

## **Frequently Asked Questions Regarding the Disaster Recovery Enhancement Fund (DREF)**

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

*Office of Community Planning and Development*

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### **1. What is the Disaster Recovery Enhancement Fund (DREF)?**

The DREF is a \$311,602,923 set-aside from the Community Development Block Grant (CDBG) disaster recovery supplemental appropriation under P.L. 110-329. It was announced in the Federal Register on August 14, 2009 (74-FR-41146).

### **2. Who can qualify for additional funds from DREF?**

Additional funding under DREF is limited to those states that received a disaster recovery allocation under P.L. 110-329. Thus, the following states may qualify for an additional allocation: Arkansas, California, Florida, Georgia, Illinois, Indiana, Iowa, Kentucky, Louisiana, Mississippi, Missouri, Puerto Rico, Tennessee, Texas, and Wisconsin.

### **3. How can a grantee qualify for DREF funds?**

A grantee must do two things: (1) demonstrate (via its Action Plan or an Amendment) that the state still has eligible unmet needs, and (2) budget funds within its current Action Plan to activities that reduce risk from future disasters, as identified in the *Federal Register* at 74 FR 41146, published August 14, 2009.

### **4. What if I have questions about what is eligible?**

Grantees should submit any questions regarding DREF-eligible activities to Disaster\_Recovery@hud.gov. HUD staff will need a minimum of 48 hours to respond, but will do so as quickly as possible. Please include the phrase “DREF Eligibility Question” in the subject line of the email. HUD staff will respond to these questions directly with each grantee. Additional guidance or further clarification regarding eligible activities will be incorporated into updated online guidance and this document.

Please frequently check our website for updates: <http://www.hud.gov/offices/cpd/communitydevelopment/programs/drsl/>.

### **5. What are “eligible unmet needs”?**

Unmet needs can exist in a variety of areas—from housing and economic development, to infrastructure and transportation. Unmet needs are those things for which a state still needs additional funds to fully address the impacts from the disasters of 2008.

Many states compile their own estimates of need, often broken down by sector. Impact and need assessments are also often prepared by various state and federal government agencies as well as universities, research institutions, foundations, and the private sector.

Thus, in order to receive additional funds from the DREF, the grantee must demonstrate that it will have additional unmet needs toward which disaster recovery CDBG funds can be used after the existing allocations have been exhausted. The amount of estimated unmet need must be in excess of the amount of additional funds to be received. Grantees should identify their anticipated unmet needs by inserting a section at the end of the overall narrative within their DRGR Action Plan.

**6. What types of budgeted activities qualify for matching funds from the DREF?**

Eligible forward-thinking activities include, and are limited to:

- Development and adoption of a forward-thinking land-use plan
- Buyout programs for floodplain, critical fire, or seismic areas
- Individual mitigation measures to improve residential properties & make them less prone to damage
- Implementation of modern disaster resistant building codes, including, but not limited to, training on new standards and code enforcement.

**7. What is the maximum amount of additional funding my state can receive?**

It depends. A grantee that budgeted less than \$15 million to eligible activities will be capped by the amount it has budgeted (since the DREF funds will be allocated on a dollar-for-dollar basis for the first \$15 million budgeted by each grantee).

For any grantee that received, and budgeted, more than \$15 million to DREF-eligible activities, funds remaining (after the calculation of the dollar-for-dollar match) will be allocated on a pro-rata basis. For more information about this process, please see [www.hud.gov/offices/cpd/communitydevelopment/programs/drsi/dref.cfm](http://www.hud.gov/offices/cpd/communitydevelopment/programs/drsi/dref.cfm).

**8. What is the deadline to qualify for DREF?**

Additional allocations under DREF will be based on the budgeted items included in each grantee's Action Plan/Amendment(s) as of **June 30, 2010**.

**9. How do I identify currently budgeted activities that will qualify for additional funding?**

Grantees will not be formally applying for an additional allocation from the DREF. It is up to each grantee to input and identify DREF-eligible activities within its DRGR Action Plan. Following the **June 30, 2010**, deadline, HUD will review each Action Plan for the collective sum total of funds dedicated to DREF-eligible activities. HUD will then notify the grantee of the amount of matching funds it will receive from the DREF, make an award, and update the grant agreement accordingly.

For each DREF-eligible activity, the Action Plan should:

1. Include under the activity narrative (1) a brief description of the activity and how it will reduce risk, and (2) which of the above DREF categories (A, B, C, and/or

- D) is met by the activity;
2. Select the performance measure titled “Amount of activity dedicated to Disaster Recovery Enhancement Fund (DREF) eligible purposes (P.L. 110-329 disaster recovery appropriation only). The performance measure is located on the screen titled “Edit Activity – Page 2.” Within this performance measure, the grantee should enter the amount (i.e., all or a portion) of the activity funds will be used for DREF-eligible purposes. If only a portion of the activity funds will be used for or dedicated toward DREF-eligible uses (e.g., the elevation component of a home rehab program) please demonstrate in the narrative section the method by which the partial amount was determined.
  3. Include an anticipated start and end date.

If a grantee is unable to identify budgeted eligible activities in DRGR, it will be acceptable to identify the eligible activities and respective budgeted funds from within its submitted or accepted paper Action Plan/Action Plan Amendment(s). The grantee must clearly identify eligible activities consistent with the three requirements listed above (description; amount; start/end date) and send as a PDF to [Disaster\\_Recovery@hud.gov](mailto:Disaster_Recovery@hud.gov) by June 30, 2010.

**10. What happens once I identify budgeted DREF-eligible activities?**

HUD will take snapshots of all Actions Plans/Amendments (along with any hard copy PDF submissions for DREF eligibility) on the June 30, 2010, deadline to document each state’s budgeted DREF-eligible activities at that time. Grantees do not need to submit their DRGR Action Plans for review in order for HUD to conduct screening for DREF-eligible activities.

**11. How will HUD determine how much funding each state will receive?**

Funds will be allocated dollar-for-dollar for the first \$15 million budgeted for enhanced disaster recovery activities for an individual state and on a pro rata basis for amounts budgeted above \$15 million. For more information about this process, please see [www.hud.gov/offices/cpd/communitydevelopment/programs/drsi/dref.cfm](http://www.hud.gov/offices/cpd/communitydevelopment/programs/drsi/dref.cfm).

**12. Once amounts are determined, how will allocations be announced and made?**

HUD will notify each grantee and issue a press release announcing the allocations. In addition, a notice will be published in the *Federal Register*.

**13. What can additional funds received from the DREF be used for?**

DREF funds can be used for any activity eligible for assistance under Pub. L. 110-329 and the Notices published in the *Federal Register* at 74 FR 7244 (published February 13, 2009) and 74 FR 41146 (published August 14, 2009).

**14. What if a grantee reprograms funds between activities in its Action Plan after DREF funds have been allocated?**

A grantee may reprogram funds from one of the listed enhanced disaster recovery activities to another, but if the grantee reprograms grant funds away from a DREF-eligible activity to an activity that is not DREF-eligible, HUD may recapture the DREF allocation, in whole or in part.

**15. What if a grantee hasn't obligated all of its funds in DRGR?**

If a grantee hasn't obligated all of its P.L. 110-329 allocation received to date, and anticipates creating further activities in DRGR that are DREF-eligible, it is encouraged to set up a single activity in DRGR and designate it specifically for future DREF-eligible activities. A grantee could also set up DREF-eligible activities (e.g., one for land-use plans, one for individual mitigation efforts, etc.) within individual programs,

Essentially, the grantee is creating a set-aside(s), and budgeting dollars it has already received to activities that will be determined at a later date. The grantee must ensure, and document, that the full identified DREF-eligible amount is actually spent on DREF-eligible activities.

As DREF-eligible activities are funded at a future date, the DRGR Action Plan must demonstrate that the amount actually spent on DREF-eligible activities meets or exceeds the amount originally budgeted.

**16. Under the applicable DREF performance measure, should a grantee enter a value, or a percentage?**

The grantee should enter a value. For example, assume the total CBG budget for an activity is \$100,000. If \$60,000 is DREF-eligible, the performance measure should read "60,000" *not* 60 percent.

**17. How do I determine the residential impact of an individual mitigation project?**

If a mitigation project's geographic benefit area or direct beneficiaries includes only residential land use/properties, then the percentage of a project's costs attributable to DREF-eligible activity is the percentage of land/households for which hazard risk is reduced.

If a mitigation project's geographic benefit area or direct beneficiaries includes mixed land use or more than just residential properties, then the portion of the project's costs attributable to DREF-eligible activity is the percentage of land for residential use relative to the total geographic benefit area.

This should be able to be calculated by program or project administrators (perhaps with assistance of project engineers if necessary) by a review and analysis of project engineering maps, zoning maps, parcel data, and other available data sources. The percentage of project

costs attributable to DREF-eligible activity should be converted to a dollar figure based on total overall project costs.

**18. If a grantee received funds under both P.L. 110-252 and 110-329, can it move activities budgeted under the former to the latter to maximize its DREF allocation?**

P.L. 110-252 required funding for “recent natural disasters.” As this appropriation was enacted on June 30, 2008, HUD interpreted the language of “recent natural disasters” to be the 16 major natural disasters with an incident and declared date in May or June of 2008. Thus, grantees have to spend these funds in counties for certain declared disasters in each state during that time frame (individual eligible disaster declarations for each state are identified in the Notice published in the *Federal Register* 74 FR 41146 (published August 14, 2009) under Table 2: First 2008 Act Disaster Recovery Allocations). However, P.L. 110-329 provided funding for Presidentially-declared disasters that occurred during the entire 2008 calendar year. Therefore, a grantee (of both appropriations) may modify or amend its action plan activities in counties that are eligible under both appropriations. While activities may be modified or amended, actual funds cannot be transferred between grants/appropriations.

**19. Do I need to do any special reporting regarding either (a) the funds that qualify, or (b) additional funds received?**

For any funds that qualify for an additional allocation from the DREF, a grantee will need to monitor and track the performance measure as necessary. For example, the grantee’s Quarterly Performance Reports (QPR) must reflect how much, if any, of the DREF-eligible funding has been expended.

Additional funds received under the DREF are subject to the same reporting requirements as funds already received. Thus, for funds received that are not dedicated to a DREF-eligible activity, the standard reporting requirements will apply. For currently budgeted funds dedicated to DREF via a set-aside activity, the DREF performance measure must be monitored and tracked in DRGR.

**20. What will I need to do if my state receives an additional allocation?**

Once the allocations are announced, and the notice is published, your HUD CDBG disaster recovery representative will work with you to amend the grant agreement to reflect the revised total and have the funds assigned and allotted to your account. Your Action Plan will need to be amended to reflect the funds received under the DREF.