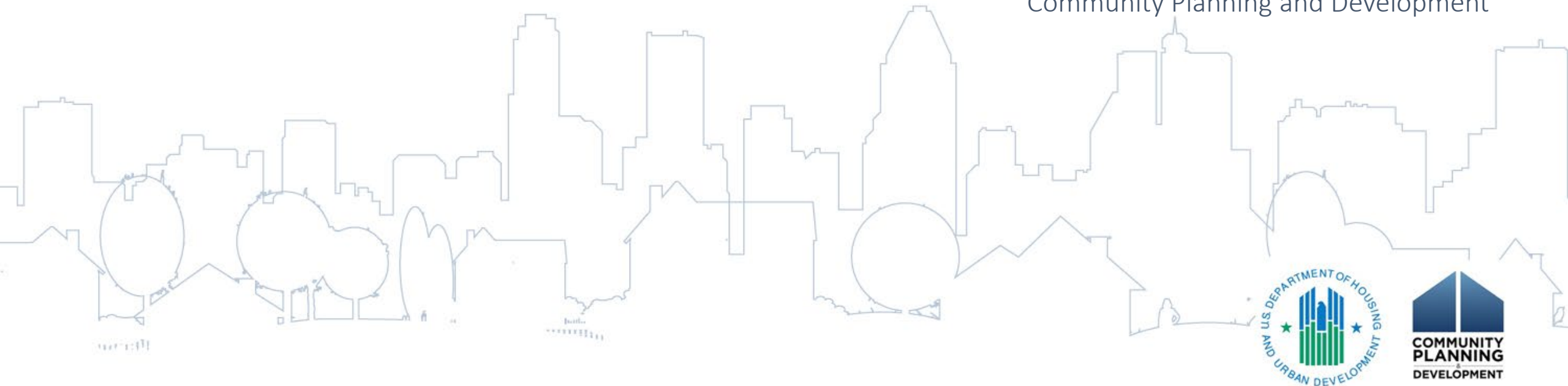


Community Development Block Grant Disaster Recovery CDBG-DR Overview

May 1, 2021

U.S. Department of Housing and Urban Development
Community Planning and Development



Learning Objective

To have a basic understanding of the Community Development Block Grant disaster recovery (CDBG-DR) funding, administered by the Department of Housing and Urban Development, including:

- Current Funding Amounts and Management
- Allocation Process
- Roles and Responsibilities
- Eligible Activities
- High-Risk Compliance Areas



Funding and Management

CDBG-DR Grant Portfolio

137 Grants

- \$89.8 Billion Allocated
- \$67 Billion in Active Grants

62 Active Grantees

- 130 Active Grants

Management of Disaster Grants

HUD Headquarters

- Manage large grants (usually >\$500M)

HUD CPD Field Offices

- Manage all other grants



Funding

Congress has appropriated the following CDBG Disaster Recovery Funding:

- FY 2019 - \$2.4 billion to assist recovery from Events in 2018 and 2019
- FY 2019 - \$1.6 billion to assist recovery from Events in 2018
- FY 2018 - \$28 billion to assist recovery from Events in 2017 and to assist mitigation activities in areas effected by Events in 2015, 2016 and 2017
- FY 2017 - \$7.4 billion to assist recovery from Events in 2017
- FY 2017 - \$400 million to assist recovery from Events in 2015, 2016, & 2017
- FY 2016 - \$1.805 billion to assist recovery from the Louisiana Floods and other Events in 2016
- FY 2016 - \$500 million to assist recovery from the Louisiana Floods and other Events in 2016
- FY 2016 - \$300 million to assist recovery from Hurricane Joaquin, Hurricane Patricia, and other flood events occurring in 2015
- FY 2013 - \$16 billion to assist recovery from Hurricane Sandy including Rebuild by Design, and National Disaster Resilience. (\$15.18 billion after sequester)
- FY 2012 - \$400 million to assist recovery from multiple disasters occurring in 2011
- FY 2010 - \$100 million to assist recovery in areas affected by severe storms and flooding from March 2010 through May 2010



Funding

Congress has appropriated the following CDBG Disaster Recovery Funding:

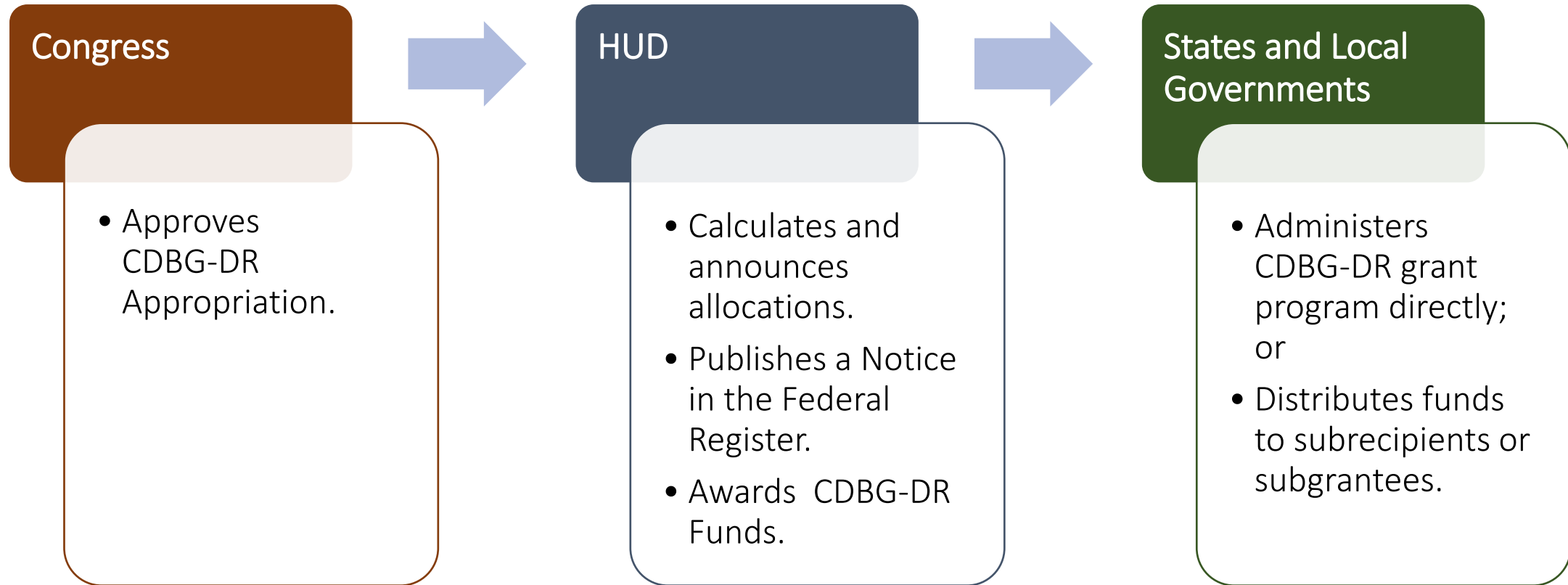
- FY 2008 - \$6.1 billion to assist recovery from all 2008 disasters, including Hurricanes Ike, Gustav and Dolly
- FY 2008 - \$300 million to assist recovery from the Midwest floods
- FY 2008 - \$3.0 billion to supplement the LA homeowner assistance program
- FY 2006 - \$16.7 billion to assist the victims of Hurricanes Katrina, Rita, and Wilma
- FY 2005 - \$150 million to assist recovery from multiple disasters
- FY 2002 - \$2.783 billion to assist post-September 11th New York City's recovery efforts
- FY 2001 - \$700 million to assist post-September 11th New York City's recovery efforts
- FY 1999 - \$20 million to assist recovery from multiple disasters
- FY 1998 - \$130 million to assist recovery from multiple disasters
- FY 1997 - \$500 million to assist recovery from upper Midwest floods
- FY 1996 - \$50 million to assist recovery from multiple disasters
- FY 1995 - \$39 million to assist with recover from the Oklahoma City bombing
- FY 1994 - \$180 million to assist with recovery from Tropical Storm Alberto
- FY 1994 - \$225 million for the Northridge Earthquake
- FY 1994 - \$425 million for the recovery from the earthquake in Southern California and Midwest Floods
- FY 1993 - \$85 million to assist with recovery from Hurricanes Andrew, Iniki, and Typhoon Omar



CDBG-DR Recovery Process



The Disaster is Presidentially Declared



Why HUD and CDBG?

- HUD administers Community Development Funds
- Managing Disaster Grants since 1992
- Flexibility of the CDBG Program
 - Waivers and alternative requirements



CDBG-DR: Appropriation – Not a Program

- No annual appropriation for CDBG-DR
- Statutory authority is via individual supplemental appropriations
- CDBG Regulations apply, unless modified by Federal Register Notice.
 - FR Notice outlines what a grantee can do and identifies regulations or statute that HUD waived specific to that appropriation



Purpose of CDBG-DR Funds

- Focus on long-term recovery efforts
- Last defense funding to address unmet need other federal programs have not yet addressed
- Funds **SUPPLEMENT** and fill remaining gaps
- CDBG-DR cannot **SUPPLANT** other federal funds
- Timing of funds from Congress appropriating funds to funds hitting the ground varies



HUD and CDBG-DR Grantees Roles and Responsibilities



HUD CDBG-DR Role and Responsibility

- Review CDBG-DR Action Plans and manage CDBG-DR funds
- Provide CDBG-DR grantees with guidance and technical assistance
- Monitoring CDBG-DR grantees to ensure performance and compliance



CDBG-DR Grantee Role and Responsibility

- Design and implement recovery programs to meet unmet recovery needs
- Establish internal controls to ensure performance and compliance; monitor subrecipients
- Provide technical assistance to subgrantees and subrecipients



CDBG-DR Grantee Role and Responsibility

- Review project applications to ensure that all activities are eligible
- Ensure that activities are compliant with all other requirements such as creating Section 3 economic opportunities and affirmatively furthering fair housing
- Track progress to ensure timely recovery



Action Plan Process

Grantee creates,
publishes, and
submits CDBG-
DR Action Plan

Citizens review
and comment
on CDBG-DR
Action Plan

HUD reviews
and approves
CDBG-DR Action
Plan

Grantee
implements
activities and
draws funds



Grant Agreement Process and Conditions

- After Action Plan approval, HUD signs a grant agreement with the grantee.
- The grant agreement usually contains grant conditions, examples of these are:
 - Submitting to HUD policies and procedures within certain dates or prior to signing subrecipient agreements
 - Fulfilling critical positions within a certain timeframe



Eligible Use of CDBG-DR Funds



CDBG-DR Appropriation Laws

- CDBG-DR funds must be used for:

“...necessary expenses related to disaster relief, long-term recovery, and restoration of infrastructure, housing, and economic revitalization...”



CDBG-DR Requirements

- Each CDBG-DR activity must:
 - Address a disaster-related impact (direct or indirect) in a Presidentially-declared area for the covered disaster
 - Be a CDBG eligible activity
 - Meet a CDBG national objective



Recovery Activities

- Disaster-related activities are those that demonstrate a logical connection between the impacts of the covered disaster and the activity's contribution to community recovery.
- Examples:
 - Rebuilding homes and infrastructure damaged by the disaster
 - providing assistance to affected business owners



Housing Recovery

Description

Activities that lead to restoring and improving the housing stock.

Examples

- New construction
- Rehabilitation/reconstruction
- Single family or multifamily
- Owner or rental



Eligible Restoration of Infrastructure

Description

Activities that rebuild or replace impacted infrastructure.

Examples

- Road and Bridge Repair
- Water & Wastewater Facilities
- Limited flexibility for “buildings for the general conduct of government”



Economic Development

Description

Activities that address job losses, impacts to tax revenues, and impacts to business.

Examples

- Job training and workforce development
- Loans and grants to businesses
- Improvements to commercial/rental districts



Demonstrating Tie to the Disaster

- The entity responsible for the recovery activity must document how the activity is
 - Addressing a disaster-related impact
 - Restoring housing, infrastructure, or the economy



Ineligible CDBG-DR Activities

- Activity does not respond to an identified disaster-related impact
- Activity is restricted in the appropriation laws
- Activity is ineligible per the CDBG regulations (and a waiver has not been granted)
- Activity fails to meet a CDBG national objective



Preparedness and Mitigation

- Mitigation or preparedness activities that are not part of rebuilding efforts are generally ineligible as CDBG-DR recovery activities.
- Other federal agencies provide funds specifically for mitigation and preparedness
 - Federal Emergency Management Agency (FEMA) Hazard Mitigation Grant Program



Equipment

- Purchasing equipment is typically an ineligible activity
- When may the purchase of equipment be CDBG eligible?
 - Fire protection equipment if considered to be an integral part of a public facility
 - Equipment that constitutes all or part of a public service
 - Equipment that is attached to a structure, and becomes an integral fixture



National Disaster Resilience

- On September 17, 2014, HUD created the CDBG-DR National Disaster Resilience Competition (CDBG-NDR) which awarded almost \$1 billion in funding for disaster recovery and long-term community resilience through a two-phase competition process.
- All states and units of general local governments with major disasters declared in 2011, 2012, and 2013 were eligible to participate in Phase 1 of the competition.
- Based on a review of the Phase 1 application, 40 states and communities were initially invited to compete in the second and final phase of CDBG-DR and on January 21, 2016, HUD awarded grants to the following 13 CDBG-NDR finalists: California, Connecticut, Iowa, Louisiana, Minot (ND), New Jersey, New Orleans (LA), New York, New York City (NY), Shelby County (TN), Springfield (MA), Tennessee, and Virginia.
- National Disaster Resilience FR Notice: [81 FR 36557](#)



Rebuild by Design

- The Hurricane Sandy Rebuilding Task Force launched the Rebuild By Design competition in June 2013, a multi-stage planning and design competition to promote resilience in the Sandy-affected region.
- The goal of the competition was to promote innovation by developing regionally-scalable but locally-contextual solutions that increase resilience in the region.
- In June 2014, HUD announced the award of \$930M to seven winning ideas. Each winning idea comprises multiple phases, which collectively represent a master plan for the area of focus. The seven winning ideas are located in New Jersey, New York State, New York City, and Connecticut.
- Rebuild by Design FR Notice: [79 FR 62182](#)



CDBG-MIT Funds

Public Law 115-123 appropriated:

- \$15.9 billion for mitigation activities for CDBG-DR grantees receiving funds for 2015, 2016, and 2017 disasters
- \$2 billion for electrical power system enhancements and improvements for Puerto Rico and U.S. Virgin Islands (Federal Notice coming soon)

Public Law 116-20 appropriated:

- \$186 million for mitigation activities for CDBG-DR grantees receiving funds for 2018 disasters



CDBG-MIT Funds

Mitigation Federal Register Notices:

- [84 FR 45838](#) “Main” CDBG-MIT Notice
- [84 FR 47528](#) for U.S. Virgin Islands
- [85 FR 4676](#) for Commonwealth of Puerto Rico
- [85 FR 561](#) for 2018 CDBG-MIT



CDBG-MIT Funds

Funds for mitigation activities that increase resilience to disasters and eliminate the long-term risk of loss of life, injury, damage to and loss of property, and suffering and hardship by lessening the impact of future disasters.



CDBG-MIT Funds

- All CDBG-MIT activities must:
 1. Meet the definition of a mitigation activity;
 2. Address current and future risks as identified in the grantee's mitigation needs assessment of most impacted and distressed (MID) areas;
 3. Be CDBG-eligible activities or otherwise eligible pursuant to a waiver or alternative requirement; and
 4. Meet a national objective, including additional criteria for mitigation activities and covered projects



Waivers and Resources



Waivers

- The Secretary may provide waivers or specify alternative requirements if such waiver is not inconsistent with the overall purpose of Title I of the Housing and Community Development Act of 1974.
- The Secretary may not waive requirements related to fair housing, nondiscrimination, labor standards, and the environment.



CDBG-DR High Risk Areas Based On Prior Disaster Experiences

- Procurement
 - Not following procurement policies and procedures
 - States can choose to follow its own procurement policies and procedures
 - Ensuring all CDBG-DR requirements are met
 - Usually involve larger and more complex awards
- Contractor oversight
 - Ensuring all program requirements are met at the contractor and subcontractor level
 - Davis Bacon, inspections
 - Monitoring contractor performance



CDBG-DR High Risk Areas Based On Prior Disaster Experiences

- Financial Policies and Procedures
 - No payment review to ensure costs are eligible, reasonable and allocable and according to awarded contract
- Duplication of Benefits
 - Not having a system in place to ensure CDBG-DR funds only address unmet needs
- Cost allocation
 - No documentation of grantee's staff time and operational expenses



Reporting and Systems

- Grantees are required to report to HUD on a quarterly basis
 - Quarterly Performance Report (QPRs)
- Action Plan, Amendment and QPRs are submitted via the DRGR system
- This is the method by which grantees drawdown funds

<https://www.hudexchange.info/programs/drgr/>



Reporting and Systems

- CDBG-DR Main HUD Page

<https://www.hudexchange.info/programs/cdbg-dr/>

- CDBG-DR Federal Register Notices

<https://www.hudexchange.info/programs/cdbg-dr/cdbg-dr-laws-regulations-and-federal-register-notices/>

- CDBG-DR Reports

<https://www.hudexchange.info/programs/cdbg-dr/reports/>

- CDBG-DR Grantee Contacts (links to Action Plans etc.)

<https://www.hudexchange.info/programs/cdbg-dr/cdbg-dr-grantee-contact-information/#all-disasters>

