

NDRC NOFA-Specific Webinar: Q and A Walk Through FAQs
Webinar Transcript
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Chris Narducci: Good afternoon, thanks for joining us today. We are going to have a discussion about our frequently asked questions documents. We are going to hit on some of our most popular questions so that we can address them across our entire community of listeners. Then we will get into a direct Q&A session where you will have the opportunity to ask questions. I am sorry, my name is Chris Narducci. I am with Office of Block Grant Assistance here at HUD. I am working on the National Disaster Resilience Competition. I am going to be presenting the first couple of slides and that will be followed up by Jessie Handforth Kome, and Todd Richardson. Next slide, please.

Again, we are going to do an overview of our specific FAQs including eligible activities, Partner Agreements. We are going to talk a little bit about MID-URN Sub-areas, low-mod income, national objective, and overall benefits. Then we will open it up to questions from the audience. Just a little bit about how we are doing the Phase II frequently asked questions. We are, first of all just a disclaimer. We try to answer our questions as accurately as possible, but in some cases, we do not get all of the details accurate. Please remember that NOFA always prevails. That is our final absolute—

Jessie: Authority.

Chris Narducci: Authority, thank you Jessie. This time around we tried to organize into different categories so when we receive a question, we will revise it to make it standard. We will attach it to a different category. One of the issues with that is that many of the questions have overlapping topical areas. So, you may look for a question under waivers and that question actually fits somewhere else. What we will try to do is put the primary topic of that question and categorize it that way. But you may want to look at other topical areas to see if your question is also there.

Next slide, please. A good example is perhaps you have a question that involves leverage, but it also involves Partner Agreements, other eligible activities or capacity. The question may be found under different categories. One good suggestion and how I always do research when looking at these documents is to do a keyword search. So if you open up the document and you are looking for a specific topical area, maybe type in the word using the control-F function and search for other questions throughout the document that might help you locate information that is useful for you.

So just to start with some of our more popular questions. The first would be related to eligible activities and CDBG requirements. The one question we received related to educational or planning programs, whether or not it would be eligible to fund a statewide program. I think what is important about this is that, regardless of whether it is a planning or other activity, you have to remember that your NDRC funding can only be used to fund an activity that is connected to your previous qualified domestic disaster, that is an area defined by your MID-URN. You would not be able to fund an activity that supports or benefits your entire state. You may use leverage funding to support a program that benefits the entire state, but only the NDR funding can be used to support your MID-URN area activities. Next slide.

Jessie: You did it.

Chris Narducci: Another eligible activity question we have gotten is related to emergency response equipment. We have gotten this question a lot actually. We wanted to point everyone on

the call to the ineligible activities that are listed in the NOFA on page 16. Projects are temporary measures and activities that fund response activities, equipment, training. These are ineligible. Most scenarios these would be ineligible activities for this funding. You have to look back at your qualified disaster and think about what kind of resilience measures would have helped in that situation, but not emergency response. Jessie, do you want to?

Jessie: The sole exception, really to this is if you have, for example, emergency place maybe where you have 911 or forward staging or something. The disaster itself damaged that in your MID-URN. If that is a damaged public facility and you get a waiver for general conduct to government or if there is some way to put it in as public service, there might be a way that that would be eligible because it has straight up tie back, but otherwise we have ruled out response activities and equipment. They would just have an incredibly difficult time getting tieback anyway. This is in addition to ineligible activities that are listed under the regular CDBG program. We did not want to do anything temporary. That is not really the point of this competition.

Okay, so next up, we have a lot of questions coming in about Partner Agreements. The one here in teeny tiny type you know to really hurt our eyes. The main questions that we are getting on Partner Agreements revolve around two things. One is you have partners that are not asking you for money, but they are going to be providing you with services or consultation. You want to have an agreement with them. You have a scope of work in some form, either under memorandum of understanding or other contractual vehicle. We said in our answer onto the question that because you want to account for your capacity section, we had not contemplated when we drafted the NOFA that anybody would come in at a zero budget and not be asking for grant sums. We think that is really cool. We said go ahead and put a zero budget into the template grant agreement, the Partner Agreement that we show you in the appendix. Which appendix are we up to now? I always forget. Anyway, there are two appendices. I think it is C and D for partner letter and Partner Agreement. Go ahead and put a zero budget in the agreement. Then it is okay to tweak the agreement to clauses explaining.

Then the last thing we said is that it raises a special concern with us that somebody is not bound to you by wanting to get their money. Pay special attention to the prompt in the capacity discussion about what happens if a partner drops out. Make sure we understand what you would do if this partner who is bound to you just through the agreement and not through a money relationship. What happens if they go away. How would you replace that expertise? Then there was a secondary round of questions swirling around slightly different angle at the same question of can you tweak the Partner Agreement. The answer is yes. Get a lawyer in. Make sure you are including all the clauses that we have in our templates or modifying them in ways that does not take away the controls that were trying to put in place. We gave you basically a simple template. Some of you may want to have much more complex agreements. We are fine with that. We will look at those and our lawyers will look at them to make sure. And they will, will let the scoring people know whether or not we can count that partner as capacity and for what. That is what we were trying to see. Are they bound and then can we count their capacity or not. It is okay to tweak that agreement if you need to for some reason. It was not meant to be the only way to do it. I think that is most of the questions we have had around partner stuff. Todd, you want to take the MID-URN sub areas?

Todd: Sure. We have received a number of questions around this that the key question here about sub areas is that you are most of the times a distressed county. You are coming in and you are applying for these funds. You have a project that is going to service a small sub area of that county. You want to say do we show the unmet recovery needs for the whole county or do we show the unmet recovery needs just for this area where we are going to do this project? Well, as you know, there is a tieback requirement here where the funding for your project or the project you want to do needs to tie back to you on the recovery needs. It is to your advantage to actually show how your unmet recovery needs and that if it is just going to be a project for a sub area, how the

unmet recovery needs for that area tie back to this project, how your project is connected to the unmet recovery. It is definitely to your advantage here. That is the sub area issue.

Jessie: Right, we are just trying to sort out because of the way the question came to us, it wasn't clear whether they were asking about for threshold in which case they can stay at the county level or for responding to the prompt and showing tieback, in which case they really need to iterate and give the detail that we are really demonstrating on a tieback for the unmet recovery need. There are sort of two things going on with MID-URN.

Todd: This is not about threshold. This is actually about this tieback.

Jessie: Not that Todd would not mind if everybody got a little bit better on their threshold responses.

Todd: Yes.

Jessie: Because they were all so perfect, right Todd?

Todd: We can all do better.

Jessie: Every day in every way. All right, Chris, are we throwing it back to you?

Chris: Sure, another very common question that we get from NDRC applicants, as well as the CDBG-DR main program and frankly the CDBG program in general, is a confusion about the difference between the LMI national objective and the overall benefits. With this competition, we also get some confusion with the MID-URN kind of target area. Often times CDBG grantees will do an activity that should qualify for the LMI area, national objectives. What that means is you fund an activity, it serves a specific area that you can reasonably identify and justify. Within that area, you need greater than half of the population to be low or moderate income persons. That is the national objective that - one of three national objectives that any CDBG activity has to fill. The overall benefit is slightly different from that because it is in terms of your entire grant. If you have a million dollar grant, half of that will have to be used for activities that benefit low mod persons. That could be low mod area benefit, a low mod jobs, low mod households. That is slightly different than from the LMI national objectives.

In this instance we also are talking about MID-URN target areas. That is area that your NDRC grant will benefit. Sometimes there is confusion about the percentage of low mod persons that you have to benefit. We encourage you to look at the CDBG regulations, various guidance on how to fulfill national objectives, and how to meet your overall benefit in understanding the differences between those different areas.

Jessie: You should probably note, this is Jessie again, that overall benefit in the entitlement regulations, the CDBG entitlement regulations, if you go to look it up, is sometimes also referred to as the primary objective of the Housing and Community Development Act. Actually, the header in the regulation actually says primary objective in a couple of places and overall benefit in other places. It is a funds test. We've had a couple of questions and they're in the FAQs and I want to try to walk through them orally, that ask for us to show how to do that calculations vis a vis how you calculate overall benefit when planning and admin as a subject to the test. It is just prorated in. We walk through that. There are also places in the CDBG, regular CDBG guides that walk people through that. You can also just call up a regular CDBG entitlement person and they can do the calculation for you. It is a funds test. The national objective one is a beneficiary test. MID-URN is going to tell you what area the disaster affected. The low mod area test and it's service area and the MID-URN may not be exact matches. There are a few questions about walking through what

happens when they overlap, but do not entirely intersect. There are ways to do it. It is not as complicated as I am probably making it sound. We are getting a lot of questions in and around these areas where people are trying to work this through.

Chris: So those were a few of our most popular topics for questions. We are going to go through a couple of slides of resources. This webinar will be available online with live links you can click on to access these resources. There are plenty of resources regarding the benefit cost analysis. We know that many of you have questions about that. There's a couple listed here. NDRC resources listed here. If you have individual questions, as we mentioned before, please send them to us via the resilientrecovery@hud.gov email address.

Jessie: I need to tell you we are not doing a whole heck of a lot of planning for it, but if the government does shut down, that mailbox will shut down until we are back in business. I will do my darnedest to get it completely clear in advance of the possibility of that happening, but you might want to sit down and think about your questions. If you have been waiting to put them in, put them in so that we can try to clear that queue just in case. Otherwise, we will be walking with you all the way to the 27th of October. OK, so we have some questions in the queue. What do we have?

Todd: This is the main question and then the other one was already answered.

Jessie: Okay, so can a not for profit partner include subcontractors in its partnership agreement or must each subcontractor submit its own partnership agreement?

The question revolves around - the partnership agreement is a way that the applicants can show that the applicant has a partner or partners that increase the applicant's capacity to get something done. There is, if you read the NOFA the prompts, put some premium on being able to get it done. If we hand you the money, you can start moving now essentially as soon as you get it. What we are looking for is I cannot directly answer this. I would not say to you a subcontractor must submit a partnership agreement or not, but the partnership agreements are not with the nonprofit. They are with the applicant. Does the applicant want to have a binding relationship with every one of those subcontractors or not? Is that the right way to set up your structure or not? Does the nonprofit bring enough capacity right out of the gate? The exception we grant is for single source only applies if there is a direct relationship with the applicant. We did not push it down further. For those of you in CDBG land are familiar with Part 85 and Part 84, this is a Part 85 permission we granted. We did not reach further down the line. You are going to have to sit and think a little bit about procurement and timing, too, on this and making this decision. I cannot tell you 100 percent which way to go just there are things that you need to think about here. When you are answering the capacity prompts, what capacity do you need to drive how many partners you try to take on? Todd, is there another one?

Ah, there is another one. Okay, it is easier for me to read if you do not turn it blue. Is there a way to not do that? Okay, if you are proposing a planning activity under 24 CFR 570.205, which is the regulation on eligibility for planning in an entitlement program, that is not—

Todd: Do you need to have a BCA for that project?

Jessie: Oh – big is the planning activity. A BCA is triggered by an activity that is at least 50 million dollars total with ten millions dollars of CDBG-NDR proposed for it. It does not matter what the activity is as long as it is not general admin. You will trigger it based on the covered project definition. Any planning activity is subject to the 20 percent overall expenditure constraints for planning and administration, yes. That is statutory and we incredibly rarely waive it.

The question is now - does the application have a budget template? No, we do not have a budget template. We tell you to have both a budget and a sources and uses statement, but we leave the format of that up to you and the direction is in Factor 3 under Soundness of Approach I believe is where the budget sub, is the active request is for budget. It is not a regulatory requirement in the CDBG program. The budget gets submitted to us. We also ask for the budget to be, I believe, at the DRGR level like activity level. Take a look at the specific direction, but it is not a full on line item budget. We are not going to check how much you are using for phone calls and to travel. We want to see what you think the activity is going to cost. We monitor after the fact on those kind of line items. You are responsible as a grantee should you get a grant for necessary and reasonable costs.

Sarah: Can we go into a practice sessions just for a minute, you think?

Jessie: Sure. Sarah had a comment. We jumped into a practice session for a second.

Sarah: Hi everybody, I just wanted to say that going back to the planning activity, the covered project definition and the NOFA actually says that it is for a major infrastructure project and then has the dollar amount that Jessie referred to. If you are doing a planning activity that meets those thresholds, then you need to look at whether it is linked to an infrastructure project or it may be that it does not require a BCA if that is the only think that you are doing.

Jessie: It is kind of hard to see how 50 million dollars' worth of planning is going to get us to the kind of resiliency values that will be competitive though. I just am really curious about the question. Okay, not that I can advise anyone.

I am wondering if there is a typo on the first page of Section C on page 41, probably. In the last sentence of the paragraph of the NOFA says asks us to describe an ineligible project. Should that be eligible?

No, I actually think you are referring to the piece that is in the "what would be the most suitable eligible project, what would be the most suitable ineligible project to achieve your goals." We are trying to get you, that is the very first cut on trying to get you to make clear in your application, and to citizens, that some of these things can be paid for by this grant and some of them cannot, may not. I think you are actually and I do not have my notes in front of me with the page numbers on it. Todd has this, yay. Where is it? Ineligible. Yes. We ask you first to describe the eligible and then to describe the ineligible. It says also describe which CDBG-NDR ineligible is your optimal choice. You may believe firmly that you need to do some response activities and equipment and that is your optimal thing. If you do not have something ineligible, just note that you do not have something that would be optimal that is ineligible and pass on from there. As flexible as we are, we can't fund everything. Maybe better operating and maintenance of your existing levees would be something and we cannot do operating and maintenance. Really dig in on thinking about if there are some things that you could do – it's ineligible for us to pay the costs for changing a law in your legislature. Maybe that is your optimal thing.

Did I hear correctly that the statewide programs do not qualify for NDRC funding, only MID-URN areas?

Can you submit a statewide program which includes MID-URN areas? You heard correctly that every activity funded with CDBG NDR must have tieback to an unmet recovery need in a most impacted and distressed area. Nobody has a state that is completely MID-URN. Statewide programs logically ineligible unless you use the CDBG NDR to pay for the MID-URN portion and other funds to pay for the remaining parts of the state. Yes, that is what we said.

Please repeat whether response equipment such as sirens are ineligible activities under NDRC?

No, they are not. Response equipment is not eligible. There is going to be unbelievably rare, because I am pretty familiar with all of these disasters that we had involved here now, cases in which you had some sirens knocked down by your disaster and you need to put them back up that have not already been paid for. I do not even think we have any of those. Response and temporary measures are not eligible for this funding. It is in the list of ineligible activities in the NOFA.

Within Exhibit C, must the applicants include organizational charts for all partners?

Yes, but we are only interested in, we have an FAQ on this, we are only interested for both the applicant and the partners in the critical positions, I think we call them key personnel, I am not sure. We do not need to see an org chart that covers absolutely everybody. We need to see the org charts of the applicant and the org chart of the partners to the extent that is material to us. Show us the key people, not every single person. I am not reading you the exact NOFA language, but that is what we are getting at. I think it does say like key personnel.

Oh, yay, okay I got a response back from Rebecca French saying she is not proposing 50 million dollars for planning. Thank you, Rebecca, for answering my question. Do we have any more questions, gang? We do not have any more written in questions right now, although I cannot tell if somebody is typing. There are like 50 of you out there at least because that is what it says on the little screen here. Are there any more questions? Somebody is typing something. If not, Patrick can jump in and tell us how to do on the phone question if you want to use your voice instead of your fingers.

Patrick: This is Patrick from Cloudburst. Again, if you want to ask a question verbally, you can click the "Raise your hand" icon. You should see that to the right of your name. If you do not see the "Raise your hand" icon, you are going to need to link your phone to the conference system. To do that, you would click on the event info tab and then you would do pound attendee ID, pound.

Jessie: It looks like most of them have managed to do it. Does anybody else have any questions? As I said, we are here and we have got Todd if you have any data questions. Oh, we got another one.

Please clarify FAQ answer full-fledged consultation and planning can be either part of program admin or activity delivery cost depending on whether these costs were incurred as part of the implementation of your specific NDRC project?

We have a lot of guidance out there in the regular CDBG program, and also part of the Neighborhood Stabilization Program. And I believe also for CDBG-DR, there are notices out and memo guidance and trainings on how to determine whether a cost is an admin cost or a planning cost. I am not really going to go into what goes in general admin and what goes in planning because you can look that up on the HUD Exchange. In terms of what is planning and what is activity delivery, the easiest way to separate them into your first cut gross cut way is if they are site specific, they are probably activity delivery cost. If you already picked a site and you are doing planning kinds of things to determine what to do with that site, there is a really good chance you are already on the activity delivery cost side of the line. If you are doing an area wide plan, or you are doing something that is not site specific or if it is doing something that is like planning management and capacity building, that is less likely to be on the activity delivery side of the line. There are some costs that are going to end up being judgment calls for whether they are admin costs or planning costs, or if they fall in on the activity delivery side of the line. In almost all cases, it is going to be to your benefit to push them to the activity delivery costs side of the line just because of the way the caps work on these DR funds with admin being five percent, especially so low. That

is not a statutory piece that we are allowed to waive. For full-fledged consultation, consultation is normally either admin, which informing your citizens about your program, or it is planning because it is some form of creating a plan and capacity building. There is another way it could be admin (**ed. note**, unintelligible) and that is of course they are applying for other federal programs and the cost of applying for federal programs is an eligible for CDBG admin cost if you want to put it there. You are going to have some choices on consultations. If you are that site specific already, for of those of you who that have a project already in mind and you are consulting with citizens about project and project design, you may well be able to put that into activity delivery costs, should you be awarded. Some of it is going to be dependent on where you are.

Okay, we have another question. We have the opportunity to increase the ask for a covered construction activity but are facing time deadlines since the BCA is already done based on original costs. If we are funded, is there a potential to add that activity in the future?

We are going to hand out all of our money. So if you are asking if we going to have more money, there is no more money. If you are asking is it ever going to be possible to amend your proposal, the answer is that if you do need to amend, we know this is the real world and there is going to happen to us at some point, we would have to rescore your proposal to make sure that it would still score in the fundable range as changed. It is not a small amount of work. It is theoretically possible. We did have to do it for the Neighborhood Stabilization Program and other competitions have had to deal with this, but it is not something that we would want to do lightly. It is certainly not something that we would promise ahead of time.

We got a leverage question. The leverage commitments says to specify the minimum commitment. Does the estimated commitment count? X organization commits to operating the building in an estimated amount of X per year. We really mean minimum. We cannot see an estimate as a firm commitment. Our lawyers are being very, very, very dictionary definition about firm. You really need to think about how much maintenance does the building need and that you are willing to put into it and make that commitment. If you are selected, we will monitor and make sure at least that much is going into the project. We were pretty serious about what firm commitment means in terms of because you are getting points for this. Because - Todd and I took a quick sidebar there because we said we would not pay for O&M with our money for a rifle shot.

Okay, so those program administrative costs for capacity building are subject to five percent or 20 percent cap. We would like to propose a capacity building project, but I do not know how much funding we can propose for it. Because this is CDBG, this gets even more complicated because what would be the fun if we left this alone. If you have general administrative costs of running your grant, those are subject to the five percent cap. We allow also under that the cost of application costs for a grant program. Those are also general administrative costs for a CDBG program. The twenty percent cap is the sum of planning plus admin together across the grant as a whole. There is a list at 570.205 in the entitlement regulations 24 CFR 570.205, of all of the different kinds of activities that CDBG considers to be planning activities. There are quite a laundry list. It is not just area wide plans and environmental studies. It also includes some planning, management and capacity building activities, which can include some of your consultation. There is also a provision for capacity building for nonprofits that in the CDBG regulations for the entitlement community is a 24 CFR 570.201(q), I think. It is either P or Q. [**ed. note**, the proper reference is 24 CFR 570.201(p).] It talks about capacity building for nonprofits to build their capacity to do something that meets the national objective. That is possible to do and that is not subject to the cap. The problem with that one is it is very hard to measure benefit off of. I cannot tell you how much funding that you can propose for this. We cannot waive the five percent general admin cap because it is in the supplemental appropriation itself. It is considered bad manners to use your statutory waiver authority on the law that gives you the statutory waiver authority. The 20 percent cap is in a different law. It is theoretically waivable, but we have never come up against the situation where

anybody has ever asked us to waive it because CDBG is primarily a construction program by nature and CDBG-DR has all but in a very few places also taken on that character. That is a really hard one. It is kind of asking for advice. I cannot answer the question any more than that.

Do the project configurations for scaling, scoping, need to have their own separate calculation of a benefit cost ratio. Sarah, this can be you. If so, how would that be submitted as a separate workbook—just a second. Let me finish reading the questions. As a separate workbook, a tab in the BCA workbook, or discussed in the narrative with a table in it?

Sarah: This is Sarah. The answer to the first part of the question is yes. The answer to the second part of the second part of the question is that it is up to you. If you can use the same narrative descriptions and you just want to put a tab or submit a separate calculation for the BCA calculation, that would be fine. We have also and this is in some of the FAQs already, the question has come up. We have said that you could submit, let's say you have three phases, you could submit three narrative descriptions. You would then get three supplemental pages of hard to quantify costs and benefits, and you could do a separate BCA calculation. It is really what makes sense to you and how you would like to submit this.

Jessie: Okay, do we have any other questions? The last one says this question has been answered. Okay, well we are waiting for somebody to type in something new for us. Do we have any other thoughts that we need to remind people of? We did get asked one question that has not made it to the FAQs yet that I thought was a good one. That was a question from an environmental review person who wanted to know what is this with making firm commitments in the Partner Agreement before the NEPA review is finished. It hinges on an interesting legal point that until you submit your application, you have not hit the stopping point for making commitments. NEPA is not applying yet. NEPA starts applying when your application is submitted to HUD. From that point on, you should not make any more commitments that could potentially have environmental, what do they call it?

Chris: Choice-limiting action.

Jessie: Choice limiting actions until you hear one way or another whether you have gotten selected for award or not. Right up to that point where you submit to us, you can still enter into firm commitments and firm Partner Agreements. You live and learn. I learned that one today. I had wondered why our lawyers had constructed it that way myself, but hadn't asked. We will be working on getting out another batch of FAQs definitely in advance of any possible shut down. Chris is working like a crazed squirrel on that. Do we have any other questions from the assembled 50 some odd of you? Chris, Patrick, do you want to take us out? I am not seeing more questions here. Joey, is that your slide there?

Joey: I moved it forward to close out but there is another question.

Jessie: Oh, we have another question, okay. We have this one in the FAQs. We are a state applying for funding with a lead agency, but we have nine partner agencies involved. Are they partners even though they are all state agencies?

We cannot answer this question because states are all so different. What we said was you have to make the call. If you sign them up and show us them as partners to show capacity, we will accept that they have capacity. If you say the governor's office is running it and all of these state agencies are included and we do not need to see Partner Agreements because they are all going to work on this, then we will accept that they have capacity. We do not know how your state is organized. You are going to have to figure out for yourself what do you need to assert that all of those agencies are part of the proposal and part of your capacity. It is much trickier with states. We have some

states where one agency cannot order another agency to do anything. We have other states where once they've just signed memo agreements, they will all work together. There are just all different kinds of arrangements. We do have an FAQ out on that.

Thank you. We got a thank you for a great Q&A webinar. Thank you, Carolyn. Does anybody else have any questions? Okay. Now we are going to try to go out. Joey?

Joey: Yeah, so just reminder next week will be another live webinar. Next week this webinar will be a topical webinar on resilient approaches to water and green infrastructure. We just want to let you know that if there is a government shutdown, this webinar will be postponed. With that, thank you all for joining us. Look on the website for all of the materials from this webinar.

Jessie: Thank you very much.

Joey: Thanks everyone.

[End of audio]