

Implementation Guidance for Use of CDBG-DR Funds as Non-Federal Cost Share for FEMA PA Program, 11/4/20

Onye Ibeh: Thank you, John. Welcome, everybody, and thanks for joining this webinar today. Before I get started, can you guys all hear me okay?

Carey Whitehead: Sounds good.

Onye Ibeh: Thank you. Great. So let's get started. So today we're going to be talking about the recent guidance around the flexible match concept released by both FEMA and HUD back in October. We'll start with an overview of FEMA and HUD and then we'll go into detail on how to conduct flexible match with examples, how to satisfy federal requirements applicable to both FEMA and HUD, and how flexible match can provide both an added benefit to FEMA applicants and HUD grantees.

So to introduce everyone who's involved with this presentation, we have Jen Carpenter, the assistant director of policy for the disaster recovery and special issues division at HUD. We have Carey Whitehead, the attorney advisor working on affordable housing and community development, disaster recovery, resilience, and economic development at HUD. And Mikayla Catani, the community development and planning specialist at HUD.

We also have a few folks from FEMA. Denise Yandle, the public assistant's branch chief for region 10. And Sarah Mulligan, supervisory emergency management specialist at FEMA. And lastly, we have myself, Onye Ibeh, from ICF.

So just to get started, we're going to go over at a high level the differences between FEMA and HUD and what they do. FEMA and HUD oversee two separate grant programs. Each grant is distinct in how it is awarded, who and what is eligible to receive the funding, and what requirements the grants must adhere to.

FEMA is the federal awarding agency authorized to manage the public assistance, or PA, program. FEMA PA applicants are entities that apply for PA funding and are responsible for carrying out a project. PA recipients are entities who receive the reward from FEMA directly. And PA subrecipients receive a subaward from the PA recipient.

FEMA works with the recipient and subrecipient throughout the recovery process. The Stafford Act, which governs this whole process, encourages both states and localities to develop comprehensive disaster preparedness plans and prepared for better intergovernmental coordination in the face of a disaster. The law also provides federal assistance programs for losses due to a disaster and encourages the use of insurance coverage after receiving assistance.

The funding assistance provided through FEMA's PA program is subject to the local match requirements in that the federal share cannot be less than 75 percent of the eligible costs. This rule is what allows for other sources of funding that we're going to talk about, like CDBG-DR, to come into play and fund the 25 percent otherwise not be covered by FEMA.

On the other side, we have HUD, who is authorized to allocate an award, the community development block grant disaster recovery funding, or CDBG-DR, when Congress makes funds available. CDBG-DR funds are provided as a block grant to grantees who have the primary responsibility to oversee an administrative funding.

As per regulations, grantees can actually use CDBG-DR funds for payment of the non-federal share that is needed to satisfy local match. This means that CDBG-DR grantees can use grant funds to satisfy the local match for FEMA PA programs if the use meets all CDBG-DR requirements. This share would be up to 25 percent, but also be aware that for certain disasters, you want to keep in mind that circumstances can change such that maybe the federal obligations could be increased. So FEMA covers more, which means that the local match requirement is less.

So let's get into public assistance. FEMA's public assistance is the largest grant program and provides funds to communities responding to and recovering from major disasters. After a disaster, FEMA informs the PA applicants of the new funding and they have 30 days to submit their requests for public assistance. The PA recipients or the subrecipients will then prepare a PW, or project worksheets, for eligible work based on actual or estimated cost.

The project worksheet is a tool used by the PA applicant and FEMA to develop projects and is the primary document used to specify the location, the damage, the scope of work, and the cost estimate for each project. FEMA processes all PA grant funding into these project worksheets.

The PA program also determines the eligibility of any project by first evaluating the applicant, facility, work, and cost, in that order, such that eligible applicants can include states, federally recognized tribal governments, U.S. territories, local governments, and certain private non-profit organizations. Eligible facilities must have been impacted by presidentially declared incident, by located within the disaster designated area, and be the legal responsibility of an eligible applicant.

Eligible work for the PA program consists of emergency work under Section 403 and Section 407, and permanent work under Section 406. Eligible costs must tie back to eligible work, be necessary and reasonable, be documented, be reduced by all applicable credits, like insurance, and be consistent with the applicant's internal policies.

So when formulating projects, FEMA distinguishes between what are small and large projects. Project total cost falling below the large project threshold are small projects. The minimum project threshold and large project threshold are adjusted annually for inflation. For disasters declared or to be declared in FY '21, their project minimum is 3,220 and the large project cost has costs equal to or greater than \$132,800.

Funding for small projects are usually based on estimates while large projects are based on actual costs documented. However, most large projects are initially approved based on estimated cost because work is not completed at the time of approval. When it comes to formulating these projects, PWs should be grouped in a logical manner to include multiple facilities and/or sites

into one project. To group similar types of work in a single PW or project, you want to make sure that the work aligns as one of FEMA's categories of work.

So as you can see here, we have Section 403 and 407 that cover emergency preparedness and response and debris removal, respectively. We also have Section 406 that covers what we would cover permanent work, or categories C through G, especially if the work can be for roads, bridges, water facilities, and so forth. Then you have Section 422, which covers anything that cuts across these prior sections that are considered small projects. So they're below that minimum threshold we just discussed. And then lastly, we have Section 428, which cover the alternative procedures projects.

When formulating projects, you also want to consider the following. Is the work going to be awarded under a single contract or multiple contracts? Is the damage contained in or around the same facility or system? And is the damage within a site specific area or boundaries? These type of questions and considerations really help you understand what type of work you're combining and make sure that you're grouping things in a logical manner. That makes it easier down the road for local match to be conducted. And more logical your projects are, the easier your review should be and the easier it will be for you to reimburse the costs later on.

So now, we'll talk about HUD's grant. After disaster, Congress may appropriate funding for CDBG-DR grants to address disaster recovery needs that are not met by other sources of federal disaster assistance. With funding available, HUD provides CDBG-DR grants to states, local governments, or tribes. Before receiving a grant, CDBG-DR grantees must develop and submit to HUD an action plan for disaster recovery that describes how they intend to use CDBG-DR funds, including any funds designated by the grantee for activities that will satisfy PA local match requirements.

If not included, adding local matches as a new activity later will be considered a substantial amendment to the original plan, which will require additional citizen participation and another set of HUD approvals. To use CDBG-DR funds, programs and activities must have a direct tie back to a disaster and prioritize benefits to low and moderate income persons or households.

CDBG-DR funds can be used across 26 eligible activities, which can be grouped into housing, economic development, infrastructure, planning, and administrative types of work. [Inaudible] risen alternative requirements, HUD may authorize additional activities. So you want to be aware of that. And also when you're talking about what is eligible, you should also be thinking about what is ineligible.

Ineligible activities are anything that are not specifically authorized. So examples can include maintenance and operations, general cost of government, purchase of equipment or personal property, and things like that. Just be aware, however, that in some situations, costs that are presumed to be ineligible can actually be eligible. So it is recommended that you work with HUD to sort out issues that may arise for specific activities during the grant life cycle.

So as I stated, to satisfy the requirements for CDBG-DR funding, activities must meet a CDBG-DR national objective by benefiting a minor persons. Addressing an urgent need because existing

conditions pose an immediate threat to the community or by preventing or eliminating slum/blight situations. The term LMI is defined as persons of low and moderate income. Meaning, members of families or households whose incomes do not exceed 80 percent of the median income of the area involved.

LMI person can include one person families and LMI households include all persons occupying a housing unit. The requirement depends on the applicable federal register notice, but generally to carry out this objective, not less than 70 percent of the overall CDBG-DR grant must be used for activities that benefit LMI persons.

On the FEMA side, the number and scope of PA projects and facilities is determined by PA program requirements without regard to LMI benefit. So it's important that CDBG-DR grantees be diligent about how they their CDBG-DR funding to satisfy PA local match and the ability to satisfy their own LMI benefit requirement.

When trying to satisfy the local match requirement, CDBG-DR grantees and their subrecipients should prioritize use of LMI benefit national objective criteria and be diligent in documenting their compliance with that requirement.

Another requirement to be aware of is the most impacted and distressed areas, or MID. CDBG-DR appropriation acts typically require that all funds benefit the most impacted and distressed areas resulting from a disaster. The MID areas can be designated by both HUD and the CDBG-DR grantee. An activity may take place outside of a MID area if the activity is necessary to address a recovery need within a MID area. Typically 80 percent of the CDBG-DR grant must address a MID disaster need within the HUD identified MIDs.

The grantee may determine where to use the remaining 20 percent of the allocation, but that portion of the allocation may only be used to address needs in areas that the grantee determine are most impacted from the same disaster. As per the guidance, PA projects cannot use DR funding as a source for the local match if the location is outside the HUD or CDBG-DR grantee identified area.

So we've gone through some of the big overviews of FEMA and HUD. These are things to keep in mind as we get deeper into discussing flexible match. And with that, I'll turn it over the presentation to Sarah to discuss flexible match.

Sarah Mulligan: Excellent. Thank you so much. I hope everyone can hear me all right. So my name is Sarah Mulligan. As stated earlier, I work for public assistance in our policy shop. So I am going to continue by talking about the kind of flexible match concept and how -- what this means for HUD grantees and FEMA recipients and subrecipients.

So on January 3rd of this year, FEMA and HUD both signed a joint memorandum of understanding. And one of the outcomes of that was to develop an implementation guidance for defining what we were thinking of this flexible match. And this is something that the two grant programs have done in the past, but it never really formulized it. So this memorandum of

understanding was an attempt to do so. And then the subsequent implementation guidance is to lay out the steps in a little bit more finer detail on what that meant for our grant programs.

So FEMA published the implementation guidance and put it with -- it's on the FEMA website. HUD issued it through a CPD notice that it's similarly on the HUD exchange. And so the same guidance can be found both places and we kind of just sort of blast them out to our own communities. But the documents are the same and have been agreed upon by both agencies.

So just to kind of back up a little bit for folks on the line that might not be as familiar with the public assistance program. One of the kind of key elements of public assistance and FEMA overall is that it's really a partnership between the federal government, FEMA, our states and our applicants typically, like was described above, local governments, tribal governments, territorial governments, and some private non-profit. So it's really a partnership.

And as part of that partnership, all of our FEMA funded public assistance projects are subject to what we call a cost share. And so the federal government typically pays 75 percent of a project cost. So if a school is damaged, that -- the repair restorations of the disaster damage, 75 percent is paid by FEMA and then 25 is pay -- 25 percent is paid by the local government or sometimes local governments and states will have a partnership to kind of pay for that local cost share.

Now, that -- those proportions do change depending on the kind of scale and magnitude of a disaster. And so sometimes you may see it go up to 90 percent of the federal government and 10 percent is the applicant. But everything is subject to a cost share. And the purpose of that is really to make sure that both parties, because it is a partnership, has some sort of stake and some skin in the game. And so it kind of -- it helps us create that [inaudible] in the partnership in the disaster recovery framework.

And so what this guidance does, it is -- it presents a streamline process for applying flexible match. And that is when the local government will decide to use their HUD CDBG-DR money is allocated, if they have it, and it's allowed for that purpose. But they can use some of that money to -- for all or a portion of their local cost share. And so the guidance document kind of explains what that looks like, presents a streamline process. The way that we've been doing this and this has been done in the past in numerous disasters, but this is kind of -- we worked closely, FEMA and HUD together, to kind of see how we could it in a more streamlined approach that reduces the administrative burden on grantees, subgrantees, our applicants, and the government overall.

It presents the requirements of both agencies because, as I'm sure anyone who's dealt in the federal grant world knows, each agency has their own [inaudible] criteria that have to be in order to receive grant dollars. And so the government segment also tries to articulate what those are to high-level just to kind of have a one-stop shop for that. And then it presents a couple of different planning tools that are available for FEMA applicants and HUD grantees to use when anticipating these in the future or newly -- a new disaster, where to go to start planning and theorizing how this is going to work for you.

And then this guidance really applies across the board. It's to help FEMA and HUD staff, but also HUD grantees and subgrantees and FEMA applicants. So they're -- we refer to them as recipients and subrecipients, but just those who are receiving our funding.

So to kind of go a little more into what this is -- and we talked about this at the beginning of the presentation to talk about the project formulation that FEMA undergoes -- a FEMA project. So our project worksheet would a lot of times contain multiple sites and that's things that are going to be procured together or activities that have some sort of commonality. We usually encourage applicants to put those all in one project worksheet.

So kind of an easy example. I like to think about our buildings because they're kind of discrete facilities or sites, but communities that is -- might decide to put all of their schools -- all the schools that were damaged in that disaster onto one project worksheet because they're going to procure the work to fix those schools together or the schools have -- their buildings are subject to the same type of building codes. So it's easier to organize their grant that way.

And so with having the traditional way in which the funding is applied, then each of those discrete sites has 75 percent or FEMA, then 25 percent local. And that kind of is distributed across the board. And when we're just talking local funds and FEMA funds, it's pretty straightforward because we're just dealing with one federal agency.

But when the local government will use HUD funding, it gets a little bit more complicated because now each of the schools within the one project worksheet is subject to both FEMA and HUD requirements. And so what the flexible match concept does -- I'm going to jump ahead in the slide just a bit because I think the graphic sort of illustrates this -- is now you have four schools. The local government can say we're only going to apply our HUD funding to this one school. And so only that one school needs to have both FEMA and HUD compliance requirements and then the rest of the schools that constitute 75 percent of the rest of the grant only really need to deal with the FEMA requirement.

And so HUD -- they can consolidate HUD funding on discrete sites or facilities within a FEMA project worksheet. And then only those that have both governmental -- both federal agency funding going to do work will be required to follow both compliance requirements.

And so that is hopefully going to streamline and simplify things kind of across the board. And so they -- applicants or HUD grantees can consolidate their funds and decide which discrete points to simplify that funding. All sites will be required to comply with PA funding. It's just those that have funding, too, will also have to have HUD. And so FEMA will [inaudible] on a FEMA grant.

HUD funding cannot pay for FEMA eligible costs. So it's only going to be eligible for whatever that local cost share is. So if FEMA can pay for it, FEMA will have to pay for it up to what HUD eligibility is and then the local share will be a combination of HUD and local funding or all HUD funding. Just that is really a decision that can be made at the local level.

And so with that, I will pass it over to Denise Yandle also with FEMA headquarters to go through a little bit more of how that breakdown would look.

Denise Yandle: Hi, Sarah. You'll have to pass the ball over to me or you can -- or I can just have you change the slides over. Very good. Great. All right. We got the ball passed.

As Sarah showed on this particular illustration -- and I'm going to go in the next couple of slides into a little more level of granularity how it works. As she noted, the first we have a normal, I would call it, a traditional process and then we have the flex match process. So if you kind of follow, the next slide is going to show us how the traditional process works.

Under the traditional concept, the CDBG-DR funds apply at a local match at the entire project. As seen in this slide, each cost and site is proportionately distributed between the PA and CDBG-DR money. This means that all work is subject to both PA and CDBG-DR eligibility and compliance requirements.

So as you notice in site number one, two, three, and four, the HUD funding is distributed 25 percent to each of the sites for a grand total of \$287,500. What this means is that each site has to meet HUD's requirements. Each site has to meet PA FEMA requirements when it comes to doing the compliance. But what I want to show on the next slide is how the \$287,000 is used when it comes to the flexible match. So let's move to the next slide.

In the flexible match, you're using a concept where the applicant can pick and choose which CDB -- which project they want to apply the CDBG-DR funding. It can either be to a specific facility or to a specific site within that project. Now, be mindful, all sites and facilities must comply with FEMA PA requirements. However, only the site that's using the CDBG-DR assisted portion must comply with the CDBG-DR requirements.

So the flexible match concept can reduce the number of facilities and sites within the project that must comply with both federal requirements. So if you notice in this particular example, which is the exact same as the previous example, except we're taking site number four and site number four is going to comply or has to comply with all of HUD's requirements. But you also have to be mindful that all sites, sites one through four, still have to comply with all of FEMA's PA requirements.

So let me turn it over to Jennifer Carpenter with HUD and she's going to go into some factors to consider when selecting a site or facility to use the CDBG funding. So let me drop this to Jennifer.

Jen Carpenter: All right. Thanks, Denise. As Denise mentioned, I'm going to go really walk through an example. This example is also in the guidance in greater detail even than we'll talk about today. So definitely reference that later.

But an example we're going to talk about, we made the numbers pretty easy to walk through this. So the PA applicant received FEMA approval for a \$1 million FEMA PA scope of work. The FEMA PW approved under Section 406 includes five local road segments with 40 sites. These

sites had flood damage that caused washouts. Washouts, who are not familiar with them, are where the road is eroded away by flowing water that's usually caused by a flood.

In this case, the PA applicant has to provide a 25 percent local match for the PW. So it's a \$1 million project. That puts their match at \$250,000; that means their FEMA PW cost share will be \$750,000.

The DR subrecipient consults with the grantee and determines that based on the locals of road segments one and two, which you see circled on this slide, those specific road segments could meet the DR national objective criteria for area benefit to low and moderate income persons. So that means that those two road segments are in primarily residential areas where at least 51 percent of the residents benefiting are persons of low and moderate income.

So that makes it a pretty easy decision on where the DR funds will go and what they'll pay for because that allows you to meet that national objective, which is -- it's a huge part of the DR requirements. So the subrecipient decides they're going to set aside the \$250,000 of the DR funds to meet the match requirement and they'll apply those funds to those two road segments and be able to meet a low mod -- a low and moderate income national objective.

So in this example, the PA applicant determined a grouping the road projects into a single FEMA PA PW is logical because the projects are similar, right? They're all road projects. By using a flexible match, the DR grantee can consolidate the DR funds into as few sites as possible. And then you only have to review the relevant portions of the PW that are considered DR assisted, reduces the administrative burden on the grantee.

This obviously allows the potential local match to be greater on a single PW and also allows the review by the DR grantee to be much simpler as they can fund more of the project without having to make every eligible site -- every site eligible.

So we're going to dig even deeper, right, and we're going to look at what am I actually paying for with the DR funds because obviously, that's really important. We have all these additional requirements on the DR funds. And it matters what you're paying for and when.

So in this case -- in this example, HUD is going to pay for the planning and design cost for road segments one and two, and then reconstruction of all the washout for road segment one, and then a portion of the reconstruction of the washout for road segment two. So we didn't want to give you a perfectly clean example. We wanted to focus on how these nuances in a project, like just paying for a portion of the construction work would affect these requirements. So that's why we did it this way.

And although the DR funds are not used to pay for the entire cost of road segment two, right, we're saying we're just going to cover \$50,000 of the construction costs for road segment two. It still means -- we still have to think about the entire road segment two when we're talking about meeting a national objective, right?

So reconstruction of road segment two isn't eligible CDBG activities. So you can check that box even if you're just paying for a portion. But the entire work under road segment two has to be completed to meet the low mod income national objective that we're talked about earlier and area basis. So I have to be complete or the folks in the area aren't benefiting, right? So to meet the national objective, even though you're only paying for a portion, the entire road segment has to be completed to meet that national objective.

The other thing we want to talk about is understanding the contract structure that we are probably going to talk -- we're going to talk a lot about procurement. I'll even talk about it on the next slide as well. So going to get a lot of procurement. But it's really one of those things that you really want to think about before you -- if you can do it prior to procuring for these services, if you can think about where the DR funds, what they're going to pay for, when they're going to pay for it, it just -- you really want to think about these things as early as possible and work with the folks on the other side of the house who are doing this, make sure those requirements are in there.

In this case, it's a procurement is already completed and the contract does not require the contractor to comply with DR requirements. You're going to have to work with both parties to amend that contract. You have to have those DR requirements in the contract or you're going to have to do a new procurement to include them. So it's really something that's really important. Hopefully, if you've already done the procurement, they will -- the other party will work with you to add additional requirements. But if not, you will have to do their -- re-procure for those services to make sure you're not in non-compliance.

You also want to understand how Davis Bacon wage rates in section three requirements would apply to the entirety of the project. This is still with DR funds and not just the portion you're paying for and it's road segment two but the entire project. You need to examine each of these requirements early because they do all apply a little bit differently. I mean, generally speaking, CDBG requirements apply to the CDBG assisted portion of the projects, but there may be some requirements that don't work that way. And so you want to make sure you're looking at each one.

So for example, you have Davis Bacon wage rates that would apply to all of segments one and two even though DR funds will not be used to pay for all of the work in segment two. So that's one where a dollar of the DR funds in that project will trigger those requirements. So even though you're not paying for the whole thing, you still want to make sure you're following Davis Bacon wage rates. Also, environmental requirements that would apply to the whole project.

And then when you're dealing with procurement, it is a little bit different, right, because you can procure for the services separately. So if we change this example and said, FEMA is actually going to pay for the planning, design, and permitting of road segment two, and then the DR funds are only going to be used for the construction, the FEMA work could be procured separately and then it wouldn't be subject to the CDBG procurement requirements, right, because it was procured separately. It's being paid for by FEMA.

But we just need to know, right? You need to know what you're paying for and when you're paying for it so you can make sure those correct requirements are in there. When you're dealing with procurement specifically, depending on the entity, right, if you're a CDBG-DR state

grantee, there are some differences on procurement that we know about. And if you're a local government, there are some differences between states and local government. So you just want to make sure that you're following the correct procurement requirements for the activities that you're paying for. Once you get these items worked out, you can begin using DR funds for the local match.

So let's talk about pitfalls. Again, some of these, as you've talked about, procurement, but let's dive into them a little bit.

One is you want to avoid paying for more than the local match. So avoid paying for PA eligible costs in excess of the final amount of the local match requirement. You can do this by making sure you're tracking local match payments to actual costs rather than estimates. So this is really important for PWs where FEMA may reduce the PW obligation from its original estimate to match the final actual cost. So make sure that your local match is matching the actual cost of the project.

The second one, DR funded work meets HUD and FEMA requirements. We've been saying this over and over since we started the presentation. You just -- we just can't reiterate it enough. You just always want to make sure that you're meeting the requirements of both programs. Adhering to FEMA requirements is not enough if you're using DR for match. It could potentially disallow costs if certain applicable regulations are not followed. You don't want that to happen.

The third one, procurement. Not understanding how the match could affect your procurement. So just walking through this example again because I know it's confusing. You can have projects where one or more of the contracts are procured separately. So written scope of work and how the contracts were procured will influence what regulation the contract needs to follow and the ability to be able to reimburse those costs with DR funding.

If any part of a contract is funded with DR, then it must comply with both FEMA and HUD applicable regulations. If a contract is not funded with DR but the scope of the contract includes work on the DR assisted portion of the project, then even though the procurement doesn't have to follow DR procurement requirements, a contractor must be required to carry out the contract scope of work and compliance with both FEMA and HUD applicable regulations.

So let's just walk through this again. I want to just make sure folks understand this. If you have procured for -- you procured for services and part of that -- part of those services will be paid for with DR funds, you want to make sure that contract includes everything you need in it for the DR funds or you will have to amend that contract or re-procure if both parties will not agree to amend. So it's much easier to make sure those DR requirements are in there ahead of time and will save you a lot of time and grief in trying to amend those contracts.

And lastly, we want to encourage folks to think about timing considerations. DR grantees -- and HUD fully expects DR grantees to set aside DR funds to pay local match on projects that are still in the development phase and where costs have yet to be incurred. But remember, the DR has a time limit. You have an expenditure deadline on those funds.

So waiting to expend the DR funds for PA local match could jeopardize the funding if you're not able to spend the funds within the correct period of performance. So this is why grantees and PA applicants need to coordinate early on to ensure that the project start and end dates are defined and that a project spend schedule can be allowed in order to ensure timely expenditure of DR funds because it's really about spending the money on the DR side. That's where your requirement is, whether it's six years or a regular DR program, whether it's 12 years for mitigation funds. Whatever the timeline is on spending your money on the HUD side, that's about spending the money.

You don't have to meet a national objective. That's not what it's about. That's not what the requirement is. The requirement is about spending the money. And then, obviously, you will ultimately have to meet a national objective to make that eligible. So just remember that when you're working with your partners and talking about timelines.

All right. I am now going to turn it over to Carey.

Carey Whitehead: Hey, everyone. Thanks for joining us today. We're going to go over a couple of things in the next couple of slides that are really the -- some big picture questions that we know will affect your overall compliance and things that you're going to want to do to just make sure that your use of flexible match is successful as possible.

So both Sarah and Denise touched on this graphic, right? The normal process versus the flexible match process. And I think that because flexible match is so new as a concept, the key here to successful implementation of the concept is constant communication between your departments that are carrying out your public assistance grants and your CDBG-DR grants.

So there are all kinds of things that change over the course of recovery. And that's true for public assistance and for CDBG-DR. But for your public assistance projects, your scope of work can change. Your cost can increase and decrease. You can have project delays caused by any number of things. And the project delays can either cause the deadline for the completion of your public assistance work to fall after your deadline for your period of performance for your CDBG disaster recovery grant or vice versa.

So in order to make sure that as the uses of the two funds come together, there's compliance on -- with both program requirements, both sets of program requirements. You'd really need to have a point person for each type of assistance that is in constant coordination and this hinges on project management. I think you're going to hear that a couple of times today. We've already heard a couple of times that applying flexible match requires more coordination between the PA application and the CDBG-DR grantee and subrecipient.

The reasons for this coordination and having these leader points of contact are to really do your planning and your due diligence to make this work for you. The advantage of flexible match, when it's working for you, is that you can streamline your overall oversight and reduce your administrative cost by concentrating your CDBG disaster recovery fund into the smallest number of sites possible for across your projects. And by doing that, you're really going to narrow the

focus of the use of the CDBG-DR funds so that you are only focused on compliance with two sets of programs in that one area where you're concentrating your CDBG-DR funds.

So you're going to look for, for example, when you're planning at the outset and you're choosing which sites where you're going to invest your CDBG-DR. You're going to look for sites that -- where you know it's going to be easy to use CDBG-DR to satisfy your local match. You're going to want to decide which specific sites are cost within a project you're going to charge to the CDBG disaster recovery grant. And you really, at the same time, want to maximize your choices to -- those choices that are going to benefit persons of low and moderate income. And by doing that, you're going to make sure that you're supporting the overall goal of the use of CDBG-DR funds, which is to benefit low and moderate income persons.

And so you want to take some time to figure out how much CDBG-DR is going to be available to use for match projects. And there's -- there never seems to be quite enough money to pay for everything that you need as part of your recovery. So your amount of CDBG-DR might not be sufficient to cover the full local match requirement for all of your public assistance funds. And if that's the case, you're going to have to pick and choose.

Your first half is going to just be projects that will even comply with CDBG-DR requirements at all because they're an eligible activity under the CDBG-DR program.

And then you want to look for project worksheets that are fully obligated by FEMA or your actual costs are known and you're doing reimbursement because that might reduce the possibility that the scope of work is changing and hopefully will help even further reduce the amount of coordination that's going to take as those cost and changes have to be reviewed both on the PA side and on the CDBG-DR side.

And really want to think about managing risk of non-compliance. So in most cases, a CDBG-DR grantee is going to be working with subrecipients who are PA applicants to pass down the -- and subgrant the CDBG-DR fund. And we have to realize that the CDBG-DR grantee retains the responsibility for oversight here. And so the CDBG-DR grantee is going to have to make some risk based determinations for how and when they're going to monitor compliance. Is it going to be at the end or are there going to be some checks along the way?

And the more you push that compliance effort to the backend, it's going to increase your risk of non-compliance and your potential for monitoring findings. And if you are a CDBG-DR grantee and you get monitored by HUD and you haven't done your work for overseeing the subrecipient, it's the CDBG-DR grantee that ultimately is on the hook for remedying the non-compliance.

So there's a real need to assess the capacity of subrecipients. And then determine how much oversight is necessary for -- to make sure that you're meeting the subrecipient where it is. But if you have to pick and choose because you don't have enough money to pay for your full amount of match, you should look for subrecipients that are high capacity or that have demonstrated ability to keep great records or they're operating on a reimbursement basis and they already have great records.

And the more you can get information out the door to your potential subrecipients early, even before you know the final amount of your match, you can let them know here's what you're going to need to be successful in either applying for a subgrant for match funds or in carrying CDBG-DR subgrant for match.

And so if you're making deliberate choices early on in the grant life cycle, then you can reduce your administrative costs. And part of that is having your checklist in place and really educating up any subrecipients who are going to be carrying out a piece of the puzzle so that everyone is on board and better able to comply with both the PA and the CDBG-DR requirements.

So just moving here to a little bit of a discussion on PA projects that are based on actual costs. For 406 -- when we're talking about -- and 403 and 407 -- any of these projects that are based on actual costs, the amount of local match might be unknown over time, right? You're going to start out with an estimate but since you're operating on a reimbursement basis, those costs are going to be refined over time. And then when your actual costs are known, that's when you're going to be able to determine, oh, my final requirement for local match is X, \$100,000, whatever it is. You're going to know that once the actual costs are known.

And on the CDBG disaster recovery side, our appropriations act generally include a statutory order of assistance that prohibits the use of CDBG disaster recovery funds for costs that FEMA is going to be pay once they're eventually included in the project or in the project worksheet. So for any PA project, given that the amount of local match can change over time for any number of reasons. It can be actual costs are changing. It can be scope of work is changing. Or it can be that you have a situation where all of a sudden the grantee is over a certain threshold of damage and the percent of the required match is changing if the damage estimates are really high. All of those things can cause a problem.

If you put all of your CDBG disaster recovery dollars in and then the scope decreases and the amount of local match that's required decreases because in those cases, you've already paid for something that ultimately you didn't have to pay for that FEMA would pay for. And you could potentially end up violating that order of assistance provision.

On the other hand, if your costs are going up -- if there are upward adjustments in actual cost, these aren't going to lead to order of assistance problems because you can always go in after the fact and increase the amount of local match over time.

So the key takeaway from this conversation is that CDBG disaster recovery funds cannot be used to temporarily pay for costs that are later going to be reimbursed by FEMA. So you hear grantees sometimes ask about bridge funds or float funds or can I front the money with my CDBG-DR and then get reimbursed later by FEMA. And the answer to that is no. And it's a hard no because we can't waive the order of assistance provision since it's in the CDBG-DR appropriations act itself. We, HUD, cannot waive that.

So that provision can be violated even if you say, oh I'm just giving them temporarily and then I'm going to recapture them. If you know FEMA funds are coming or if FEMA funds are coming later, then you can't decide you're going to pay for it up front with CDBG-DR and just be

reimbursed. So this is why flex match is a key concept that requires planning in order to be successful. You have to have policies and procedures in place that are going to ensure your compliant with [inaudible].

So what would a successful grantee do to avoid violating order of assistance provisions? They're -- this is going to really depend on your specific facts and how fast the funds are flowing in your area. Hopefully, your projects are coming together. But some key things that we highlight in the guidance are one, waiting until the scope of work on your PA is -- your PA project is unlikely to change before charging costs to the CDBG-DR grant or subaward. You can go ahead and reserve funds, but wait to actually charge the costs to CDBG-DR if you can until you know what those costs are going to be.

Another option is to just say we're going to operate entirely on reimbursement. We're going to pay for costs with non-federal funds initially. And then we'll reimburse ourselves. And the key there, if you want to go that route, it's a good route to go, there are some regulations that you need to follow.

So for local government, CDBG-DR grantees, 2 CFR 200.305. And for states looking at the treasury state agreement and the regulations at 31 CFR Part 205. Then you can also apply some concepts that often show up in contracts, like retainage, for example. You can hold back a portion of your CDBG-DR funds that are planned for activities to satisfy local match. And then once the projects are finally shaping up and you know your actual costs, pay that 10 percent hold back or whatever it is to make sure that you're not violating order of assistance provisions. You're not putting more CDBG-DR into the project than is going to be required to pay local match.

And then again, all of this is just going to take regular coordination with the point of contact on the PA applicant side just to anticipate problems and know when the project is changing and make sure you have a strategy that's considering the requirements of both programs.

So there are times when FEMA funds are awarded after the CDBG-DR for a project. In particular where FEMA funds just -- no one thought they were going to be available. And if that happens and you've already put the CDBG-DR into the local match for the PA, then you should immediately recapture those funds once you know that the FEMA assistance is on the way.

And there are a few instances where this might happen years after you put in the CDBG-DR funds. So once example to come up -- that's come up in recent years, we had a state that had initial PA obligations that were subject to a 75/25 split. The standard 25 percent non-federal cost share, but after four years, the state's cost had increased enough to pass the threshold where FEMA, under its regulations at 44 CFR Section 206.47 recommended an increase to 90 percent federal cost share for FEMA PA.

And once that happened, all of a sudden, there was FEMA PA coming into the project. But for those PA projects that were right at the end of -- they were near closeout and they'd already expended funds, that's a situation where there was no intentional violation of order of assistance, but you still have to go ahead and recapture those funds as quickly as possible to prevent a

duplication of benefits. That's not really the same as fronting funds. It's just an unknown. But to the extent that you can anticipate those unknowns just don't pay for the cost for the CDBG-DR up front. It's much better to deal with it on the front end.

You know, we've already had a couple of questions about small projects and projects under alternative procedures for 428s. Flexible match works in both of these cases. In some instances, there are some different considerations when you're talking about an estimated scope of work and a fixed cost award from FEMA. So match in those cases is usually fixed. It's pretty much based on the estimated cost to complete the scope of work for the projects. And where that cost is fixed, generally speaking, that's what the match is going to be based on. It's also usually fixed.

And there are a few exceptions to that that we can -- that FEMA may handle on a case by case basis. But for the most part, you are going to have situations where FEMA funds -- the PA funds might be able to be moved around in the same project worksheet or another 428 project worksheet. But the CDBG funds, in most cases, will stay the same. When you're talking about moving within the same project worksheet, you're talking about another project worksheet, might cause the match amount to change and you should go to FEMA for advice on what to do in those cases.

You know, the -- we wanted to make sure we gave you an example of what this looks like. You know, for -- this is an example that basically just modifies some of the examples Denise was talking about. So assume in this case we're talking about a section 428, it's a fixed cost alternative procedures project. In this case, the actual costs are less than the estimated cost. So there are some cost savings for the under run and the PA applicant wants to use them for approved work on the same project.

So in this case, you can see in the first column that the total costs or the estimated cost of the project are the same as the earlier example, \$1,150,000. And the excess funds, you can see in the second column, are \$70,000. There were cost under runs. And that \$70,000 was able to be shifted to uses -- other types of uses for approved work. And those types of uses might include, for example, restoration of disaster damage facilities and equipment or alternate projects, like purchasing equipment, constructing new facilities, or improvements to undamaged facilities, such as shelters and emergency operation centers in the declared areas.

There's also some mitigation measures you can move towards. And another example might be salaries through your PA or your emergency management staff. Those things are pretty well covered by FEMA's existing guidance. But when you are moving those funds are, in this case where it's on the same project, your amount of your HUD CDBG-DR funds is not going to change and the uses of your HUD CDBG-DR funds are not going to change because the amount was based -- the amount of the local match was based on the estimated cost. So they don't change even if the actual cost different.

And the funds don't move around because they were already concentrated in site four in this case. And so this is an example where you have no movement. If, for example, you wanted to consider that -- if you want to cover -- not covered by this example where the PA applicant wants

to use funds across other alternative procedure permanent work projects. The effect on local match in those cases is going to require effect specific look.

So PA applicants really need to coordinate with FEMA to discuss potential implications on required local match if the excess funds are going to be shifted for cost on other projects. And this is important because if the required local match decreases, the CDBG disaster recovery grantee is going to figure out whether this would potentially cause order of assistance problems if the amount of CDBG funds that went into the project exceed the ultimate required local match.

So another piece that I want to touch base on this slide and then I'm going to hand it over to Onye to just do a knowledge check is the -- really, the flexible match option is going to work in a lot of cases, right? It's going to help where you've got multiple sites. It's not really going to help where all of your work is happening on one site location, right?

The cost savings and the advantages of this concept really come into play when your work is spread out over a large geographic area and you're able to identify a clear and limited CDBG disaster recovery assisted portion of that project on a single site that you can distinguish. And the reason for that is that if you're -- outside of the match concept, when you're just talking about CDBG disaster recovery funds or any type of CDBG assistance, that money is used with other types of funding sources for many projects all of the time.

But the requirements really are going to apply to any part of a -- any part of work that's considered a CDBG assisted project. And so the reason the flexible match concept works is that for purposes of CDBG, only the site that the CDBG funds are going into is really, for the most part, going to be the CDBG assisted project. You need to consider this because if you are building a building and you're going to put a dollar of CDBG into the building, if it's a construction project and you're building a public facility, Davis Bacon requirements are going to apply to the whole facility.

So that's why you really can't get down to a lower level. And the flexible match concept is really useful when you're talking about multiple sites but just concentrating and clearly marking your area that is a CDBG-DR assisted project.

So I think with that, I will pass it on to Onye with one final reminder that coordination is imperative here. And you should be taking precautions to just make sure that as you move forward with any flexible match option, you are never putting in more CDBG-DR funds than you're going to need in your final actual amount of required local match.

And with that, Onye, I'm going to pass the ball to you.

Onye Ibeh: Thanks, Carey. So now, we're going to have a knowledge check. Sorry. I get an echo. Okay. So we're going to have a knowledge check. There are two questions here that we would love you guys to go into the polling section of the WebEx and respond to. They're both true and false questions.

The first question says, "Costs that are funded by CDBG-DR only need to adhere to CDBG-DR requirements. So what is the response to this? Is this true or is it false?"

And the second question is, "FEMA allows flexible match to be used for prior disasters. For CDBG-DR, if a project as not included in an action plan, substantial amendment to the action must be done. Substantial amendments require additional citizen participation and HUD approval. Is this question true or false?"

So just go ahead and respond in the polling section and submit your answers. These polls will be closing in 20 seconds. Great.

So if we look at the responses for the first question. The majority of you, I think, chose -- the majority of you guys chose false, which is the right answer. So the entire PW must comply with all PA requirements. The sites, facilities, or structures that are part of the CDBG-DR system -- portions of this PW must comply with CDBG-DR requirements and PA requirements for the CDBG-DR assisted to satisfy the local match requirement.

For the second question, I think it -- a portion of you guys got this question correct as well. Yes. The project will have to have a tieback to the disaster, but not necessarily the damage or the reason for the disaster. And the use of the funds must also meet national objective, provide a benefit to low income persons. And yes. If you are making an amendment, you definitely need to go through the substantial amendment process. So that's good.

So now, we're going to go into talking about grant management and closeout.

So like Carey said, the use of CDBG-DR funds to satisfy a local match will require some planning by both the CDBG-DR grantees and subrecipients to avoid violating the order of assistance provisions that apply to CDBG-DR funds. CDBG-DR grantees should make sure that they plan and develop policies and procedures that ensure that they're complying with the order of assistance requirements and that they consider their PW amendments and any changes to the local match requirements or any changes to FEMA's obligation on a given project.

Again, like Carey said, to avoid issues when it comes to using these funds, you want to wait until the scope of work is developed before charging costs to CDBG-DR. You also want to wait until the actual costs are incurred, if you can. And [inaudible] process, whether it's before you get the grant or as you've gotten a grant and you're spending against a grant, and even when you're about to close out an afterwards, you want to always make sure that you're coordinating regularly between the CDBG-DR grantee and your PA applicants.

This coordination is going to allow you to anticipate problems and develop a strategy that considers what each grant needs and requires and make sure that you don't set yourself up for failure.

Ideally, CDBG-DR grantees and subrecipients would want to be involved in the FEMA PA process when applicants are completing or drafting PWs and submitting their request for FEMA approval. And then making sure that as the PA applicants are submitting these requests for a

payment disbursements that they're involved, that they're aware of these disbursements, and how it affects their own disbursements and how these disbursements affect their compliance with the order of assistance or duplication of benefits and any other federal requirements which we'll get into later in the presentation.

Because you can see in this table here, FEMA and HUD both have requirements to review their grantee's performance on a quarterly basis through quarterly performance reports. And both FEMA and HUD also require quarterly submission of the federal finance report, or SF-425. And these things are an opportunity for both applicants and grantees to coordinate how they'll tell their story on their program progress and ability to provide oversight over their local match projects.

So now, we're going to talk about closeout. One thing to remember is as you are spending down on your federal funds, you want to make sure that you're adhering to your spending timelines and ensuring that as you are able to close out the grant on time and with adequate documentation for any and all future audits that might come up that may be performed.

For FEMA PA, the deadline for emergency work, which covers section 403 and 407, is six months from the declaration date and can be extended by additional six months. The deadline for permanent work is 18 months from the declaration date and can be extended by an additional 30 months.

The process for FEMA begins when projects are completed. And to begin the closeout, the FEMA PA subrecipient notifies the PA recipient that work is completed and the date when the work was completed. To close a small project, the PA recipients must certify in writing that the PA applicants completed the approved scopes of work. And once FEMA receives the PA recipients' certification, FEMA officially closes the small project.

It's a little different for large projects in that the PA subrecipient must provide documentation to support the actual costs within 90 days of work completion. The PA recipients must then verify to FEMA that all costs aligned with the approved scope of work, the work is in compliance with the FEMA, state, tribe agreements and all payments comply with 2 CFR Part 200.305.

For 428 projects, the PA recipients must submit a certification to FEMA within 180 days of the PA subrecipient completing its last section, 428 alternative procedures project or the latest alternative procedure or project deadline, whichever occurs first.

So in order to close the PA grant award to the PA recipient, FEMA and the recipient must conduct a final reconciliation, which verifies that FEMA has issued final determinations on all appeals. All eligible PA funding has been obligated, the PA recipient and applicant have completed all program projects, and that all the requirements, the recipient has submitted its final expenditure report to FEMA, and both FEMA and the recipient have completed all administrative activities related to the PA program.

When you talk about CDBG-DR, you're going to see somewhat of the same similarities. All funds must be expended before the end of the period of performance according to the grantees'

grant agreements. Such that it's important that the CDBG-DR grantee be clear about the timeline for the completion of all work within its agreements with contractors and subrecipients.

For DR, the process begins when the CDBG-DR grantee informs HUD of closeout. HUD verifies the data that's reported in their system, the DR-GR system. The grantee then submits its final quarterly performance report. HUD then determines that the grantee is ready to close after its review. The grantee submits its closeout checklist. HUD will review this checklist and flag any issues it may have. And if there's none to flag, HUD and grantee will enter under a closeout agreement and HUD will closeout the grantee's line of credit in their lock system.

After closeout, the CDBG-DR grantee must ensure continued compliance with the use of CDBG-DR funds, ensuring that there's no program income and retaining records in the case of future audit.

So this is a lot of information, but I want to reiterate that, again, as we discussed in the prior slides, you want to make sure that you're planning and making good decisions about how one, the PA applicant is grouping sites in the project worksheet, and how the CDBG-DR grantee is consolidating its funding within projects to be beneficial for closeout.

If possible, you want to choose projects where the reconciliation of transactions are not complicated and projects where you do not have to deal with lingering issues that may prevent either grant from successfully closing out, such as audit. And this speaks to the importance of coordination that we talked about heavily in this presentation. Again, you want to be coordinating at all times, especially during the program, making sure that as you're disbursing funds, you're monitoring for anything that could potentially trigger issues with compliance.

You're monitoring things that might affect DOB. You're ensuring that your contracts are clean, that there are any applicable requirements, like Davis Bacon that needs to be followed, that you're following them and documenting all your decisions that are being made. And any decision that's seen but maybe happening on the FEMA side is also being communicated on a timely basis to the DR side and vice versa.

And just because projects might close out does not mean that coordination ends right then and there. You want to make sure that coordination is continuously ongoing. So -- such that a project is closed out, you want to make sure that whatever happen after the fact, there's still that communication, whether there's an audit that may incur. As an audit's going on, you may want to inform the other partner, hey, here are the findings from the audit that might be applicable to you to be aware of to address any concerns that may affect your grant.

So again, coordination is very important. We always want to be diligent in how we're monitoring the program and so forth. And with that said, I will pass it on to Mikayla to discuss how to satisfy applicable federal requirements.

Mikayla Catani: Thank you, Onye. And thank you all for joining us. And please just kind of hang in there a little longer as we finish up our presentation. And hopefully you all can stay on

for a few extra minutes just to make sure that we do all of our content that we need to share with you guys.

So throughout this presentation, my colleagues at HUD and partners with FEMA and ICF have reiterated this concept of flexible match. And our joint guidance is really a tool to help you guys streamline the process to maintain compliance with both agency requirements. And our guidance document really acts as a reminder for some of those key topics that are necessary to be thinking about and planning for when you know you want to use the HUD CDBG-DR funds for match.

And we've hit on this a lot but that's a really big piece of why continuous coordination is so important. So we'll first start with the procurement requirements. And FEMA, please feel free to jump in, too, during this section to highlight any of those important considerations.

So I'll first start with the easier scenario and that is when FEMA applicants and FEMA recipients are local governments or tribes and the HUD grantee is also a local government. This group -- this combination has the same requirements to comply with 2 CFR 200.318 through 326. So that makes it a little bit easier. States, however, are -- treat it a little differently under each of these programs.

So for FEMA's public assistance program, a state must comply with federal procurement procedures at 2 CFR 200.317, which includes following those same policies and procedures that they would otherwise use for procurement with non-federal funds. In addition to complying with those Environmental Protection Agency guidelines at 2 CFR 200.322 for procurement of recovered materials.

Then for HUD CDBG-DR program, our recent appropriations act have required the secretary to certify in advance of making a grant that the CDBG-DR grantee has in place for efficient procurement process. So this usually means that a grantee's procurement procedures uphold the principles of full and open competition evaluates the cost or price of the product or service and maintains their official website with the information about procurement using CDBG-DR funds.

The same grantee under CDBG-DR has three procurement options to choose from. In the first, they can adopt to part 200.317 and impose 318 through 326 on its subrecipients. The second option is to adopt 318 through 326 for themselves. And then the third option is to follow their own procurement policies and procedures and establish procurement policies and procedures for the CDBG-DR subrecipient as long as they're based on open competition among other requirements.

And our federal register notices governing our funds states all of these requirements, but in general, when we're talking CDBG-DR contracts, we're talking things like periods of performance, performance requirements, and liquidated damages. So to address these differences, you want to first look at what's similar between the two programs. And that's things like their [inaudible] competition, evaluating across their prices. So if you're doing both of those for both programs, this piece is covered.

Then to address the differences, a state CDBG-DR grantee should consider including provisions in their procurement requirement that adopts both HUD and FEMA procurement requirements or activities that will be used to satisfy FEMA's local match. This will eliminate confusion on the front end about which procurement roles apply. This is all about [inaudible], as we've been talking about. And typically, CDBG-DR grantees, when they are preparing their initial action plans, they know that they want to use a portion of their funding for match.

But again, as mentioned earlier, if this happens later on, you can follow the amendment process and resubmit certifications to HUD as necessary to reflect those material changes.

On the reverse side, a PA applicant is probably procuring goods and services before they know that CDBG-DR funds are available for local match. So to address this on their front end, a PA applicant should include a provision in their procurement solicitation document with their contracts that the contract may be amended from time to time to expand the scope of work funded by other federal forces and subject to those applicable requirements.

So this will allow contracts to be modified in the future to include terms mandated for CDBG-DR assisted contracts. And so for there, we're talking about hiring Section 3 residents, ability to subcontract with Section 3 businesses, applies Davis Bacon for add in as a liquidated damage provision.

And so both parties can also do their due diligence and select contractors and just remember to document and maintain your records to detail the history of your procurement consideration.

Other requirements. We'll briefly talk through these. They are in greater detail in the guidance. And I just want to mention, too, that our guidance does not cover all programmatic requirements, but really does try to highlight some of those requirements that you may or may not be thinking about when using your CDBG-DR funds to satisfy the local match. And typically when we're talking these requirements, we're talking things like our Section 3 and our Davis Bacon.

Both federal agencies with HUD and FEMA apply the URA provisions and have environmental related requirements. And I will note, too, that HUD does have the authority to adopt other federal agencies' environmental reviews. And so we have guidance out there on the HUD exchange and in applicable notices to help our grantees do this.

Some special considerations to be thinking about are things like flood insurance, the applicable codes and facility standards, and elevating and floodproofing. And from our CDBG-DR grantee perspective, the green building standards.

So starting with flood insurance. Federal funding provided for a property in a special flood hazard area does trigger the federal statutory requirement under the National Flood Insurance Reform Act of 1994 to maintain flood insurance on a property in perpetuity. If the property is sold or transferred, the seller or transferer is required to notify the buyer or the transferee in guiding that flood insurance must be obtained and maintained.

In general, no federal disaster relief assistance made available in a flood disaster area may be used to make a payment, including loan assistance, to a person for repair, replacement, or restoration for damage to personal, residential, or commercial properties if the person at any time has received federal flood disaster assistance that was positioned on the person first having obtained and maintained flood insurance. And the person has subsequently failed to obtain and maintain that flood insurance that's required under applicable law.

We'll talk about PA really briefly. So for insurance -- facilities that do not have flood insurance or inadequate flood insurance, FEMA will reduce the PA funding for eligible project costs by the lesser of the maximum amount of the insurance proceeds that could've been received if the facility had been covered by an NFIP standard flood insurance policy for the building and its contents or the value of the building and its contents at the time of the incident. Sarah, did you have anything else you want to add in about flood insurance and PA really quick?

Sarah Mulligan: Oh. No. Not about flood insurance. I think that pretty much covers it. So as Mikayla said, that PA portion is reduced if the applicant has failed to get flood insurance by the amount that would have been available. So I think, Mikayla, you covered it well. And I can jump back in at the elevation of flood proofing.

Mikayla Catani: Okay. Thanks, Sarah. And so for elevation and floodproofing for FEMA, new structures must be elevated to the base flood elevation or flood proofed up to the 500 year elevation. It's serving as critical function. But this differs for CDBG-DR because our requirements are typically based on the type of structure you're dealing with. And this is often found in the federal register notice for appropriation. So that's where our grantees can go to see those differences.

Sarah Mulligan: Yeah. And so this is Sarah Mulligan with FEMA. So on the public assistance guide, as Mikayla was just explaining, is our regulatory requirements to elevate to the base flood elevation to be a 100 year flood plain and critical action to the 500 year flood plain. Public assistance has recently undergone some changes regarding our flood criteria. So -- and this is just for public assistance. I think other FEMA programs -- I think hazard mitigation has a similar requirement, but it's not for FEMA across the board.

FEMA has adopted -- or public assistance has adopted as a minimum standard the American Society for Civil Engineers Standard 24. And basically what that standard lays out -- and this is in FEMA guidance documents and it's pretty well articulated there. So more details can be found that the American Society for Civil Engineers have different classifications. They have four classifications of building based on the risks that a flood would pose to either the contents of the building or the occupants of the building.

And so I guess a regular storage facility might be one, but a nursing home would be a four because if flooded, it would be very hard to move patients or elderly folks out of harms way and in an expeditious manner. So the standard differs between the classification of building between the base flood elevation is kind of the baseline up to two feet above the base flood elevation.

And so it'll -- it sometimes aligns with HUD standards and then sometimes a little less. So they're -- depending on the classification of building, you would have to evaluate for the HUD standard versus the FEMA standard. I think in our cases, HUD still maintains a higher standard than FEMA does at the moment. But that's just kind of talking about the differences between the two. Thanks, Mikayla.

Mikayla Catani: Thank you so much, Sarah. And then just one quick reminder. Green building standards are applicable for new [inaudible] and replacement of substantially damaged residential buildings, which may not be applicable under FEMA's PA programs. So just make sure you -- that's one of the DR requirements you'll want to consider.

Additionally, we have another knowledge check. I may have lost control of the slides. What's happening? Okay. Here we go.

We have another knowledge check, but let's go ahead and skip the polling here since we're out of time. The question is really about what happens when the PA project is already under construction and then a CDBG-DR grantee realizes that elevation standards of the project does not meet HUD standards. What can you do? And really, I just want to emphasize quickly that for costs that are related to meeting the flood hazard requirements that are imposed by HUD or FEMA, which are eligible, they can be charged to FEMA's PA grant.

CDBG-DR funds can be used for costs up to that amount of the local match required by FEMA. And when costs cannot be charged to the FEMA PA grant, CDBG-DR funds can be used to pay for costs that are required for compliance with CDBG-DR requirements or are otherwise necessary and reasonable, including complying with the federal cost principle requirements for that related work that's outside of the project as long as it's CDBG-DR eligible and meets the national objective.

And so with that, I will turn it over to Jen to close us out.

Jen Carpenter: Hi, folks. So I don't know if -- we are over time. So I'm not sure if we want to take any questions that we had in the Q&A box. I do want to clarify one thing on the grants management slide that when you're talking about SF-425, we actually do get this question a lot, grantees, if you don't know on the HUD side at least, you can submit that through the QPR and DR-GR. So it's part of your QPR. There's additional questions that were added since I think 2018 maybe that change was made. So it's not a separate document you have to submit. So just wanted to make sure everyone's clear on the HUD side on the SF-425 and what's required there.

Carey or Sarah or Denise, are there any questions that came up that really quickly we just want to mention or any clarification anyone wants to add since we are over time? I just want to give a few minutes if folks can stay on to mention any questions that came in that you feel like are worth bringing to the full audience.

Carey Whitehead: Jen, this is Carey. I think you -- we've answered them all in the chat publicly. So I would just have everybody who has remaining questions send them wherever you direct them to send follow-up.

Jen Carpenter: All right, folks. Thanks, everyone, for joining today. Here's some contract information for you on these last slides. Feel free to send emails to these -- to either the HUD email box or the FEMA PA policy branch so that you can get any of your questions that we didn't get to today answered. Or if something comes up and you're reviewing this webinar later on, please feel free to reach out.

And we just thank everyone for taking the time to join us today. Thanks, folks.

(END)