



HUD CDBG-DR Appropriation Under Public Law 115-56

Overview: HUD published the [Notice](#) for the appropriation February 9, 2018, and the below summary provides a high-level overview.

I. Total Allocation: \$7.39B

- Funding will be provided directly to States, local government or Indian tribes at the discretion of the Secretary.
- \$5.024B for the State of Texas; \$615M for the State of Florida; \$1.507B for the Commonwealth of Puerto Rico; \$242M 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** must be spent in the HUD-defined most impacted and distressed (MID) areas (100% for United States Virgin Islands).
 - **20% of remaining funds** may be spent in areas the state determines to be MID (using HUD's methodology).
 - **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. Use of Funds

- **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 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.
 - **Elevation Requirements:** New construction, substantially damaged, or substantial improvement of structures in the 100-year floodplain must be elevated (2' above Base Flood Elevation, the computed elevation to which floodwater is anticipated to rise during the base flood). Base Flood Elevations (BFEs) are shown on Flood Insurance Rate Maps (FIRMs).



HUD CDBG-DR Appropriation Under Public Law 115-56

- **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.
- **Building Standards:** New construction or replacement of substantially damaged buildings must meet green building standards; Resilient Home Construction Standards (an industry-recognized standard which will increase a home's resilience to natural hazards, including high wind, hail, and tropical storms) are strongly encouraged.
- **Flood Insurance:** Grantees must provide a plan for ensuring flood insurance requirements are met and must require flood insurance for rehabilitated properties in Special Flood Hazard Area.
- **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.
- **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.
 - **Arm's Length Voluntary Purchase:** Requirements are waived.
 - **Interim Mortgage Assistance:** Assistance can be provided up to 20 months.
 - **Occupancy Requirements:** Requirements of Stafford Act are waived
 - **Rental Assistance:** Assistance can be provided up to 42 months.
 - **Homeownership Assistance for households earning up to 120 percent of the area median income: Note:** Only those funds used for households with up to 80 percent 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 percent 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 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



HUD CDBG-DR Appropriation Under Public Law 115-56

- **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 the grantees under this notice to identify the low- and moderate-income 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 for any purpose.
 - Notice provides guidance on what should be included as “working capital” in grants and loans to businesses.
- **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.
- **Match Funding:** Funds may be used for local match of FEMA or US Army Corps of Engineers projects (\$250K cap for USACE); must comply with CDBG-DR requirements.

IV. 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.
- 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 v. actual performance).



HUD CDBG-DR Appropriation Under Public Law 115-56

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.
 - While grantee can obligate funds in phases, all obligated funds must be expended within 24-months of obligation.