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
• $83.9 Billion Allocated
• $55.1 Billion in Active Grants

64 Grantees
• 34 States & Territories
• 30 Local Governments

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 Community Mitigation in areas affected 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
- 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

March 2020
CDBG-DR
Recovery Process
The Disaster is Presidentially Declared

Congress
- Approves CDBG-DR Appropriation.

HUD
- Calculates and announces allocations.
- Publishes a Notice in the Federal Register.
- Awards CDBG-DR Funds.

States and Local Governments
- Administers CDBG-DR grant program directly; or
- Distributes funds to subrecipients or subgrantees.

March 2020
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

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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 awarded almost $1 billion in funding through the CDBG-DR National Disaster Resilience Competition (CDBG-NDR) for disaster recovery and long-term community resilience through a two-phase competition.

- 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.

- After the Phase 2 competition, 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.

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)

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
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/
References

CDBG-DR Main HUD Page
https://www.hudexchange.info/programs/cdbg-dr/

CDBG-DR 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