

**Allocation Method for CDBG Disaster Recovery Enhancement Fund (P.L. 110-329)**

*U.S. Department of Housing and Urban Development*

*Office of Community Planning and Development*

**June 11, 2010**

The following generic example demonstrates how additional allocations under the Disaster Recovery Enhancement Fund (DREF) will be determined for P.L. 110-329 grantees.

<i>Assumptions</i>	
Three Grantees:	States A, B, and C
Initial Allocations:	
State A	\$75,000,000
State B	\$25,000,000
State C	\$5,000,000
Subtotal	<b>\$105,000,000</b>
 DREF Set-Aside:	 <b>\$55,000,000</b>
Total Disaster Appropriation:	<b>\$160,000,000</b>

**Step 1:** HUD will evaluate each Action Plan to determine what funds have been budgeted to DREF-eligible activities.

*TABLE 1:  
Amount Budgeted to DREF-Eligible  
Activities*

<i>State</i>	<i>DREF-Eligible Budget</i>
A	\$55,000,000
B	\$17,000,000
C	\$5,000,000
<b>Total</b>	<b>\$77,000,000</b>

**Step 2:** HUD will determine the dollar-for-dollar match based on the amount each grantee has budgeted for DREF-eligible activities. Each grantee can only receive a dollar-for-dollar match up to \$15 million.

*TABLE 2:  
Dollar-for-Dollar Match*

<i>State</i>	<i>Dollars budgeted to DREF-eligible activities</i>	<i>Funds eligible for dollar-for-dollar match</i>	<i>Dollar-for-dollar match funds received</i>
A	\$55,000,000	\$15,000,000	\$15,000,000
B	\$17,000,000	\$15,000,000	\$15,000,000
C	\$5,000,000	\$5,000,000	\$5,000,000
<b>Total</b>	<b>\$77,000,000</b>	<b>\$35,000,000</b>	<b>\$35,000,000</b>

**Step 3:** HUD determines the amount remaining in the DREF set-aside after all guaranteed dollar-for-dollar match funds have been assigned.

*TABLE 3:  
Remaining DREF Funds Available*

Total DREF set-aside	\$55,000,000
Guaranteed match assigned	\$35,000,000
<b>DREF amount remaining for pro-rata distribution</b>	<b>\$20,000,000</b>

**Step 4:** HUD identifies states that are eligible to receive a pro-rata share of the DREF allocation. First, HUD evaluates which states have dedicated *more than* \$15 million to DREF eligible activities. Only those states which have dedicated more than \$15 million will be eligible for a pro-rata DREF allocation. In this example, only states A and B meet this criterion. The total amount of DREF-eligible funds in excess of the \$15 million dedicated by pro-rata share-eligible states will constitute the pool by which pro-rata shares are determined. In the example below, this amount is \$42 million.

*TABLE 4:  
Eligibility for Pro-Rata Share*

<i>State</i>	<i>Dollars Budgeted to DREF-eligible activities</i>	<i>Amount in excess of \$15 M guaranteed match</i>	<i>Eligibility to receive pro-rata share</i>
A	\$55,000,000	\$40,000,000	eligible
B	\$17,000,000	\$2,000,000	eligible
C	\$5,000,000	\$0	not eligible
<b>Total</b>	<b>\$77,000,000</b>	<b>\$42,000,000</b>	

**Step 5:** Pro-rata share for distribution of remaining DREF funds is determined.

*TABLE 5:  
Calculation of Pro-Rata Share*

<i>State</i>	<i>Calculation of pro-rata share</i>	<i>Pro-rata share</i>
A	\$40 M / \$42 M = 0.95	95%
B	\$2 M / \$42 M = 0.05	5%

**Step 6:** HUD determines each state’s eligibility for pro-rata funds. This is calculated by multiplying each state’s pro-rata share by the amount of the DREF funds remaining after the dollar-for-dollar match.

*TABLE 6:  
Determination of Pro-Rata Share*

<i>State</i>	<i>Pro-Rata Share</i>	<i>Funds remaining for pro-rata distribution</i>	<i>Pro-rata distribution</i>
A	95%	\$20,000,000	\$19,000,000
B	5 %	\$20,000,000	\$1,000,000
<b>Total</b>			<b>\$20,000,000</b>

**Step 7:** HUD determines final DREF allocations for each state.

*TABLE 7:  
Final Allocations*

<i>State</i>	<i>Dollar-for-Dollar match up to \$15M</i>	<i>Assigned Pro-Rata Share</i>	<i>Total DREF Allocation</i>
A	\$15,000,000	\$19,000,000	\$34,000,000
B	\$15,000,000	\$1,000,000	\$16,000,000
C	\$5,000,000	\$0	\$5,000,000
<b>Total</b>	<b>\$35,000,000</b>	<b>\$20,000,000</b>	<b>\$55,000,000</b>