

## **General Guidance Regarding Disaster Recovery Enhancement Fund (DREF)**

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

*Office of Community Planning and Development*

*June 7, 2010*

On July 1, 2010, HUD will begin reviewing Action Plans to make allocations available under the Disaster Recovery Enhancement Fund (DREF). The DREF is a \$311,602,923 set-aside from the disaster recovery supplemental appropriation under P.L. 110-329 and was announced in the August 14, 2009, Federal Register Notice 74-FR-41146.

Allocations from this fund will be based on budgeted DREF-eligible activities within the Disaster Recovery Grant Reporting (DRGR) system and as identified consistent with each grantee's Action Plan/Amendment(s) as of **June 30, 2010, deadline**. Additional allocations from the DREF are only available to those grantees receiving funding under the P.L. 110-329 supplemental appropriation enacted September 30, 2008.

### Eligibility

Qualifying activities are limited to:

- A. Development and adoption of a **forward-thinking land-use plan** that will guide use of long-term recovery efforts and subsequent land-use decisions throughout the community and that reduces existing or future development in disaster-risk areas; and/or
- B. Floodplain or critical fire or seismic hazard area **buyouts programs** under an optional relocation plan that includes incentives so that families and private sector employers move out of areas at severe risk for a future disaster; and/or
- C. **Individual mitigation measures (IMM)** to improve residential properties and make them less prone to damage. If such activities are incorporated into the grantee's rehabilitation or new construction programs generally, the cost increment attributed to IMM will be the amount considered for the additional allocation, not the total construction amount budget; and/or
- D. Implementation of **modern disaster resistant building codes**, including, but not limited to, training on new standards and code enforcement.

Basic eligibility guidance and FAQ are currently posted at the Disaster Recovery website: <http://www.hud.gov/offices/cpd/communitydevelopment/programs/drsi>. 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 and copy the respective field office. Additional guidance or further clarification regarding eligible activities will be incorporated into updated online guidance and FAQ documents.

Please note, per Federal Register Notice 74 FR 41146 (published August 14, 2009), a grantee may reprogram funds from one of the listed enhanced disaster recovery activities to another. However, if the grantee reprograms grant funds away from a DREF-eligible activity to any non-DREF eligible activity after receiving its DREF allocation, HUD may recapture the DREF allocation, in whole or in part.

### Allocation Method

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 a generic example of this process, please see the accompanying guidance document titled *Allocation Method for CDBG Disaster Recovery Enhancement Fund (P.L. 110-329)*.

### Allocation Process

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 projected unmet need must be in excess of the amount of additional funds to be received. Grantees can identify their projected unmet needs by inserting a section at the end of the overall narrative within their DRGR Action Plan. This section should be clearly titled “Demonstration of Projected Unmet Needs.”

In addition, 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 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.

Grantees will not need to formally submit an application to apply 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.

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 (hard copy) Action Plan/Amendments(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 by June 30, 2010.

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.

Grantees should still submit their DRGR Action Plans for Quarterly Performance Report review according to the standard quarterly reporting cycle.

HUD staff will begin reviewing the Action Plans/Amendments as quickly as possible. To aid in this review, please send an email by June 30, 2010, to Disaster\_Recovery@hud.gov, identifying a contact person, phone number, and email address, should HUD have any questions regarding the submitted Action Plan/Amendment. HUD will announce the DREF awards as soon as possible following the June 30, 2010, submission deadline.