Key Things to Do When You Receive CDBG-DR Funds

Important Note for Grantees

These resources are generally applicable as guidance to grantee years prior to the Consolidated Notice (i.e., disasters occurring in 2019 or earlier).

Because grant requirements have changed over time since resources in the CDBG-DR Toolkit were originally developed, **grantees should consult Federal Register Notice requirements specific to their disaster year**.

Disaster recovery programs have unique challenges and grantees are under significant pressure to get funding out quickly. A successful response must ramp up quickly while establishing a solid foundation that will support the effort over the longer term. You will need to scale up your operations to manage the influx of funds and stand up programs to rebuild a resilient community. Take the following actions to avoid common pitfalls and launch a successful effort.

LAUNCHING THE PROGRAM

Top Five Actions. The following immediate actions will support the timely launch of an effective program and help you avoid compliance problems that could delay program implementation and your recovery.

- **Read the PL and FR Notice applicable to your appropriation and consider possible waivers.** The Public Law (PL) authorizing the CDBG-DR appropriation and associated Federal Register (FR) Notice detail the rules and regulations that govern the use of funds as well as any waivers to the CDBG rules. Grantees must know these rules. You may want to create a short written summary to brief public officials and staff. You should also look at previous FR Notices to see the waivers that have been granted in the past and consider if you want to request additional waivers for your programs.

- **Draft and publish your Action Plan.** The needs following a disaster will likely outstrip your available CDBG-DR funding appropriation. You will have to allocate finite resources based on a thorough analysis of unmet needs and your agency's strategic priorities. Your CDBG-DR Action Plan will describe your analysis and your plan to allocate available funding to a combination of housing, economic development, infrastructure and services programs. As with your annual Action Plan, you

must make the CDBG-DR Action Plan draft available for public comment and address public feedback. The Action Plan will serve as the blueprint for your CDBG-DR program and as needs evolve you will draft amendments to the plan. The Disaster Impact and Unmet Needs Assessment Kit provides guidance on how to compile your Action Plan.

- **Prepare to expand operations.** Disaster recovery programs tend to be significantly larger than typical CDBG programs and require specialized expertise. As a new CDBG-DR grantee, you will need to assess your business processes, IT systems, staff capabilities, and institutional infrastructure and make changes to increase capacity. You may need to expand and create new divisions, hire new staff, and establish new systems. This toolkit provides guidance on how to scale up your program operations and program staffing to support expanded operations.

- **Execute computer match agreements and other data sharing agreements to start collecting data.** Grantees need data as soon as possible to conduct the unmet needs analysis, mitigation needs assessment, and to comply with the prohibition on duplication of benefits. To obtain necessary data about assistance provided to homeowners, businesses, renters and governments, you should enter into agreements to secure data from FEMA, SBA, and insurers. See CDBG-DR Data Sharing resources.

- **Track the time and costs spent on CDBG-DR activities pre-award.** Some activities undertaken prior to execution of your grant agreement may be eligible for reimbursement from your CDBG-DR allocation. As you begin your response, establish a system to track staff time spent on CDBG-DR related activities such as developing your Action Plan. You will use this system post-award to document costs for reimbursement. Your timekeeping system must align with HUD's requirements for the Disaster Recovery Grant Reporting (DRGR) system. See the CDBG Cost Types Summary for guidance.

Additional helpful actions. These additional steps, while less time sensitive, can help you identify the assets and resources you have in your agency and community to help implement a strong program.

- **Ask for input and advice from your CDBG program staff.** If possible, involve staff that work on the regular CDBG program. They will bring experience that can inform the CDBG-DR program design and implementation as well as knowledge of key program requirements including the national objectives, eligible activities, LMI targeting requirements and cross cutting federal requirements. Keep in mind that while there are many similarities, CDBG-DR has rules that differ from CDBG.

- **Develop partnerships.** In your capacity as CDBG-DR grantee, you will coordinate with other government agencies, localities and nonprofits. These partners can provide data about unmet needs, help with outreach, and implement programs on your behalf. For example, the FEMA-funded state agency may lend expertise to unfamiliar program designs, such as buyout programs. The Housing

Finance Agency can support affordable rental housing development. Non-profits and community based organizations can conduct outreach and provide case management services. When engaging another state agency or organization to implement a program, you must execute agreements to ensure coordination of efforts, timelines and resources. Find guidance on partnerships and subrecipient agreements in the Capacity module.

- **Conduct community outreach.** Active outreach is critical to program success. You want high awareness of your programs, their offerings, applications procedures and deadlines. Your outreach plan should address the entire community while targeting outreach to groups with specific needs, including homeowners, landlords, and small businesses, as well as low income households, those with limited English proficiency, and undocumented immigrants. DOJ provides guidance on outreach to people with limited English proficiency. The Citizen Participation & Equitable Engagement (CPEE) Toolkit also provides guidance on how CDBG-DR grantees can center equity in outreach efforts.

- **Understand the CDBG-DR Program Life Cycle.** A lot of work goes into successfully launching, operating and eventually closing out your CDBG-DR grant. Below are some of the key tasks that you must accomplish and should consider from the start to ensure you have adequate staff, funding and systems in place to carry them out. The Operational Function summaries provided in the Operations module provide more details regarding key functions and their responsibilities for supporting your CDBG-DR program.

Pre-award	Start up	Operations	Close out
• HUD allocates CDBG-DR funds to state or locality • Complete required pre-award checklists and certifications and submit to HUD • Execute data sharing agreements with FEMA and SBA • Complete unmet needs analysis and Action Plan including outreach and public comment	• Grant agreement executed between HUD and CDBG-DR grantee • Policies, procedures, forms and organizational plans developed • Financial and reporting systems set up • Activity set up in DRGR • Staff and partners hired, selected, and/or procured • Environmental review • Duplication of benefits analysis	• Programs and projects completed (e.g., construction) • DRGR draws and financial and contract management • Communications and outreach to citizens and applicants • Monitoring and compliance, including fraud prevention • Reporting and data quality assurance	• Ongoing monitoring and compliance, including fraud prevention • Activity and project close out • Recordkeeping, reporting and data quality assurance • Conduct duplication of benefits analysis • Monitor spending to ensure sufficient LMI benefit

DESIGNING YOUR PROGRAMS

As you design your CDBG-DR funded programs, consider community needs, program rules, and common logistical challenges.

- **Implement simple program designs, using lessons learned from past disasters.** You will want to keep program designs simple and avoid complex rules that may slow the process, increase errors, or provide opportunities for fraud and abuse. Don't start from scratch on program design; take advantage of the lessons learned from previous grantees and consider the program design options outlined in the CDBG-DR Toolkit.

- **Build back a more resilient community.** Disaster recovery programs should incorporate planning, technologies, methods, materials and systems that make housing, businesses and infrastructure more resilient to future disaster events. The CDBG-MIT site on the HUD Exchange contains a wealth of resources about how other communities have approached resiliency planning and implementation, including through National Disaster Resilience and Rebuild By Design.

- **Be aware of requirements that are unique to disaster recovery.** CDBG-DR funding is subject to federal requirements including URA, Davis Bacon, Section 3, 2 CFR Part 200, and Limited English Proficiency. Some disaster-related requirements will necessitate changes in your practices. For example, CDBG-DR funding is subject to the Stafford Act's provision prohibiting duplication of benefits. No one can receive CDBG-DR funding for losses that have already been paid by insurance or another funding source. This means that grantees must have a robust process for checking data to avoid the duplication of benefits. CDBG-DR also requires independent cost estimates for all procured work to ensure that costs are necessary and reasonable. Your procurement procedures must include this step.

- **Develop clear policies and procedures for program implementation.** Program policies and procedures are important to ensuring that all CDBG-DR activities are carried out compliantly and efficiently. They should outline who is responsible for what and provide specific guidance on each step of the process.

- **Implement an efficient system for Environmental and State Historic Preservation Reviews.** CDBG-DR requires that Environmental Review and State Historic Preservation Processes be completed before construction work begins. The sheer volume of these reviews can grind production to a halt if an efficient process is not put in place. You will want to plan and allocate resources for these review processes as early as possible. Consider strategies that can speed up the pace such as a

Unified Environmental and Historic Preservation Review Process that allows grantees to use the reviews completed for other federally funded programs (e.g., FEMA, FHWA and EPA) as well as tiered reviews by county for residential real estate and multi-family Environmental Assessments.

- **Have a plan to meet CDBG's LMI Benefit Requirement.** Under CDBG, grantees are required to ensure that 70% of CDBG-DR allocation benefits low and moderate income (LMI) households (consistent with its National Objectives). Meeting the overall LMI benefit can be difficult. Depending on the demographics, much of the single family housing stock damaged by the disaster may not qualify for the LMI Benefit requirement, creating pressure for other programs to exceed the 70% threshold. To ensure compliance, you should analyze data on income and needs (e.g., American Community Survey) and consider programs that are designed to assist LMI households such as rental and supportive housing programs. In some cases HUD may revise this requirement from 70% to 50% through a waiver; but the same challenges will remain.

- **Use CDBG-DR to address gaps and maximize overall funding.** CDBG-DR funds can be used as non-Federal match for funds from other agencies, including the U.S Corps of Army Engineers, Environmental Protection Agency, Federal Highway Administration and FEMA. As you consider how to allocate your CDBG-DR funds, consider the potential for leveraging these other Federal funds for projects that are eligible under CDBG-DR. You should also consider the needs that are not met by other agencies. Consider the types of programs you need – single family, multifamily, small rental, economic development, public facilities – and prioritize serving populations that will not have their needs met by programs funded by other sources.

- **Work with FEMA-funded agency to request extensions.** Most FEMA funded activities have relatively short expenditure deadlines but the FEMA funded state agency can request extensions from FEMA. By working with the state agency that receives FEMA funding (typically the Emergency Management Agency), CDBG-DR grantees can ensure that FEMA funding continues to flow to assist individuals, businesses and governments as CDBG-DR programs get underway. For example, under FEMA Individual Assistance, FEMA provides Temporary Housing Assistance to renter and homeowners. Typically, this assistance ends after 18 months but FEMA will grant extensions if the state can demonstrate the necessity of continuing to provide assistance until CDBG-DR homeowner and rental recovery programs have rebuilt, repaired or otherwise replaced the damaged housing stock.