



Overview of the Joint Guidance for Use of HUD's CDBG-DR Funds as Non-Federal Cost Share for FEMA's PA Program

2020 CDBG-DR Public Assistance Webinar Series

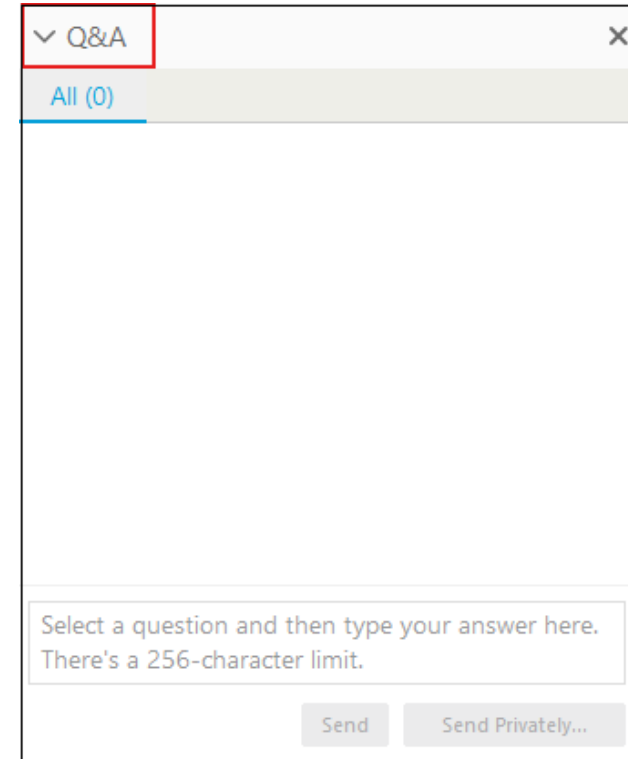
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Q&A

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Session Overview and Introductions



Session Overview

- Objectives
 - Discuss the flexible match concept, how to satisfy requirements, and how match benefits FEMA applicants and HUD grantees
 - Describe how to apply flexible match for FEMA PA and CDBG-DR grant
- Agenda
 - Brief Overview of Guidance
 - Flexible Match Discussion
 - Satisfying Requirements
 - Grants Management



Introductions

- Jen Carpenter, HUD
- Carey Whitehead, HUD
- Mikayla Catani, HUD
- Denise Yandle, FEMA
- Sarah Mulligan, FEMA



Overview of FEMA PA and HUD CDBG-DR



Authorities/Roles



• FEMA

- FEMA Stafford Act Authority
- PA Applicants: entities that apply for PA funding and are responsible for carrying out a project
 - PA Recipient: receives the direct award from FEMA
 - PA Subrecipient: received a subaward by the PA Recipient

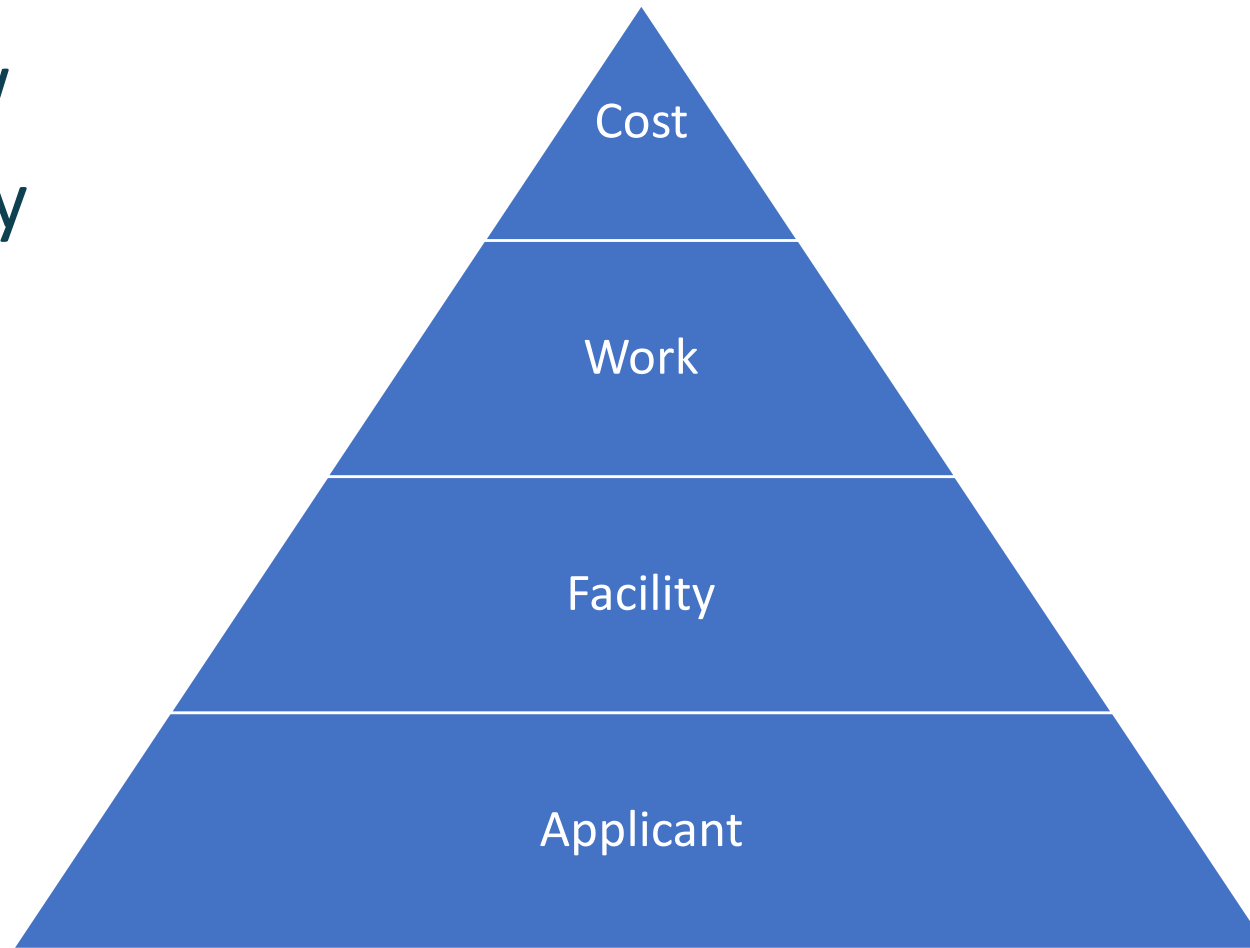
• HUD

- HUD CDBG-DR Authority
- CDBG-DR Grantees: entities that receive direct awards from HUD
- CDBG-DR Subrecipients: entities that receive subawards from the CDBG-DR Grantee



FEMA Public Assistance (PA)

- PA Program Overview
- Determining Eligibility
 - Applicant
 - Facility
 - Work
 - Cost



FEMA Public Assistance (PA)

- Project Formulation
 - Small vs. Large Projects
 - Type of Work
 - Section 407 – Debris Removal
 - Section 403 – Emergency Preparedness and Response
 - Section 406 – Permanent Work
 - Roads and Bridges, Water Facilities, Buildings & Equipment, Utilities, Parks and Other Uses
 - Section 422 – Small Projects
 - Section 428 – Alternative Procedures Projects
 - Other considerations:
 - Similar contracts
 - Similar sites/facilities
 - Damage within the same area/boundary



HUD Community Development Block Grant Disaster Recovery (CDBG-DR)

- Action Plan
 - Use of Funds
 - Require a “tie back” to the disaster
 - Benefit LMI persons (with 70% of overall grant)
- Typical Categories of Activities
 - Housing
 - Economic Development
 - Infrastructure
 - Planning/Administration
 - Ineligible



HUD Community Development Block Grant Disaster Recovery (CDBG-DR)

- National Objectives
 - Low/Moderate Income (LMI): housing, jobs, area benefit, limited clientele, buyout, and housing incentive
 - Urgent Need
 - Slum/Blight (spot or area basis)
- Most Impacted and Distressed (MID) Areas
 - HUD-identified
 - Grantee-identified



Flexible Match



New Guidance

- Implementation Guidance for Use of Community Development Block Grant Disaster Recovery Funds as Non-Federal Cost Share for FEMA's Public Assistance Program was issued 10/14/20
 - FEMA published as Implementation Guide
 - HUD published as a CPD Notice 20-10
- What is a cost-share?
- What does the guidance do?
- Who does this guidance apply to?

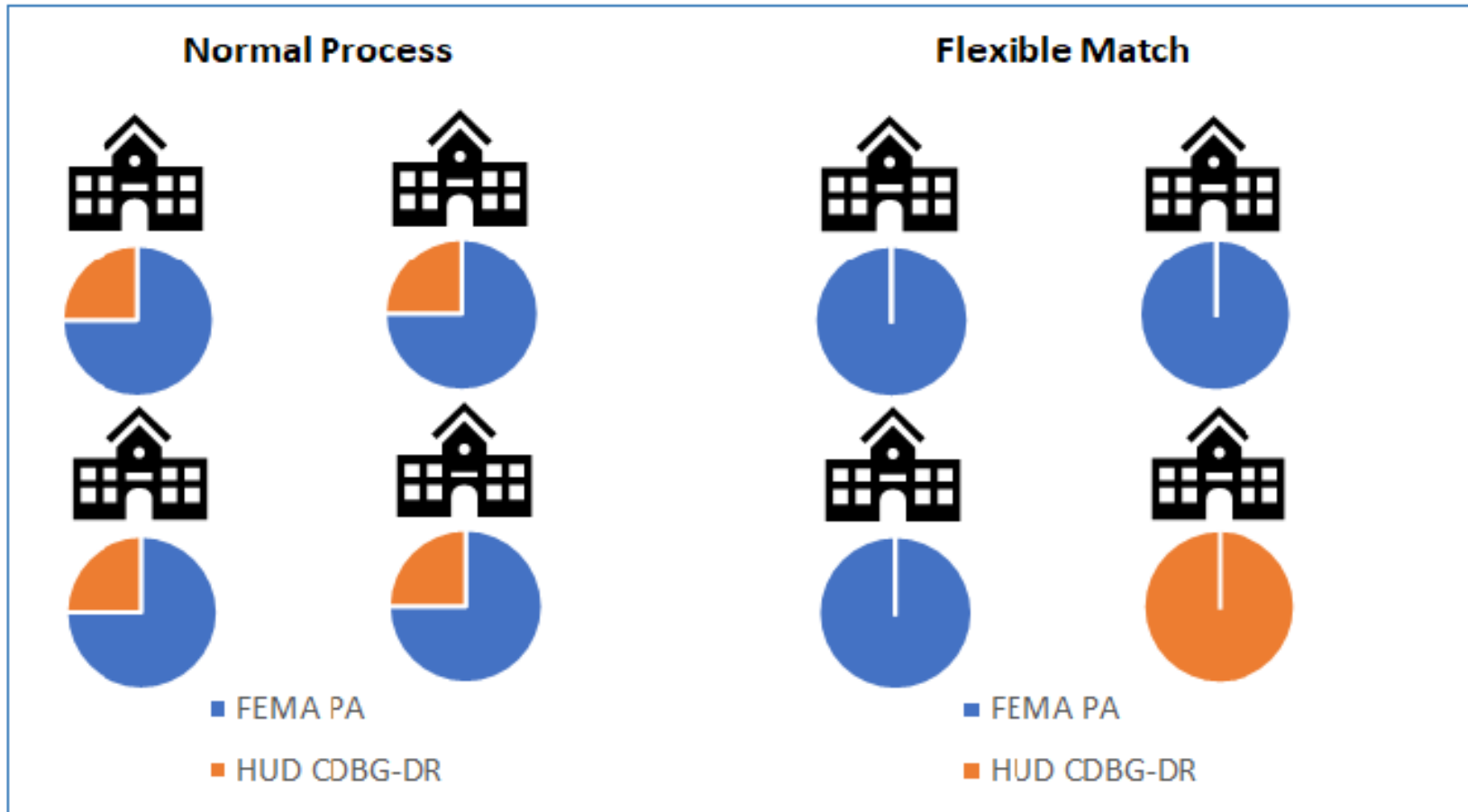


Defining Flexible Match

- What is it?
- Key elements:
 - Satisfy local match at a site level within a project
 - Consolidate use of CDBG-DR funds
 - All sites within a project must comply with PA requirements
 - CDBG-DR cannot pay for PA-eligible costs
 - Partial or full match can be done with CDBG-DR



Illustration



Example: Single Project with Four (4) Sites



Traditional Match

- Method: Apply local match proportionally across each line item within a project

Project Site Number and Cost		FEMA PA	% FEMA share of each site	HUD CDBG-DR	% HUD share of each site
Total cost for Site #1	\$50,000	\$37,500	(75% of site 1 cost)	\$12,500	(25% of site 1)
Total cost for Site #2	\$50,000	\$37,500	(75% of site 2 cost)	\$12,500	(25% of site 2 cost)
Total cost for Site #3	\$250,000	\$187,500	(75% of site 3 cost)	\$62,500	(25% of site 3 cost)
Total cost for Site #4	\$800,000	\$600,000	(75% of site 4 cost)	\$200,000	(25% of site 4 cost)
TOTAL ALL SITES (100% of Total Project Cost)	\$1,150,000	\$862,500 (75% of total Project Cost)		\$287,500 (25% of total Project Cost)	



Flexible Match

- Method: Apply local match to one site within a project

Project Site Number and Cost		FEMA PA	% FEMA share of each site	HUD CDBG-DR	% HUD share of each site
Total cost for Site #1	\$50,000	\$50,000	(100% of site 1 cost)	\$0	(0% of site 1)
Total cost for Site #2	\$50,000	\$50,000	(100% of site 2 cost)	\$0	(0% of site 2 cost)
Total cost for Site #3	\$250,000	\$250,000	(100% of site 3 cost)	\$0	(0% of site 3 cost)
Total cost for Site #4	\$800,000	\$512,500	(64% of site 4 cost)	\$287,500	(36% of site 4 cost)
TOTAL ALL SITES (100%)	\$1,150,000				
	(75% of Total Project Cost = \$862,500)	\$862,500		\$287,500	
	(25% of Total Project Cost = \$287,500)				



Identifying Flexible Match

- Let's look at a project and identify what can be reimbursed with CDBG-DR
 - What projects and type of work are included in the project?
 - What is the total project amount? What is the local match requirement?
 - How much CDBG-DR funding is available for match purposes?

Project Sites	Project Amount (100%)	Possible National Objective
Road Segment #1	\$150,000	LMI Area
Road Segment #2	\$150,000	LMI Area
Road Segment #3	\$200,000	Uncertain
Road Segment #4	\$200,000	Uncertain
Road Segment #5	\$300,000	Uncertain
TOTAL	\$1,000,000	



Applying Flexible Match

- Understand the cost breakdown
- Determine the distribution of CDBG-DR funding
 - What is the eligible activity for CDBG-DR?
 - What National Objective is met?
- Determine how regulations will apply
 - Which contracts for goods and services cover work that will be done on the CDBG-DR assisted portions of the project?
 - How will other cross-cutting requirements apply to the CDBG-DR assisted portions of the PW?

Work components	Cost	Possible Distribution of CDBG-DR
Road Segment #1		
• Planning, design, & permitting	\$ 50,000	\$ 50,000
• Construction Cost	\$100,000	\$100,000
Road Segment #2		
• Planning, design, & permitting	\$ 50,000	\$ 50,000
• Construction Cost	\$100,000	\$ 50,000
TOTAL	\$300,000	\$250,000



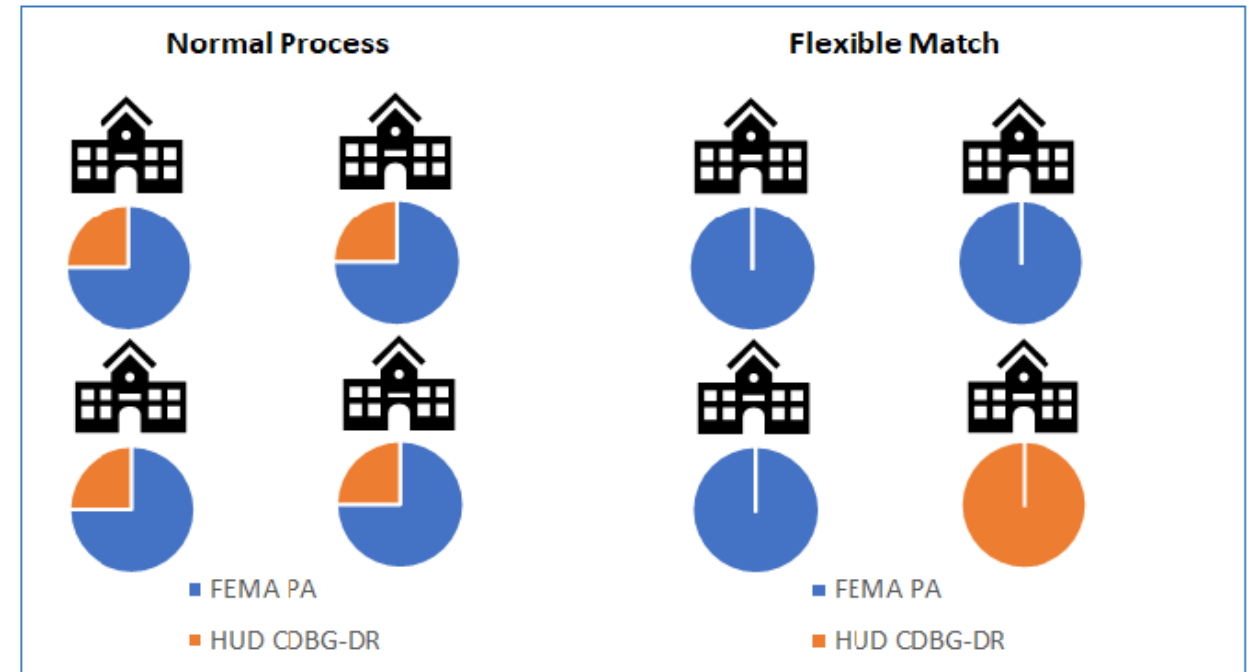
Potential Pitfalls with Flexible Match

- Paying for more than the local match
- CDBG-DR funded work meets HUD and FEMA requirements
- Not understanding how match affects procurement
- Not understanding the timing considerations



Flexible Match

- Keys to success
 - Constant communication between persons/departments
 - Apply due diligence when selecting projects and costs
 - Aligning funding sources
 - Identifying the CDBG-DR assisted portions early
 - Reporting differences and programmatic differences



Example: Single Project with Four (4) Sites

PA Projects Based on Actual Costs (e.g., 406 projects)

- Amount of Local Match can change over time.
- Take precautions to avoid paying for PA-eligible costs in excess of the final amount of Local Match. Do not use CDBG-DR to “front” costs.
 - Section VIII.B. of guidance identifies best practices.
- Changes in actual costs could cause order of assistance concerns if CDBG-DR funds > required amount of Local Match:
 - Ex. FEMA reduces the total amount and their federal obligation on a 406 Project after CDBG-DR funds are advanced to a CDBG-DR subrecipient to pay for costs of the Local Match.



Special considerations for 428s and Small Projects

- Amount of Local Match: Generally based on the estimated scope of work (even if actual costs differ from the estimate).
 - Small Projects under section 422:
 - Generally paid soon after Federal obligation of funds.
 - Match amount usually fixed (change in rare cases, e.g., change in scope of work or appeal could require adjustment to match).
 - Projects under section 428:
 - Generally paid on a reimbursement basis based on estimated cost.
 - Amount of match usually fixed.
 - If actual costs are less than estimated costs, the PA applicant can use “excess” PA funds on the same project worksheet or another 428-project worksheet. In some cases, this may cause match amount to change.



Flexible Match Example – Section 428

Ex. actual costs < estimated costs; savings used for costs in same project

Project Site Number and ESTIMATED Cost of Project	Actual Project Costs (underruns)	FEMA PA	% FEMA share of each site	HUD CDBG-DR	% HUD share of each site
Total cost for Site #1 \$50,000	\$40,000 (\$10,000)	\$40,000	(100% of site 1 cost)	\$0	(0% of site 1)
Total cost for Site #2 \$50,000	\$40,000 (\$10,000)	\$40,000	(100% of site 2 cost)	\$0	(0% of site 2 cost)
Total cost for Site #3 \$250,000	\$240,000 (\$10,000)	\$240,000	(100% of site 3 cost)	\$0	(0% of site 3 cost)
Total cost for Site #4 \$800,000	\$760,000 (\$40,000)	\$472,500	(62% of site 4 cost)	\$287,500	(38% of site 4 cost)
Excess funds of \$70,000 <u>for use on same Project</u>	\$70,000 (can be used for other approved work)	\$70,000 “Excess funds”	(100% of other project costs)	\$0	(0% of other approved work)
TOTAL EST. PROJECT COSTS \$1,150,000 (100% of Total Project Cost)	Total Actual Project costs \$1,150,000	\$862,500 (75% of total Project Cost)		\$287,500 (25% of total Project Cost)	



Knowledge Check #1 (True or False)

1. Costs that are funded by CDBG-DR only need to adhere to CDBG-DR requirements. True or False?
2. FEMA allows flexible match to be used for prior disasters. For CDBG-DR, if a project was not included in an Action Plan, substantial amendment to the Action Plan must be done. Substantial amendments require additional citizen participation and HUD approval. True or False?



Grants Management & Closeout



Grants Management

Project Implementation and Oversight	<p><u>FEMA</u></p> <ul style="list-style-type: none"> <input type="checkbox"/> Approves appropriate deadline for work completion <input type="checkbox"/> Approves any changes to the scope of work <input type="checkbox"/> Approves use of excess funds for 428 Alternative Procedures projects <input type="checkbox"/> Provides TA and completes post-award monitoring <input type="checkbox"/> Reviews quarterly reports 	<p><u>HUD</u></p> <ul style="list-style-type: none"> <input type="checkbox"/> Reviews quarterly reports <input type="checkbox"/> Provides TA and monitors grantees
	<p><u>PA Applicant</u></p> <ul style="list-style-type: none"> <input type="checkbox"/> Complies with all programmatic requirements <input type="checkbox"/> Completes PW within scope and deadlines <input type="checkbox"/> Submits request for PW approval <input type="checkbox"/> Provides quarterly status updates <input type="checkbox"/> Request payment disbursements 	<p><u>CDBG-DR Grantee</u></p> <ul style="list-style-type: none"> <input type="checkbox"/> Responsible for compliant use of all grant funds <input type="checkbox"/> Monitors performance by its subrecipient <input type="checkbox"/> Maintains adequate records to demonstrate compliance
	<p><u>PA Recipient</u></p> <ul style="list-style-type: none"> <input type="checkbox"/> Ongoing management of PA funds <input type="checkbox"/> Completes quarterly reporting requirements 	<p><u>CDBG-DR Subrecipients</u></p> <ul style="list-style-type: none"> <input type="checkbox"/> Ensures that use of all CDBG-DR funds complies with requirements included in the subrecipient agreement



Grant Closeout Requirements

Reconciliation/ Closeout	<p><u>FEMA</u></p> <ul style="list-style-type: none"> <input type="checkbox"/> Reviews and resolves any concerns <input type="checkbox"/> Approves closeout of projects and applicants 	<p><u>HUD</u></p> <ul style="list-style-type: none"> <input type="checkbox"/> Reviews and resolves any concerns <input type="checkbox"/> Drafts closeout agreement <input type="checkbox"/> Closes grant after agreement is signed
	<p><u>PA Applicant</u></p> <ul style="list-style-type: none"> <input type="checkbox"/> Submits its reconciliation/closeout package including use of excess 428 funds, if applicable 	<p><u>CDBG-DR Grantee</u></p> <ul style="list-style-type: none"> <input type="checkbox"/> Prepares for closeout of grant in accordance with applicable CDBG-DR closeout regulations and procedures
	<p><u>PA Recipient</u></p> <ul style="list-style-type: none"> <input type="checkbox"/> Validates request with its procedures and submits its recommendations for projects or applicant's closeout 	<p><u>CDBG-DR Subrecipients</u></p> <ul style="list-style-type: none"> <input type="checkbox"/> Closes out subgrant in accordance with instructions, policies, and procedures established by CDBG-DR Grantee



Satisfying Federal Requirements



Procurement Requirements

Procurement Entity	Applicable Requirements	Recommendations
FEMA PA Applicants & Recipients (State Governments)	<ul style="list-style-type: none"> <input type="checkbox"/> Follow the same procedures used for non-federal funds <input type="checkbox"/> Comply with 2 CFR Part 200.322 (Procurement of Recovered Materials) 	1. Fair and open competition.
FEMA PA Applicants & Recipients (Tribal, Local Gov'ts, and PNPs)	<ul style="list-style-type: none"> <input type="checkbox"/> Comply with federal rules found in 2 CFR Part 200.318-326. 	2. Perform a cost or price analysis on all contracts.
CDBG-DR Grantees (State)	<ul style="list-style-type: none"> <input type="checkbox"/> Three options: <ul style="list-style-type: none"> ▪ Adopt 2 CFR § 200.317, but impose 2 CFR §§ 200.318 through 200.326 on Subrecipients ▪ Adopt 2 CFR §§ 200.318 through 200.326 ▪ Follow its own procurement policies and establish procurement policies and procedures pursuant to 24 CFR Part 570.489(g) for Subrecipients. 	3. Include CDBG-DR requirements into applicable contracts that govern projects that may be funded with CDBG-DR or affect CDBG-DR work.
CDBG-DR Grantees (Local Gov'ts)	<ul style="list-style-type: none"> <input type="checkbox"/> Comply with federal rules found in 2 CFR Part 200.318-326. 	4. Evaluate and document a contractor's past performance. 5. Document the procurement process and decisions made.



Other Requirements

- Various cross cutting requirements may apply, such as:
 - Davis Bacon & related Acts (labor standards)
 - Uniform Relocation Act (URA)
 - Environmental review process
 - Section 504 handicapped accessibility
 - Lead Based Paint Hazard Reduction



Special Considerations

- Flood Insurance
- State and Local Codes and Standards
- Green Building Standards
- Elevation and Floodproofing
- Flood Control (i.e., dams and levees)



Knowledge Check #2

- 1. What if a PA Project is already under construction, but the CDBG-DR Grantee realizes that the elevation standards of the project does not meet HUD's standard? What can be done?**



Q&A



Resources

- Published Guidance
 - HUD: <https://www.hudexchange.info/news/new-implementation-guidance-for-use-of-cdbg-dr-funds-as-non-federal-cost-share-for-femas-public-assistance-program/>
 - FEMA: https://www.fema.gov/sites/default/files/2020-10/fema_hud_flexible-match-implementation-guidance_sop_10-14-2020.pdf
- Signed MOU Agreement: <https://cdbg-dr.pr.gov/en/download/hud-fema-flexible-match-mou-signed-1-3-2020/?wpdmdl=10950&refresh=5f891c83b92291602821251>
- HUD Exchange CDBG-DR page: <https://www.hudexchange.info/programs/cdbg-dr/>
- FEMA: <https://www.fema.gov/assistance/public>





Thank you!

- Contact Info:

- HUD Policy Unit, DRSIPolicyUnit@hud.gov
- FEMA Public Assistance Policy Branch, fema-recovery-pa-policy@fema.dhs.gov