



Community Development Block Grant Mitigation (CDBG-MIT)

Overview of the Notice of Allocations, Common Application, Waivers, and
Alternative Requirements for CDBG-MIT Grantees

Washington, DC | September 2019

Welcome & Speakers

- Session Objectives
 - Learn about CDBG-MIT Action Plan requirements and timelines
 - Discuss how the Mitigation Needs Assessment must inform the grantee's action plan
 - Be able to clearly determine if an activity is eligible for CDBG-MIT funding
 - Learn about Covered Projects and the additional requirements attached
 - Understand CDBG-MIT's new national objective criteria
- Speakers
 - Frank McNally, Deputy Director, HUD DRSI
 - Jen Carpenter, Assistant Director of Policy, HUD DRSI



Agenda

- Overview
 - 4 main components of CDBG-MIT activities
- Pre-award Evaluation
- Grant Administration and CDBG-MIT Action Plan
- Additional Action Plan requirements
- Resources
- Questions?



Overview



HUD's goals with CDBG-MIT

- Support data-informed investments, focusing on repetitive loss of property and critical infrastructure
- Build capacity to comprehensively analyze disaster risks and update hazard mitigation plans
- Support the adoption of policies that reflect local and regional priorities that will have long-lasting effects on community risk reduction, including risk reduction to community lifelines and decreasing future disaster costs
- Maximize the impact of funds by encouraging leverage, private/public partnerships, and coordination w/other Federal dollars



Key words in the Notice

- “Align” is used 14 times throughout the Notice
- “FEMA” is used 74 times
- “Hazard Mitigation Plans” or “HMP” is used 23 times



All CDBG-MIT Activities MUST

- (1) meet the definition of mitigation activities;
- (2) address the current and future risks as identified in the grantee's Mitigation Needs Assessment of MID areas;
- (3) be CDBG-eligible activities under title I of the HCDA or otherwise eligible pursuant to a waiver or alternative requirement; and
- (4) meet a national objective, including additional criteria for mitigation activities and Covered Projects.

The action plan must describe how funded activities satisfy these requirements.



What is mitigation? (1)

- For the purposes of this notice, mitigation activities are defined as those activities that increase resilience to disasters and:
 - reduce or eliminate the long-term risk of loss of life, injury, damage to and loss of property, and suffering and hardship
 - by lessening the impact of future disasters



Mitigation Needs Assessment & MID (2)

- Public Law 115-123: “That prior to the obligation of funds a grantee shall submit a plan to the Secretary for approval detailing the proposed use of all funds...in the most impacted and distressed areas”



Mitigation Needs Assessment & MID (2) cont.

HUD-identified
Most Impacted and Distressed (MID) Areas
vs.
Grantee-identified
Most Impacted and Distressed (MID) Areas



Mitigation Needs Assessment & MID (2) cont.

50% of all CDBG-MIT funds must be used to address identified risks within the HUD-identified MID areas

- What counts?
 - 50% of a grantee's admin expenditures
 - Planning activities - IF grantees describe in the action plan how planning activities benefit the HUD-identified MIDs
 - Investments outside of the HUD-identified MIDs – IF grantees can demonstrate that the activity measurably mitigates risks identified within the HUD-identified MIDs



Mitigation Needs Assessment & MID (2) cont.

- All other CDBG-MIT funds must be used to address identified risks within the grantee-identified MID areas
- How are these areas determined?
 - using quantifiable and verifiable data
 - must be MID as a result from the major disasters identified by the disaster numbers listed in the notice table
- Investments outside of the grantee-identified MIDs count IF grantees can demonstrate that the activity measurably mitigates risks identified within the HUD-identified MIDs



Mitigation Needs Assessment & MID (2) cont.

- Conduct a risk-based assessment to inform the use of CDBG-MIT funds to meet mitigation needs, considering identified current and future hazards.
- Grantees must assess their mitigation needs in a manner that effectively addresses risks to indispensable services that enable continuous operation of
 - critical business and government functions, and
 - are critical to human health and safety, or economic security.



Mitigation Needs Assessment & MID (2) cont.

- Must quantitatively assess the significant potential impacts and risks of hazards affecting the following seven critical service areas:
 - Safety and Security
 - Communications
 - Food, Water, Sheltering
 - Transportation
 - Health and Medical
 - Hazardous Material (Management)
 - Energy (Power & Fuel)



“...Be capable of withstanding severe shock without either immediate chaos or permanent harm.”



Safety and Security

- Evacuation routes
- Force protection and security for staff
- Security assessments at external facilities
- Location of correctional facilities
- Continuity of Services
- Communications
- Capacity of First Responder Staff
- Placement of Critical Infrastructure



Communications

- Infrastructure
- Coordination and Protocols
- Status of telecommunications service
- Reliability of internet service and cellular service
- Requirements for radio/satellite communication capability
- Status of public safety radio communications and emergency alert
- Status of phone infrastructure and emergency line servicing.



Food, Water, Sheltering

- Number of people to evacuate
- Evacuation routes and Evacuation time frame
- Food, water, shelter availability
- Point of Distribution Public and Private
- Impacts to the food supply chain
- Location of water control systems (e.g., dams, levees, storm drains)
- Number and location of open shelters
- Transitional Sheltering Assistance options
- Potential future sheltering requirements
- Status of area agriculture



Transportation

- Inventory of major roads and highways, critical and noncritical bridges
- Status of maintenance and emergency repairs
- Availability of public transit systems including underground rail, buses, and ferry services, railway, airports, ports.



Health and Medical

- Status of acute medical care facilities (e.g., level 1 trauma center), chronic medical care facilities (e.g., long term care centers), primary care and behavioral health facilities.
- Ability to evacuate active patients
- Status of state and local health departments
- Public health advisories
- Availability of mortuary and post-mortuary services



Hazardous Material (Management)

- Amount, type, and containment procedures of hazardous materials Inventory of Hazardous materials
- Status of hazardous material supply chain



Energy (Power and Fuel)

- Inventory of electrical power generation and distribution facilities, nuclear within 10 miles, substations.
- Number of people and locations without power
- Availability of temporary power resources
- Status of commercial fuel stations
- Responder fuel availability and status of critical fuel facilities



Mitigation Needs Assessment & MID (2) cont.

- Must cite data sources and must at a minimum, use the risks identified in the current FEMA-approved state or local HMP.
 - If updating an expired HMP, the grantee must consult with the agency administering the HMP update to identify the risks that will be included in the Mitigation Needs Assessment.
- A grantee may identify additional risks that are not included in its jurisdiction's HMP but must at a minimum address the risks included in its jurisdiction's HMP.
- Grantees must include citations from the State or local HMP as evidence that the Mitigation Needs Assessment is consistent with such plan.



Eligible Activities (3)

- Ensure activities meet the mitigation definition, then:
 - Same eligible activities as in CDBG-DR
 - Use CDBG-MIT as Match
 - 5% Admin Cap; 15% Planning Cap (or \$750M cap)
 - LMI Priority – 50% Overall Benefit requirement
 - No direct beneficiary reimbursement allowed
 - No assistance to private utilities unless HUD grants wavier
 - Economic Development activities: Small Business priority



Eligible Activities (3) cont.

- Covered Projects Definition
 - An infrastructure project having a total project cost of \$100 million or more, with at least \$50 million of CDBG (MIT, DR, NDR) funds
 - Has to be submitted either via the initial action plan or in a substantial amendment to the action plan for HUD's review and approval



Eligible Activities (3) cont.

Covered Projects Definition

- An infrastructure project that is an activity or group of related activities that develop the physical assets that are designed to provide or support services to the general public in the following sectors: surface transportation, including roadways, bridges, railroads, and transit; aviation; ports, including navigational channels; water resources projects; energy production and generation, including from fossil, renewable, nuclear, and hydro sources; electricity transmission; broadband; pipelines; stormwater and sewer infrastructure; drinking water infrastructure.



National Objective (4)

- Low- and Moderate-Income Persons (LMI)
 - LMH (Housing)
 - LMA (Area)
 - LMJ (Jobs)
 - LMC (Limited Clientele)
 - LMB (Buyout)
 - LMHI (Housing Incentives)



National Objective (4) cont.

- New National Objective criteria
 - Urgent Need Mitigation (UNM)
 - Covered Projects
- Removed the National Objective criteria on the elimination of slum and blighting conditions (Slum & Blight) – unless HUD grants a waiver



National Objective (4) cont.

To meet any national objective, all CDBG-MIT funded activities must (page 45856 – third column (notice spacing issue):

- (i) Demonstrate the ability to operate for the useful life of the project. Each grantee must plan for the long-term operation and maintenance of infrastructure and public facility projects funded with CDBG-MIT funds.
- (ii) Be consistent with other mitigation activities. The CDBG-MIT activity must be consistent with the other mitigation activities that the grantee will carry out with CDBG-MIT funds in the MID area. To be consistent, the CDBG-MIT activity must not increase the risk of loss of life or property in a way that undermines the benefits from other uses of CDBG-MIT funds in the MID.



National Objective (4) cont.

Urgent Need Mitigation (UNM) – criteria to meet UNM – in addition to meeting MIT criteria (slide 29):

- (i) addresses the current and future risks as identified in the grantee's Mitigation Needs Assessment of most impacted and distressed areas; and
- (ii) will result in a measurable and verifiable reduction in the risk of loss of life and property.



National Objective (4) cont.

Covered Project criteria – in addition to meeting MIT criteria (slide 29):

- i. Demonstrate long-term efficacy and fiscal sustainability.
- ii. Demonstrably benefit the MID area.



National Objective (4) cont.

i. Long-term efficacy and fiscal sustainability, grantees must:

- Documenting measurable outcomes or reduction in risk
- Documenting how the Covered Project will reflect changing environmental conditions (such as sea level rise or development patterns) with risk management tools and alter funding sources if necessary.
- The grantee also must establish a plan for the long-term operation and maintenance of the Covered Project and include a description in its action plan.



National Objective (4) cont.

ii. Demonstrably benefit the MID area.

- BCA is greater than 1
- Grantees may use the FEMA BCA Toolkit
 - Any BCA must account for economic development, community development and other social/community benefits or costs
 - Must indicate whether another Federal agency has rejected a BCA for the Covered Project
- May demonstrate that benefits outweigh costs if the BCA is less than one, IF can also include a qualitative description of benefits that cannot be quantified but sufficiently demonstrate unique and concrete benefits of the Covered Project for LMI or other persons that are less able to mitigate risks, or respond to and recover from disasters.



Pre-award Evaluation



Certifications

Certification of financial controls and procurement processes, and adequate procedures for proper grant management

- (1) Proficient financial management controls.
- (2) Procurement processes/standards.
- (3) Duplication of benefits procedures.
- (4) Timely expenditures.
- (5) Comprehensive mitigation website linked to the grantee's disaster recovery website.
- (6) Procedures to detect and prevent fraud, waste, and abuse.



Certifications cont.

(6) Procedures to detect and prevent fraud, waste, and abuse.

A grantee has adequate procedures to detect and prevent fraud, waste, and abuse if it submits policies or procedures that enhance those previously certified by the Department for the grantee's CDBG– DR grant and if those policies or procedures include:

- i. The criteria to be used to evaluate the capacity of potential subrecipients;
- ii. The frequency with which the grantee will monitor other agencies of the grantee that will administer CDBG– MIT funds, how it will enhance its monitoring of subrecipients, contractors and other program participants, how and why monitoring is to be conducted and which items are to be monitored;



Certifications cont.

(6) Procedures to detect and prevent fraud, waste, and abuse.

iii. Enhancements to the internal auditor function established for the grantee's CDBG-DR grant; or if the CDBG-MIT grant is to be administered by an agency that does not administer the CDBG-DR grant, how the internal auditor function is to be established and resourced.

- The internal audit function must provide both programmatic and financial oversight of grantee activities and the submission must include a document signed by the internal auditor that describes his or her role in detecting fraud, waste, and abuse.
- Additionally, grantees may, as a special grant condition, be required to submit internal audit reports directly to HUD;



Certifications cont.

(6) Procedures to detect and prevent fraud, waste, and abuse.

iv. A conflict of interest policy and the process for promptly identifying and addressing such conflicts; and

v. Information on how the grantee will verify the accuracy of information provided by applicants. Instances of fraud, waste, and abuse should be referred to the HUD OIG Fraud Hotline (phone: 1–800–347–3735 or email: hotline@hudoig.gov).



Sufficient Management Capacity

- (1) Timely information on application status.
- (2) Implementation Plan
 - (a) Capacity Assessment
 - (b) Staffing Plan
 - (c) Internal and interagency coordination
 - (d) Technical Assistance
 - (e) Accountability



Sufficient Management Capacity cont.

(c) Internal and interagency coordination

- The plan describes how the grantee will ensure effective communication and coordination between State and local departments and divisions involved in the design and implementation of mitigation planning and projects, including, but not limited to the following: Departments responsible for developing the HMP for applicable jurisdictions; departments implementing the HMGP; subrecipients responsible for implementing the grantee's action plan; and local and regional planning departments to ensure consistency and the integration of CDBG–MIT activities with those planning efforts.



Grant Administration and CDBG-MIT Action Plan



Grant Process & Timelines

- Develop or amend citizen participation plan
- Consult with stakeholders, including required consultation with affected local governments, Indian Tribes, and public housing authorities
- 60 days prior to the deadline for the submission of an action plan, submit documentation for the certification of financial controls and procurement processes, and adequate procedures for grant management.



Grant Process & Timelines cont.

- Feb 3: Florida; Louisiana; North Carolina, South Carolina; Texas; and West Virginia
 - Certifications by 12/5/2019
- March 2: Columbia, SC; Lexington County, SC; Richland County, SC; Houston, TX; and San Marcos, TX
 - Certifications by 1/2/2020
- April 6: California; Georgia; and Missouri
 - Certifications by 2/6/2020



Grant Process & Timelines cont.

- Publish the action plan on your public website for no less than 45 calendar days to solicit public comment and convenes the required amount of public hearings on the proposed plan.



Grant Process & Timelines cont.

- CDBG-MIT grantees with allocations under \$500 million
 - Must hold at least **two** public hearings in the HUD-identified MID areas in order to obtain citizens' views and to respond to proposals and questions.
 - At least **one** of these public hearings is to occur prior to a grantee's publication for public comment of its action plan on its website
 - All hearings are to be convened at different locations within the MID area in locations that ensure geographic balance and maximum accessibility



Grant Process & Timelines cont.

- CDBG-MIT grantees with allocations of \$500 million or more
 - Shall convene at least **three** public hearings in the HUD-identified MID areas to obtain citizens' views and to respond to proposals and questions.
 - At least **one** of these public hearings is to occur prior to a grantee's publication for public comment of its action plan on its website
 - All hearings are to be convened in different locations within the MID area in locations that ensure geographic balance and maximum accessibility



Grant Process & Timelines cont.

- CDBG-MIT grantees with allocations of \$1 billion or more
 - Shall hold at least **four** public hearings in the HUD-identified MID area to obtain citizens' views and to respond to proposals and questions.
 - At least **two** of these public hearings are to occur prior to a grantee's publication for public comment of its action plan on its website
 - All hearings shall be held in different locations within the MID area in locations that ensure geographic balance and maximum accessibility.



Grant Process & Timelines cont.

*Public hearings must be held in facilities that are physically accessible to persons with disabilities.

Existing federal requirements provide that where physical accessibility is not achievable, grantees must give priority to alternative methods of product or information delivery that offer programs and activities to qualified individuals with disabilities in the most integrated setting appropriate under HUD's implementing regulations for Section 504 of the Rehabilitation Act*



Grant Process & Timelines cont.

- Respond to public comment and submit your action plan, implementation plan and capacity assessment submissions and projection of expenditures and outcomes to HUD.



Grant Process & Timelines cont.

- Feb 3: Florida; Louisiana; North Carolina, South Carolina; Texas; and West Virginia
- March 2: Columbia, SC; Lexington County, SC; Richland County, SC; Houston, TX; and San Marcos, TX
- April 6: California; Georgia; and Missouri



Grant Process & Timelines cont.

- Get DRGR access, if the grantee does not already have DRGR access, and you may enter activities into DRGR before or after submission of the action plan to HUD.
 - Any activities that are changed as a result of HUD's review must be updated once HUD approves the action plan.
- HUD reviews (within 60 days from date of receipt) the action plan according to criteria identified for CDBG-MIT funds, and either approves or disapproves the plan.
 - If the action plan is not approved, HUD will notify the grantee of the deficiencies. The grantee must then resubmit the action plan within 45 days of the notification.



Grant Process & Timelines cont.

- After the action plan is approved, HUD sends an action plan approval letter.
- Prior to transmittal of the grant agreement, HUD notifies grantees of its certification of the grantee's financial controls, procurement processes and grant management procedures and its acceptance of the implementation plan and capacity assessment.
- HUD sends the grant agreement to the grantee.
- Grantee signs and returns the grant agreement to HUD.



Grant Process & Timelines cont.

- Grantee posts the final HUD-approved action plan on its official website.
- HUD establishes the grantee's line of credit.
- Grantee enters the activities from its approved action plan into the DRGR system if it has not previously done so and submits its DRGR action plan to HUD
- The grantee must publish (on its website) policies for programs and activities implemented by the grantee with CDBG-MIT funds.
- The grantee may draw down funds from the line of credit after the Responsible Entity completes applicable environmental review(s) pursuant to 24 CFR part 58 or as authorized by the Appropriations Act and, as applicable, receives from HUD the Authority to Use Grant Funds (AUGF) form and certification.



Grant Process & Timelines cont.

- Substantial amendments to the action plan
 - Subject to a 30-day public comment period, including posting to grantee's website
 - HUD has a 60-day review period



Additional Action Plan Requirements



Duplication of Benefits

- Check out the 2019 DOB Webinar
- All CDBG-MIT grantees are subject to the Declined Loan Provision
- CDBG-MIT grantees receiving an allocation as a result of disasters occurring in 2016 and 2017, a loan is not a duplication of other forms of financial assistance, provided that all Federal assistance is used toward a loss suffered as a result of a major disaster or emergency.



Procurement

- State grantees must comply with the procurement requirements at 24 CFR 570.489(g) and evaluate the cost or price of the product or service.
- State grantees shall establish requirements for procurement policies and procedures for local governments and subrecipients based on full and open competition.
- Local government CDBG-MIT grantees must comply with the specific applicable procurement standards identified in 2 CFR 200.318 through 200.326 (subject to 2 CFR 200.110, as applicable).



Timely Use of Funds

- 6 years – 50% of funds expended
- 12 years – 100% of funds expended



Resources



- FEMA Hazard Mitigation Plan Resources website: <https://www.fema.gov/hazard-mitigation-planning-resources>;
- FEMA State Mitigation Planning Resources website: <https://www.fema.gov/state-mitigation-planning-resources>;
- FEMA State Mitigation Planning Key Topics Bulletins: <https://www.fema.gov/media-library/assets/documents/115780>;
- FEMA Local Mitigation Planning Resources website: <https://www.fema.gov/local-mitigation-planning-resources>;



- U.S. Forest Service's resources on wildland fire (<https://www.fs.fed.us/managing-land/fire>);
- National Interagency Coordination Center (NICC) which is the focal point for coordinating the mobilization of resources for wildland fire: <https://www.nifc.gov/nicc/>.
- 2019 HUD DOB Webinar: <https://www.hudexchange.info/trainings/courses/duplication-of-benefits-webinar-2019/2970/>



Questions?



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