



CDBG-DR Program Administration, Planning, and Activity Delivery Costs

2018 CDBG-DR Problem Solving Clinic

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Welcome & Speakers

- Session Objectives
 - Explain rules and requirements governing CDBG-DR program administration, planning and activity delivery costs
 - Discuss requirements for documenting costs
- Speaker
 - Sue Southon, ICF



Agenda

- Types of Costs and Applicable Caps
 - Project Costs
 - Activity Delivery Costs (ADCs)
 - Planning Costs
 - Program Administration Costs (PACs)
- Documenting Costs



Types of Costs and Applicable Caps



Types of CDBG-DR Costs

- Types of program costs
 - Project Costs
 - Activity Delivery Costs (ADCs)
 - Planning Costs
 - Program Administration Costs (PACs)
- Need to plan upfront approximate mix of project, planning, PAC and ADC costs for entire allocation
- Resources:
 - 2 CFR 200;
 - HUD notice CPD 13-07 (An updated notice on this topic is forthcoming)
 - Resource links provided on concluding slides



Project Costs

- Direct costs of undertaking the project
 - All assistance directly to developers, homeowners, businesses and other beneficiaries
 - Examples of project costs:
 - Construction hard costs
 - Project soft costs such as architecture, engineering, permits if these costs are paid by the beneficiary (whether using CDBG-DR \$\$\$ to pay these costs or not)
 - Developer fees, contractor overhead and profit
 - Costs to provide public services, including staff time and other direct costs (such as supplies) to deliver the service
 - Can include grantee or subrecipient costs IF they undertake the project directly
 - Example: grantee acquires land in order to build new water/sewer lines, subrecipient purchases easements for dune restoration project.



National Objectives

- Administration and Planning
 - Administration & Planning activities are the only CDBG-DR activities that do not need to meet a National Objective.
 - Because of this, Administration & Planning costs are not included in a grantee's calculation of the overall LMI benefit requirement (this requirement changes from appropriation to appropriation – usually 70%)
- Activity Delivery Costs (ADCs; subset of Project Costs)
 - ADCs must be included with their associated CDBG-DR activity, and that activity must meet a National Objective.
 - ADCs alone, do not achieve a National Objective and should never be reported as a separate Activity in DRGR.



Activity Delivery Costs (ADCs)

- ADCs are those allowable costs incurred for implementing and carrying out a specific CDBG-DR activity.
 - ADC's should be included in the total activity cost, when the project (Road Reconstruction) or program (Housing Rehabilitation program) is managed by a grantee, subgrantee, or subrecipient.
 - Developers, owners, businesses & other beneficiaries cannot have ADCs
- Examples of eligible ADCs when paid directly by grantees/subrecipients or conducted by staff:
 - Site specific environmental costs
 - Engineering/design/architecture services for a project
 - Applicant intake/eligibility screening in specific program
 - Project underwriting/selection
 - Leased office space and related utility costs for delivering a single program, if not included in indirect costs. Be careful – not usually allowed to determine this based on simple pro-ration of all costs/space
- ADCs may also be conducted by entities contracted by grantee/subrecipient to do tasks on its behalf
 - Example: contractor conducts environmental review project data collection for the grantee



Activity Delivery Costs (continued)

- No defined maximum cap on ADCs
 - Must comply with Cost Principles
 - In evaluating cost reasonableness, consider the percent of ADCs as a proportion of the total project cost
 - Reasonable ADCs will vary by activity type
 - If charging staff costs as ADCs, must have timesheet to document and allocate costs – this requirement includes subrecipients!
 - If the only CDBG-DR investment in the project is ADC, that still makes the project subject to all CDBG-DR requirements
 - Example: using staff whose salaries are paid by CDBG-DR to do inspections on an Army Corps-funded infrastructure project
- ADCs count toward the LMI overall benefit threshold and meet national objectives in same proportion as the projects they are tied to



Planning Costs

- The “end product” of a Planning Activity is A Plan
 - Planning for a specific project is a project cost (or ADC if undertaken by the grantee/subrecipient)
 - A Planning Activity may convert to an ADC, if specific planning progresses far enough to be a CDBG-DR eligible activity and meet a CDBG-DR National Objective.
- Only grantees and subrecipients can incur planning costs
 - Use and amount of planning funds should be defined in grant agreements with subrecipients
- Examples of eligible planning activities:
 - Development of Action Plan and amendments
 - Watershed Management Plans
 - Functional plans for housing/land use/economic development



Planning Costs (continued)

- Funding Cap:
 - For Grantees under the Feb 9 FR Notice:
 - Max 15% of total grant amount
 - Grantees under all other appropriations:
 - Admin & Planning costs are capped at 20% for all grantees, but no grantee can spend more than 5% on Admin
 - The amount a grantee can spend on Planning would just depend on how much is spent on Admin
 - For example, if a grantee chooses to only spend 3% on Admin, the rest of the 17% would be available for Planning



Eligible Planning Activities (24 CFR 570.205)

- Comprehensive Plans
- Community Development Plans
- Functional Plans for:
 - Consolidated Plans
 - Land Use and Urban Environmental Design
 - Economic Development
 - Open Space and Recreational
 - Energy Use and Conservation
 - Floodplain and Wetlands Mgmt
 - Transportation
 - Utilities
 - Historic Preservation
- Small Area and Neighborhood Plans
- Capital Improvement Plans
- Individual Project Plans (excluding certain costs)
- Reasonable Costs of General Environmental, Urban Environmental Design, and Historic Preservation Studies
- Development of Codes, Ordinances, and Regulations
- Support of Clearinghouse Functions
- Assessment of Fair Housing
- Developing an Inventory of Properties with Known or Suspected Contamination
- Capacity building activities to:
 - Determine its needs
 - Set Long-Term Goals and Short Term Objectives, including urban environmental design
 - Devise Programs and Activities to Meet these Goals and Objectives
 - Carry out Management, Coordination, and Monitoring of Activities Necessary for Effective Planning Implementation



Program Administration Costs (PACs)

- Costs incurred for the general management, oversight and coordination of the CDBG-DR grant
- Must be used for activities related to CDBG-DR program
 - Cannot be used to cover admin related to managing other recovery programs, even if CDBG-DR from another appropriation
- Examples of eligible administrative costs:
 - Monitoring overall program performance
 - Leased office space and general operations
 - Staff time and/or contracted services to manage the funds and CDBG-DR program overall
 - Administrative support
 - Legal/accounting/HR/audit
 - Financial management/DRGR
 - Reporting/QPR
 - On-going compliance monitoring after project close-out



Program Administration Costs (PACs) (cont.)

- Funding Cap: Max 5% of total grant amount and program income
- Only grantees and subrecipients can incur administration costs
 - A subrecipient managing a single program (Owner-occupied Housing Rehabilitation) should not need to incur any PACs, since all of their costs may be directly related to that single Activity, so grantees should be cautious in allocating precious PACs
 - Amount and use of administration funding provided to grantees and subrecipients must be outlined in grant agreement
 - Grantee determines what proportion of 5% admin is shared with each subrecipient, depending on nature of their assigned CDBG-DR tasks



Documentation of Costs



Documentation of Costs

- Costs must be supported by adequate documentation based on type of cost
- Staff time
 - Time sheets – identifying program area (electronic or paper)
 - Payroll records (using cost distribution)
- Cost for materials/supplies/services
 - Vendor invoices
 - Be certain to document reasonableness for all costs (more later on this topic)



Salaries and Wages

- Charges for salaries and wages must be based on payrolls documented and approved by a responsible official(s) of the governmental unit



Other Cost Documentation Issues

- Incomplete projects: If a grantee reports a single project as one DRGR Activity, and otherwise eligible ADCs do not result in a completed project, these ADCs must be reallocated to administration or repaid from non federal sources
- Possible Exceptions:
 - When activities have a common Responsible Organization, Activity Type, and National Objective, then they should be reported in DRGR as a single Activity
 - For example, when a grantee has a Single Family housing rehab program that meets the requirements above, all of the project costs and ADCs should be reported under one Activity in DRGR
 - If 10 of the 1,000 housing rehab projects are not completed and don't meet a national objective, a grantee can include ALL of its ADCs associated with the Single Family housing rehab program in its DRGR Activity



Other Cost Documentation Issues (cont.)

- Ineligible costs: If CDBG-DR is spent on ineligible items, that cost must be repaid to HUD from non-federal sources
- Tie to CDBG-DR: all costs regardless of whether administrative, planning, activity delivery or project cost must be tied to the qualifying disaster event



Questions & Resources



Resources

- 2016 CDBG-DR Program Planning, Administration & Activity Delivery Webinar: <https://www.hudexchange.info/trainings/courses/2016-cdbg-dr-program-planning-administration--activity-delivery-webinar/>
- Guidance on CDBG-DR Costs: <https://www.hudexchange.info/resources/documents/CDBG-DR-Cost-Types-Summary.pdf>
- Notice CPD 13-07: Allocating Staff Costs Between Program Administration Costs versus Activity Delivery Costs in CDBG: <https://www.hudexchange.info/resource/3725/notice-cpd-13-07-allocating-staff-costs-program-administration-delivery-costs-cdbg/>
- 24 CFR 570: http://www.ecfr.gov/cgi-bin/text-idx?tpl=/ecfrbrowse/Title24/24cfr570_main_02.tpl
- HCD Act: <https://www.hudexchange.info/resources/documents/Housing-and-Community-Development-Act-1974.pdf>
- 2 CFR Part 200: <https://www.hudexchange.info/resource/4957/uniform-administrative-requirements-cost-principles-and-audit-requirements-for-federal-awards-conforming-amendments/>



Questions

