



HUD CDBG-DR Appropriation Under Public Laws 115-56 and 115-123

Overview: The Department of Housing and Urban Development (HUD) published a [Prior Notice](#) for the appropriation on February 9, 2018 and subsequent [Notice](#) on August 14, 2018. All funds allocated under the Prior Notice and subsequent Notice are subject to the requirements of both notices.

I. Total Allocation: \$10.03B

- Funding will be provided directly to States, local government or Indian tribes at the discretion of the Secretary.
- \$124M for the State of California; \$38M for the State of Georgia; \$59M for the State of Missouri; \$5.68B for the State of Texas; \$774M for the State of Florida; \$9.73B for the Commonwealth of Puerto Rico; \$1.02B for the United States Virgin Islands.

II. Funding Requirements

- **70% of total funds must benefit low-to-moderate income (LMI) persons**, unless a waiver request demonstrates compelling need to lower this requirement.
- **Based on [HUD's allocation methodology](#):**
 - **80% of funds** (\$99,324,000) must be spent in the HUD-defined most impacted and distressed (MID) areas (Sonoma and Ventura counties; 93108, 94558, 95422, 95470, and 95901 Zip Codes).
 - **20% of remaining funds** (\$24,800,000) may be spent in areas the state determines to be MID (using HUD's methodology) and that received a presidential major disaster declaration.
 - **Most Impacted and Distressed (MID) Areas** are defined as areas that have meet two standards: 1) Individual Assistance/IHP designation by FEMA, and 2) Concentrated damage as determined by the amount of serious unmet housing needs.

III. Management and Oversight of Funds

- Grantees must demonstrate to HUD that they have in place sufficient internal controls.
- Grantees must demonstrate sufficient capacity to manage these funds and the associated risks.
- HUD will institute an annual risk analysis as well as on-site monitoring of grantee management.
- To ensure the effective implementation of the internal control plan, HUD may establish specific criteria and conditions for each grantee to mitigate the risk of the grant.
- Grantees must submit projection of expenditures and outcomes as part of its Action Plan.
 - Any subsequent changes, updates or revision of the projections will require the grantee to amend its Action Plan (track planned versus actual performance).
- **Cost Verification:** Grantees must ensure that construction costs are reasonable and consistent with market costs at the time and place of construction. HUD may require a grantee to verify cost reasonableness from an independent and qualified third-party.
- **Adopting Environmental Reviews:** Grantees may adopt, without review or public comment, any environmental review, approval, or permit performed by another Federal Agency.
- **Citizen Participation**
 - **Disaster Recovery Website:** Grantees must maintain a comprehensive disaster recovery website containing information that permits individuals and entities awaiting assistance and the general public to see how all grant funds are used.
 - **Notice Requirements:** Grantees are required to publish action plans and substantial amendments on their website for public comment for at least 30 calendar days.

IV. Use of Funds and Key Programmatic Requirements

- **Administrative Costs**
 - Grantees may use up to 5% of the total combined grant award for grant administration.
- **Housing**
 - **Eligible Uses:** Rehab, reconstruction, replacement, buyouts, and new construction; includes any rental housing for LMI households; public housing; emergency shelters and homeless housing; private market units receiving project-based assistance or Section 8 and any other



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- HUD-assisted housing; moving expenses; rental assistance; interim mortgage assistance; housing counseling services; housing incentives; acquisition; and buyouts. Can also be used for new units or rehab of units not damaged if clearly linked to MID target area.
- **Ineligible Uses:** Forced mortgage payoffs; SBA home/business loan payoffs; funding for second homes; assistance for those who previously received Federal flood disaster assistance and did not maintain flood insurance; and compensation payments.
 - **Public Housing Needs:** Grantee must identify in its Action Plan how it will address the rehabilitation, mitigation, and new construction needs of each disaster impacted Public Housing Authority.
 - **Rental Housing Needs:** Grantee must identify in its Action Plan how it will address the rehabilitation, reconstruction, replacement, and new construction of rental housing that is affordable to LMI households in the MID areas.
 - **Affordability Period:** A minimum affordability period of 15 years for the rehabilitation or reconstruction of multi-family rental projects with eight or more units; 20 years for new construction of multi-family rental units with five or more units; and 5 years for newly constructed single-family housing that is to be made available for LMI homeownership.
 - **Rehabilitation and Reconstruction Cost-Effectiveness:** Grantee's must develop criteria for determining the cost of the rehabilitation or reconstruction compared to other means of assisting the property-owner, such as buyout or acquisition of the property or the construction of area-wide protective infrastructure.
 - **Building Standards:** New construction or replacement of substantially damaged buildings must meet green building and resilient construction standards.
 - **Housing Incentive Payments:** Allowed to the extent necessary.
 - **Broadband Infrastructure:** When practical and not cost-prohibitive, all substantial rehab and new construction of buildings with more than four rental units must include installation of broadband infrastructure.
 - **Use of Eminent Domain:** No funds allocated under this notice or the Prior Notice may be used to support any Federal, State, or local projects that seek to use the power of eminent domain, unless eminent domain is employed only for a public use.
 - **Selected Waivers**
 - **One for One Replacement:** One for one housing replacement requirement is waived.
 - **Relocation Assistance:** Displaced persons can receive rental assistance up to 42 months.
 - **Occupancy Requirements:** Requirements of Stafford Act are waived to the extent that it would apply for a CDBG-DR funded project commencing more than one year after the date of the latest applicable Presidentially declared disaster, provided the project was not planned, approved, or otherwise underway prior to the disaster.
 - **Arm's Length Voluntary Purchase:** Requirements are waived.
 - **Interim Mortgage Assistance:** Assistance can be provided up to 20 months.
 - **Rental Assistance:** Assistance can be provided up to 42 months.
 - **Homeownership Assistance for households earning up to 120% of the area median income - Note:** Only funds used for households with up to 80% of the area median income may qualify as meeting the LMI national objective. Funds used for homeowners from 81% -120% area median income must be counted as urgent need.
 - **Down payment Assistance:** Allowed for up to 100% of the down payment.
 - **Infrastructure:** Grantees must tie all infrastructure programs back to the long-term recovery and restoration of housing in the MID areas. Funding may be used for the repair, replacement, or relocation of public facilities and improvements, the non-federal share match, and the elevation of non-residential structures.
 - Infrastructure allocations require that the grantee describe how proposed activities will advance long-term resilience; how proposed mitigation measures will be integrated into



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- rebuilding activities and align with regional/local plans and policies to advance long-term resilience to natural hazards; alignment of potential and planned public and private investments with other for state/local capital improvements.
- Grantees must address long-term recovery and hazard mitigation planning in the action plan.
 - **Match Funding:** Funds may be used for local match of FEMA or US Army Corps of Engineers (USACE) projects (\$250K cap for USACE); must comply with CDBG-DR requirements.
 - **Economic Revitalization:** Grantees must tie all economic revitalization programs back to the long-term recovery and restoration of housing in the MID areas. Funding may be used for any CDBG-DR eligible activity that demonstrably restores and improves some aspect of the local economy through the attraction, retention and return of businesses and jobs.
 - The public benefit standards for are waived only those economic development activities designed to create or retain jobs or businesses.
 - National Objective documentation for economic development activities are waived to allow grantees under this notice to identify the LMI jobs benefit by documenting, for each person employed, the name of the business, type of job, and the annual wages or salary of the job.
 - Waiver of the job relocation clause to allow a business that left the disaster area to continue business to receive assistance to return to the impact labor market area.
 - Notice allows for an alternative definition for small business, to include the definition at 7 CFR 1400.3, or business engaged in “farming operations.”
 - Funds made available under this notice may not be used to assist a privately-owned utility.
 - **Underwriting Requirements:** No funds may be provided to a for-profit entity for an economic development project unless such project has been evaluated and selected in accordance with HUD guidelines. States and their subrecipients are required to comply with the underwriting guidelines in Appendix A to 24 CFR part 570 if they are using grant funds to assist a for-profit entity.
 - **Other Uses**
 - **Planning** capped at 15% of the grant and must address long term recovery and mitigation planning.
 - **Public Services** capped at 15% of the grant and must compliment the proposed housing, economic revitalization, and infrastructure programs.
 - **Mitigation measures** must be incorporated into rebuilding activities and must be a necessary expense related to disaster relief or long-term recovery in response to the eligible disaster.

V. Overview of Grant Process

- For State grantees, the Action Plan shall describe the method of distribution of funds to local governments and Indian tribes and/or descriptions of specific programs or activities the grantee will carry out directly.
- All CDBG-DR funded activities must 1) be a CDBG-eligible activity (or be eligible under a waiver or alternative requirement in this notice); 2) meet a national objective; and 3) address a direct or indirect impact from the major disaster in a Presidentially-declared county.
- HUD is temporarily waiving the requirement for consistency with the Consolidated Plan until the grantee submits its next full Consolidated Plan, or for 24 months after the effective date of this notice, whichever is sooner.
- Grantees are required to consult with all disaster-affected local governments (including any CDBG entitlement grantees), Indian tribes, and any local public housing authorities in determining the uses of funds.

VI. Duration of Funding

- Initial drawdown of funds must occur within 180 days of the execution of the Grant Agreement.
- 100% of funds must be expended within six years of the execution date of the Grant Agreement.