recovery needs after other Federal, State, local, and Tribal resources have been exhausted
 - Prioritizes low- and moderate- income (LMI) persons

CDBG Disaster Recovery (CDBG-DR) Funds

- Must supplement the standard recovery programs - not supplant them
- No CDBG-DR annual appropriation; statutory authority provided by Congress via supplemental appropriations in response to a disaster
- Appropriations provide HUD authority to adopt, modify, and/or waive specific sections of standard CDBG regulations
 - Appropriations usually prohibit HUD from waiving certain requirements

Benefits and Challenge of CDBG-DR

- *Benefit:* CDBG-DR is very flexible
 - Grantees can use CDBG-DR to do 25 different types of activities, depending on local needs
 - HUD can allow additional activities not normally permitted under regular CDBG
 - Grantees can adapt and amend approach as needs change over time or as approaches are tried
- *Benefit:* Long history of using CDBG for DR enables tools, guidance, peers & HUD staff who can support new grantees

Benefits and Challenge of CDBG-DR (continued)

- *Challenge:* Unless specifically waived by HUD, all regular CDBG rules apply to DR. Some regular rules can be complex to implement in the context of DR, for example:
 - Resiliency costs must be tied to an eligible activity & use of CDBG-DR for emergency response is limited
 - LMI targeting threshold
 - Environmental review, historic preservation & lead-based paint tasks & timelines
 - Limited English Proficiency & fair housing rules must shape outreach efforts

Key Steps in the CDBG-DR Process



Appropriations → CDBG-DR Award

Congress

Approves
appropriation

HUD

1. Calculates & announces allocations
 - a) CDBG-DR: formula
 - b) CDBG-NDR: competitive
2. Publishes a Notice in the Federal Register (FR)
3. Awards funds

Grantee

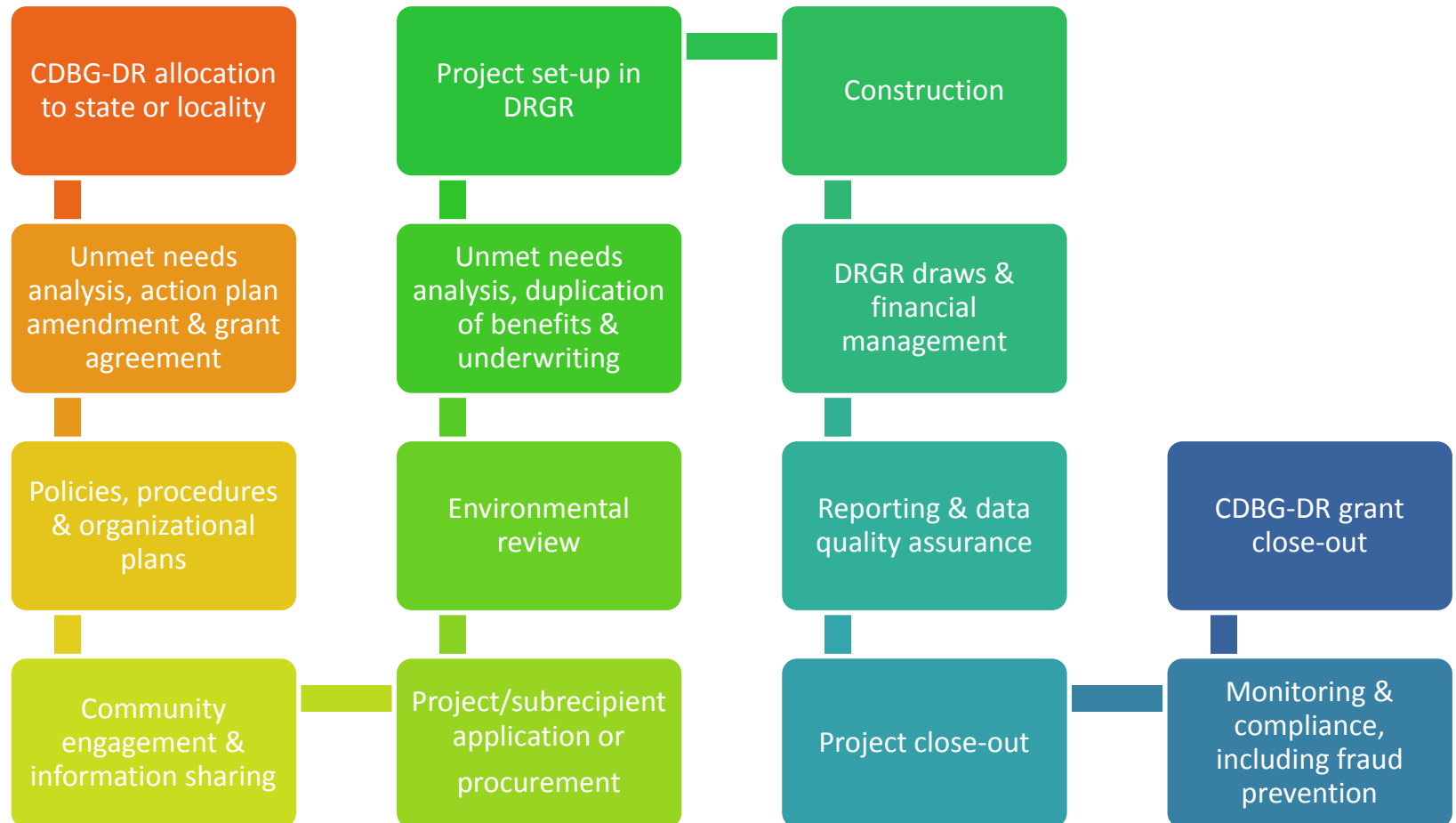
Prepares Action Plan
– administers
programs/activities
or works with
another entity to
distribute funds

CDBG-DR Lifecycle

- Most CDBG-DR Congressional appropriations come with a specific timeline. Must review appropriation and FR related to your disaster for specific timelines
- Recent example from 113-2 (Sandy):
 - All obligations by September 2017
 - “Obligation” is defined as a funding agreement between state/local grantee and HUD
 - HUD allows grantees to request obligations in phases
 - Two years from date of obligation to expend all funds
 - HUD can provide limited extensions of the two year expenditure deadline

CDBG-DR Lifecycle (continued)

- During the CDBG-DR timeline, a series of tasks must occur:



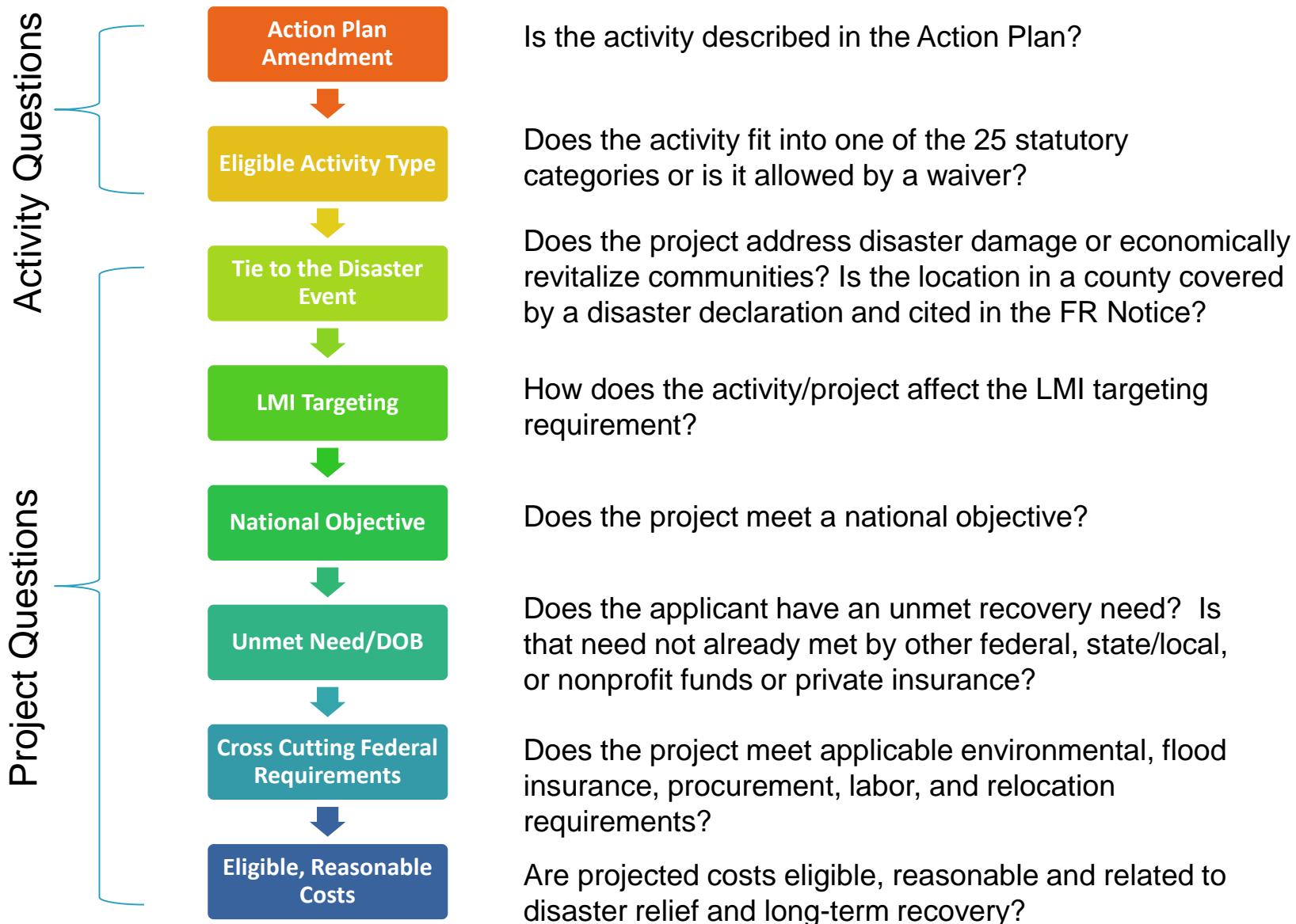
Poll #3

- What do you anticipate to be the most challenging aspect/task of DR during the lifecycle:
 - A. Balancing the need to comply with the need to move quickly
 - B. Complying with the cross cutting federal requirements such as environmental review or Davis Bacon
 - C. Getting internal data systems, staffing/partners & procedures organized
 - D. The obligation & expenditure deadlines
 - E. Dealing with expectations from impacted households & businesses, the media and political leaders

Today's Focus: Determination of Eligibility

- In order to design programs, develop an Action Plan Amendment and select projects or applicants, grantees must assess their needs & determine how these needs can be addressed under CDBG-DR
 - Steps for determining eligibility differ somewhat from regular CDBG
- When assessing an activity (program), project or applicant it is helpful to ask a series of questions, all of which must be answered in the affirmative & documented before making a funding decision

Which Projects Are Eligible for CDBG-DR Funds?



Eligible Activity Types



CDBG Eligible Activity Types

- The HCD Act & CDBG regulations (24 CFR part 570) permit grantees to undertake a range of activities to address housing, infrastructure, economic development, social services and/or planning needs
 - See the HUD Guide to National Objectives and Eligible Activities for general guidance (on resources slide)
- FR Notices provides additional flexibility (e.g., new housing construction)

Typical Housing Activities

- New construction and rehabilitation
 - Single family or multifamily units (including condominiums, and housing cooperative units)
- Most often, grantees use CDBG-DR funds to rehabilitate damaged homeowner and rental units
- Typically, CDBG-DR is used to pay for renovation costs incurred after application and ER completion
 - In some limited instances, HUD has permitted payment of pre-award costs to private individuals for rehab but grantees must consult with HUD prior to paying such costs

Housing Not Damaged by the Disaster

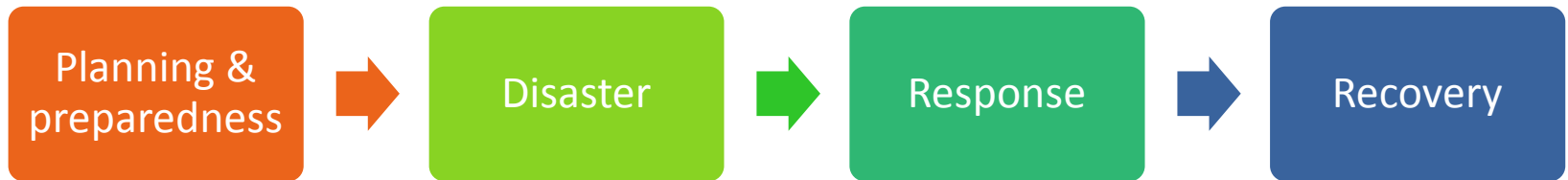
- Grantees may fund new construction, rehabilitate units or assist with new home purchase when units are *not* damaged by the disaster if the activity clearly addresses a disaster-related impact and is located in a disaster-affected area
- Disaster-related impact results in the inability of the existing stock to meet post-disaster needs and population demands
- To do these activities, grantee must quantify & document event's impact on:
 - Quality, quantity, and affordability of the housing stock for residents of the impacted counties
- In making this assessment, grantee should consider how the event caused displacement and put households at risk of homelessness, as well as the economic impacts on rents, housing prices, etc.

Typical Infrastructure Activities

- Repairing, replacing, or relocating damaged public facilities
 - Such as rehabilitation of schools, health care centers, community facilities, water or wastewater facilities and drainage improvements or levees
- Projects can also include infrastructure tied to economic revitalization of impacted towns, such as Main Street programs

Disaster Response

- Phases of a disaster:



- CDBG-DR is intended for long term recovery not DR preparation or response
- Other federal programs such as FEMA address post-disaster response
 - Response costs such as radios, temporary generators, emergency staff costs, etc. not eligible under CDBG-DR

Preparedness, Resilience and Mitigation

- Preparedness, resilience and mitigation measures for rebuilding activities can help to ensure that communities recover to be safer and stronger
- These measures can also reduce costs in recovering from future disasters

HOWEVER

- Preparedness, mitigation and resilience measures cannot stand alone and be the sole reason for investing in a project – must be tied to recovery

Using CDBG-DR for Match

- Usually activities which match funds from other federal programs fall under Infrastructure
 - FEMA or other federal match in and of itself is NOT an eligible activity
- Grantees using CDBG-DR funds for FEMA or other federal match must still demonstrate that those funds are being used for a CDBG-DR eligible activity
 - The project must comply with all CDBG-DR rules, including national objective, eligible costs, cross cutting federal requirements, etc.
 - It is not sufficient to simply comply with FEMA or other federal agency rules

Economic Revitalization Activities

- Wide range of activities to support job retention and creation and business expansion
- Economic revitalization can include virtually any activity that demonstrably restores and improves the local or regional economy of an impacted area, such as addressing job losses or business closures

Examples of Economic Revitalization Activities

- Providing loans and grants to businesses for working capital and/or renovation
 - Loans can stabilize or expand existing businesses or be used to attract new businesses
- Funding job training programs
- Assisting microenterprises to start-up and expand in impacted areas
- Funding CDFIs and other nonprofit developers and lenders to undertake community-based economic development projects

Economic Revitalization Grantee Requirements

- Must address an economic impact caused by the disaster
- As part of its Action Plan, grantee must clearly identify economic loss or need resulting from the disaster, and how proposed activities will address the expressed loss/need
- Past appropriations have included other requirements & flexibilities:
 - For example, under direct assistance to a business, funds may only be provided to a small business, as defined at 15 U.S.C. 632(a)
 - HUD provided alternate requirements for the public benefit standard but there is required jobs reporting for all economic development activities

Social Services Activities

- Wide range of public services are permitted, such as:
 - Housing counseling for impacted households
 - With a waiver, tenant based rental assistance
 - With a waiver, grantees have also provided mortgage assistance for a limited time
 - Homelessness prevention services
 - Temporary relocation assistance for households displaced by the storm or by rehabilitation of their unit
- Level of funding available for public services is limited to 15% of the grant, unless a waiver is provided by HUD
- CDBG generally does not permit “income payments” to households
 - Recurring, household-based funding lasting longer than three months requires a waiver

Administration & Planning

- Covered in more detail in a later webinar
- Key is to know what counts as admin and what is allowed under planning
- Two possible types of planning:
 - *Project planning* – tied to feasibility of a specific deal or site
 - This is considered a project cost
 - *Community planning* – related to assisting communities to assess, map and ensure proper zoning, land use requirements, resilience standards etc. to address disaster impacts across their town
 - This is considered a planning cost
- Admin and planning are capped at 20% of the grant
 - Of this, admin can go up to 5% of the grant

Documenting Tie-Back



Documenting “Tie Back” to the Disaster

- **All** activities and projects must be related to **recovery** from the disaster(s) covered by the appropriation
- For **every** funded applicant or project, the grantee must document a tie to the storm. Possible approaches:
 - Beneficiary suffered damage from the storm/other disaster OR
 - Funded project will help to economically revitalize an impacted community OR
 - Applicant community suffered impact from disaster
- Tie to the storm is not the same as duplication of benefits (DOB)
 - Tie to the storm documents whether the project will directly address a storm-related impact
 - DOB tells us whether that need has already been met by other sources or whether there is an unmet need

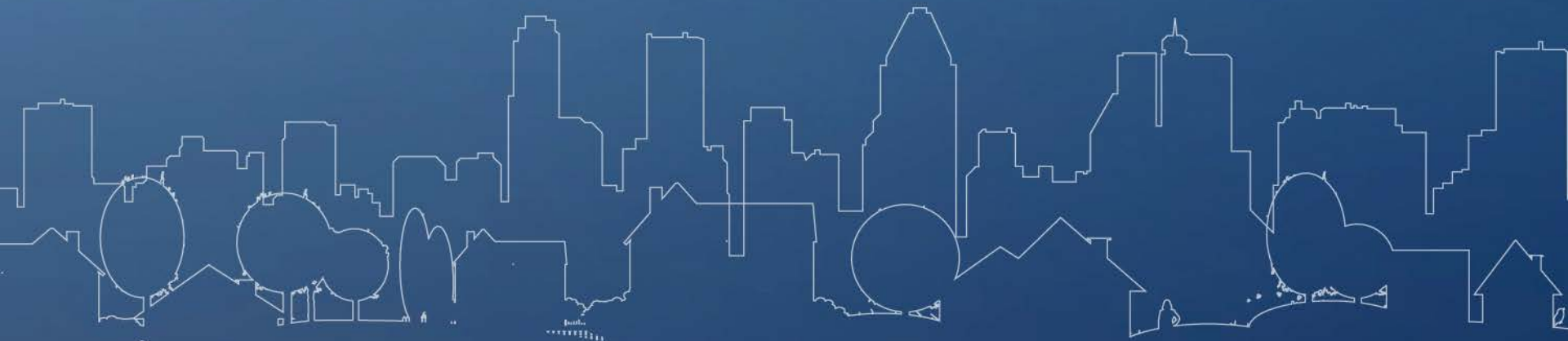
Documenting “Tie Back” (continued)

- Documentation could include damage or building estimates for physical losses or post-disaster analyses or assessments for economic or non-physical losses
 - If grantee is using the economic impact approach, work with HUD to develop an acceptable set of criteria given the disaster
- Simply being located within a declared county is not sufficient documentation – the grantee must demonstrate that the specific project or applicant has a tie
- As time post-disaster advances, documenting tie to the storm can get increasingly challenging

LMI Overall Benefit/Targeting

- HCDA Statute requires that 70% of all CDBG expenditures benefit LMI persons
 - Cumulative actual expenditures, not budgeted
- Overall benefit is typically waived and the overall benefit reduced to 50%
- Grantees may request to decrease this percentage even further. HUD will not waive this requirement in its entirety
 - Because HCDA has a significant focus on LMI and because LMI persons are often among the hardest hit by disasters, HUD requires significant documentation before a reduction of the LMI requirement is granted
- LMI targeting is determined, documented and reported via the national objective used to qualify each project

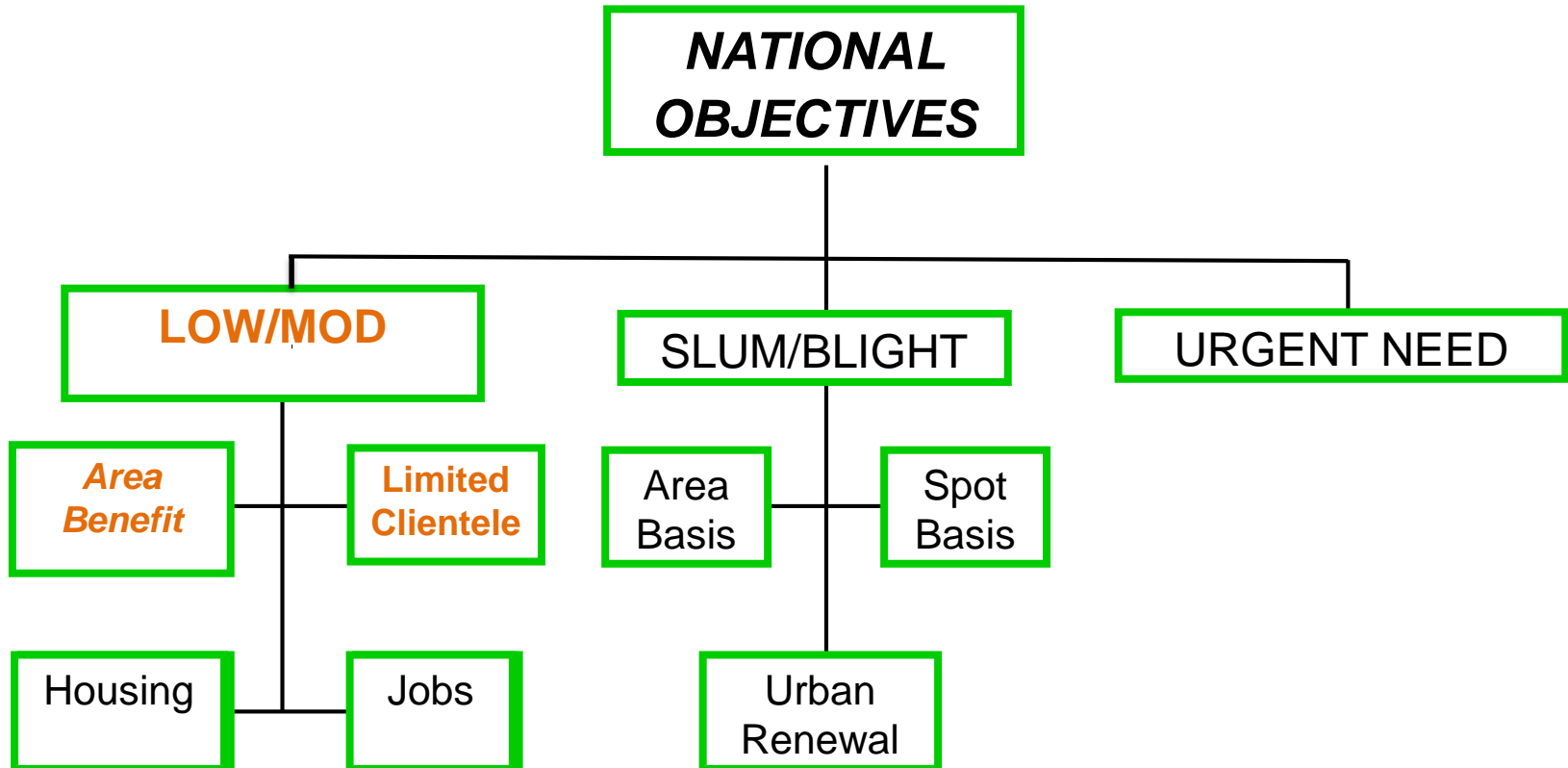
National Objectives



National Objectives

- Helps to ensure that all CDBG projects address the primary CDBG objectives established in HCDA
- Each activity (except those for administration or planning) must:
 - Benefit low and moderate- income persons,
 - Aid in the prevention or elimination of slums or blight, or
 - Meet a need having a particular urgency
- The grantee's files must document that each funded project meets a national objective

LMI National Objectives



LMI Area Benefit (LMA)

- Activities that benefit all residents of an area
- Not based on actual use of the facility but rather the demographics of the service area
 - 51% of the service area must be LMI
 - Discuss whether your grantee is an “upper quartile exception community” with HUD
 - Data based on Census or a survey
- Must determine service area of activity
 - Based on reasonable assumptions such as the nature of the facility and its services, competing other facilities, or natural barriers or programmatic boundaries
 - See the Guide to National Objectives & Eligible Activities for good advice on this
- The service area must be primarily residential

Poll #4

- Which of the following activities could not use the LMI Area Benefit national objective?
 - A. A project to repair a damaged library serving a LMI community
 - B. Working capital to a small corner grocery store located in an impacted neighborhood that is 52% LMI and enabling it to hire 5 more employees
 - C. Funds to rebuild the damaged county back office building (not a service center) located in an area that is 80% LMI
 - D. Assistance to rebuild sidewalks servicing an impacted city's central business district and industrial areas
 - E. All of the above are OK under LMA

LMI Limited Clientele (LMLC)

- Activities that benefit specific populations
- Options for meeting limited clientele:
 - 51% of participants are documented as LMI
 - Participation limited to LMI only
 - Microenterprises owned by LMI persons
 - Presumed benefit clientele
 - Activity must exclusively serve: elderly, severely disabled adults, homeless persons, illiterate adults, migrant farm workers, abused children, persons with AIDS or battered spouses
 - Nature and location indicate low/mod benefit
- This national objective is generally limited to service programs and applicable targeted use facilities. It cannot be used for housing or programs/facilities that serve all persons

LMI Housing (LMH)

- This is the **only** L/M national objective for housing activities
- To meet the housing national objective, structures must be occupied by low/mod **households**
- Documented based on unit occupancy:
 - One unit structures occupied by LMI
 - One unit of duplex occupied by LMI
 - 51% of 3+ units LMI occupied by LMI
- In the past, HUD has occasionally provided waivers regarding the documentation of 51% LMI for rental housing
 - Discuss these options with your HUD representative if you need to develop mixed income housing

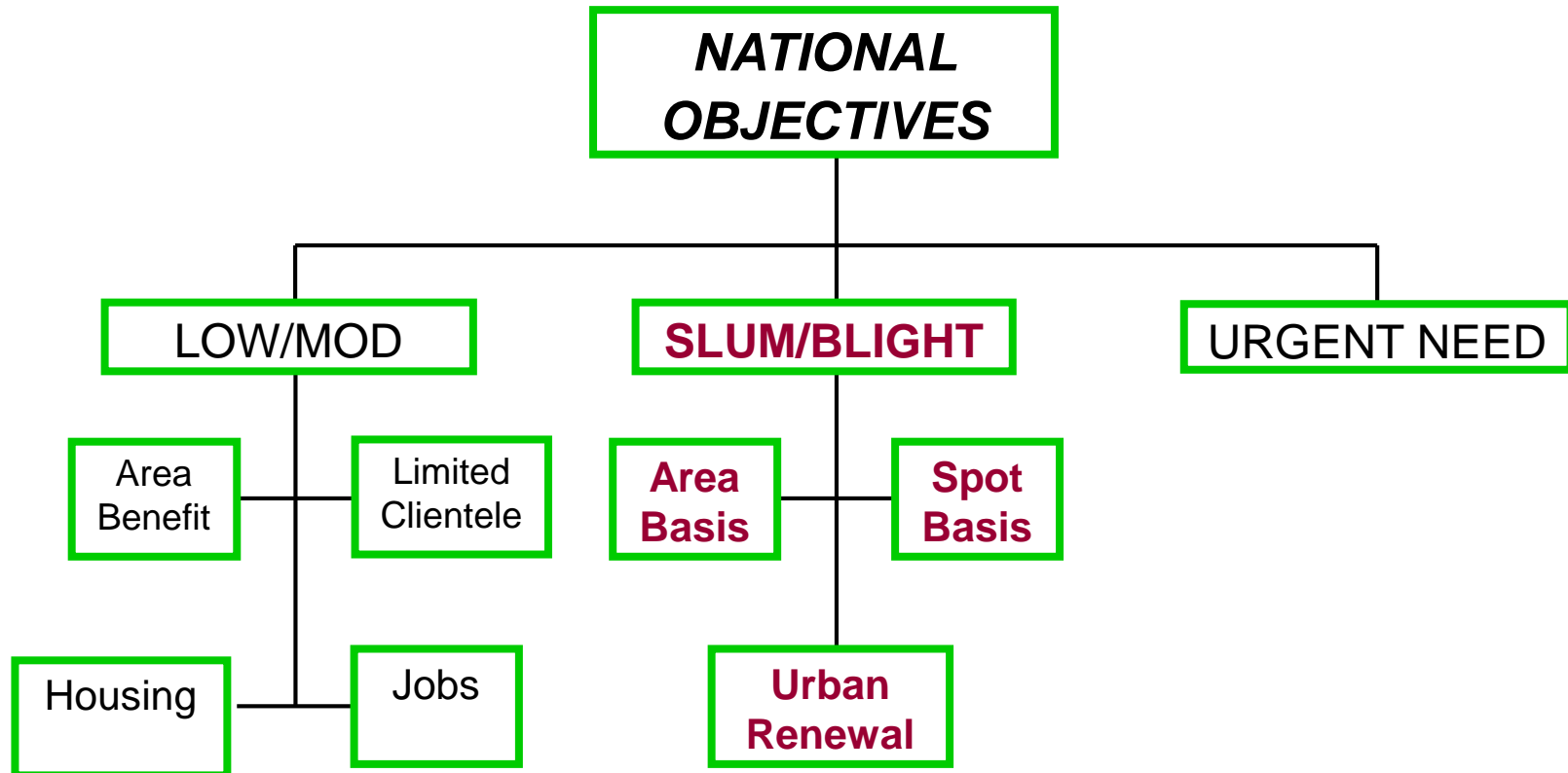
LMI Jobs Creation/Retention (LMJ)

- Activities related to economic opportunity
- In order to meet this criteria, activities must ***create or retain*** permanent jobs

AND

- 51% of the jobs created/retained must be ***available to or held by*** LMI persons
 - Jobs counted on full time equivalent (FTE) basis
- In past, HUD has provided waivers offering flexibility in how the income of job takers is documented – see the FR notice

Slum & Blight National Objectives



Slum and Blight Area (SBA)

- Not typically used in CDBG-DR activities because it does not count toward LMI targeting
- Activities designed to address dilapidated physical environment
 - Not based on income of residents
- Typical activities: code enforcement, infrastructure, commercial rehabilitation
- Must be defined area & meet definition of slum/blighted area under state/local law AND

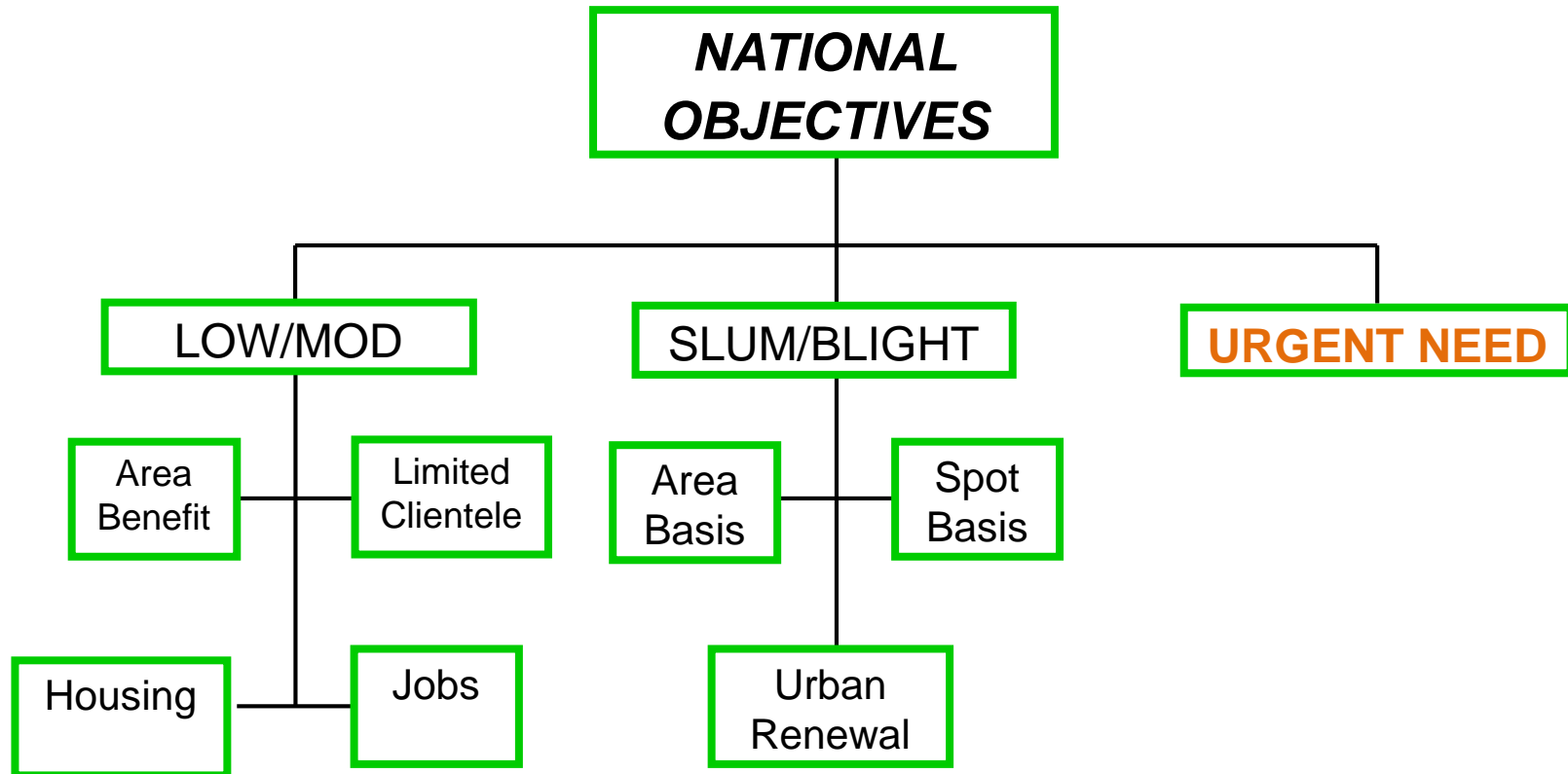
Slum and Blight Area (cont)

- Meet either (A) or (B) below:
 - (A) The public improvements in the area are in a general state of deterioration, OR
 - (B) At least 25% of properties throughout the area experience one or more of the following conditions:
 - Physical deterioration of buildings or improvements;
 - Abandonment of properties;
 - Chronic high occupancy turnover rates or chronic high vacancy rates in commercial/industrial buildings;
 - Significant declines in property values or abnormally low property values relative to other areas in community; or
 - Known or suspected environmental contamination.

Slum and Blight Spot (SBS)

- Not typically used in CDBG-DR activities because it does not count toward LMI targeting
- Activities that address specific conditions of blight, physical decay or environmental contamination not in slum/blight area
- Activities limited: acquisition, clearance, relocation, historic preservation, remediation of environmentally contaminated properties, or building rehab
 - Acquisition & relocation must be precursor to another eligible activity that addresses slum/blighted conditions
 - Rehab limited to elimination of conditions detrimental to public health & safety

Urgent Need National Objective



Urgent Need (URG)

- Used to address emergency situations, including disaster recovery
- Does NOT count toward LMI targeting
- To meet the urgent need test:
 - Existing conditions pose serious & immediate threat to health/welfare of community
 - Existing conditions are recent or recently became urgent
 - Recipient cannot finance on its own
 - Other funding sources not available
- If a project can qualify under both LMI and URG, use LMI to get targeting credit

Urgent Need

113-2 Waiver (Applicable to CDBG-NDR Grantees)

- The documentation requirements of urgent need are waived for 113-2 grantees until two years after the date HUD obligates funds to a grantee for the activity
- Instead, each grantee receiving a direct award under 113-2 must document how all programs and/or activities funded under the urgent need national objective respond to a disaster-related impact identified by the grantee
 - Grantees must reference in their Action Plan the type, scale, and location of the disaster-related impacts that each program and/or activity is addressing

Questions, Resources, and Discussion



Group Discussion

- Look at each of the scenarios below and decide if they are eligible under CDBG-DR
 - The governor is concerned about rising sea levels and wants to rebuild all levees statewide to be higher and more resilient to storm surge. The Presidential disaster declaration is in three of the state's 21 seafront and riverine counties
 - A rental housing project was severely damaged by the storm. The occupancy of this rental property is 10% LMI and 90% middle or upper income. The owner wants rehab assistance.

Group Discussion (cont)

- A grantee writes its action plan focused on owner housing rehab. Two months later, a business which had minor damage from the storm and which employs 100 people and is a major employer in its impacted town approaches the grantee and says it needs working capital if it is to stay afloat.
- A regional public hospital located in a declared county was damaged by a flood 10 years ago but not by the most recent storm. It seeks assistance to expand its capacity so that it can serve more patients.
- Send any ideas or thoughts via the “questions” box and we will read aloud

Resources

- Upcoming webinars in this series:
<https://www.hudexchange.info/news/2016-cdbg-dr-webinar-series/>
- CDBG-DR Website at HUD Exchange:
<https://www.hudexchange.info/programs/cdbg-dr/>
- 24 CFR 570: http://www.ecfr.gov/cgi-bin/text-idx?tpl=/ecfrbrowse/Title24/24cfr570_main_02.tpl
- HCD Act:
http://portal.hud.gov/hudportal/HUD?src=/program_offices/fair_housing_equal_opp/FHLaws/109
- Toolkits: <https://www.hudexchange.info/programs/cdbg-dr/toolkits/>
- Mapping Tool:
<https://www.hudexchange.info/programs/consolidated-plan/>
 - Under CPD Maps on far right-hand side

Resources (cont)

- 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)
- Relevant Federal Register Notice(s)

Thank you!

