Overview of CDBG Disaster Recovery

U.S. Department of Housing and Urban Development
I. Background

II. Funding Overview

III. CDBG-DR Activities

IV. Waivers and Alternative Requirements

V. Overview of Disaster-specific appropriations:
   - 2005 (KRW)
   - 2008 (MWF)
   - 2011-2013 (Sandy/113-2)
I. Background
What is CDBG?

• The Community Development Block Grant Program

• Authorized under Title I of the Housing and Community Development Act (HCD Act) of 1974

• Consolidated 8 Federal programs under which communities competed for funds

• Primary objective—develop viable urban communities through the provision of decent housing, suitable living environments, & expanded economic opportunities
Why CDBG for Disaster Recovery?

- Multiple Federal recovery programs
  - Federal Emergency Management Agency (FEMA), the Small Business Administration (SBA), and the U.S. Army Corps of Engineers (USACE)

- CDBG is different than these programs
  - Allows many types of activities, offering grantees additional recovery options and tools
  - Provides grantees the discretion to address unmet recovery needs after other Federal, State, local, and Tribal resources have been exhausted
  - Prioritizes low- and moderate-income persons
CDBG Disaster Recovery (CDBG-DR) Funds

- Must **supplement** the standard recovery programs - **not** supplant them

- No annual appropriation; statutory authority provided by Congress via supplemental appropriations in response to a disaster

- Appropriations provide authority to adopt, modify, and/or waive standard CDBG regulations
CDBG-DR History

- Congress first appropriated funds to CDBG for long-term disaster recovery in 1992

- From the mid-1990s to 2004, HUD’s CDBG-DR responsibilities were supported with existing staff

- In 2006, the Disaster Recovery and Special Issues Division (DRSI) was established to cover the growing amount of DR grant awards
Appropriations → CDBG-DR Award

Congress

- Approves appropriation

HUD

1. Calculates & announces allocations
2. Publishes a Notice in the Federal Register
3. Awards funds

Grantee

- Prepares Action Plan—administers programs/activities or works with another entity to distribute funds
Key Grantee Steps

• Conduct a needs assessment to determine the critical unmet needs for long-term disaster recovery

• Draft and submit a disaster recovery Action Plan to HUD within required number of days of the effective date of the Notice

• HUD reviews Action Plan within 45-60 days

• Access allocated CDBG-DR funds after HUD approves Action Plan and grant agreement is executed

• Receive and respond to monitoring reviews conducted by HUD and OIG

• Submit Quarterly Performance Reports and update Action Plan as needed
II. Funding Overview
Management of CDBG-DR

- As of July 2015, a total of 51 active CDBG-DR grantees, including 29 states and 23 local governments

- Total funding allocated: $44B

- HUD HQ oversees larger awards
  - Greater than $500 million (i.e. FL, IA, LA, MS, NJ, NYC, NYS, and TX)

- Smaller grants overseen by HUD CPD Field Office

- CDBG-DR allocations to grantees are based on damage estimates and assessments of unmet disaster recovery needs
Disaster Declarations

Major Disaster Declarations (2000-2014)

Source: FEMA
Funding Overview

Funding appropriated to CDBG-DR since FY2001:

*The above chart also includes the trendline associated with this data.
Status of Grant Funds

As of 7/7/2015

- Total CDBG-DR Awarded
- Obligated to Activities
- Disbursed

As of 7/7/2015
III. CDBG-DR Activities
Requirements for Each Activity

• Be CDBG-eligible (or receive a waiver)

• Meet a CDBG National Objective

• Address a direct or indirect impact from the disaster in a county covered by a Presidential disaster declaration and cited in the Notice

• Funds must be used for necessary expenses related to disaster relief, long-term recovery, restoration of infrastructure and housing, and economic revitalization
CDBG Eligibility

- The HCD Act and CDBG regulations (24 CFR part 570) permit grantees to undertake a wide range of activities to address housing, infrastructure, economic development and/or planning needs.

- Notices provides additional flexibility (e.g., new housing construction).
CDBG National Objectives

Each activity (except those for administration or planning) must:

• Benefit low and moderate-income persons,
• Aid in the prevention or elimination of slums or blight, or
• Meet a need having a particular urgency (urgent need)*

*See the Notice for alternative requirements applying to the use of the urgent need national objective.
Documenting “Impact”

- The grantee must document how an activity is addressing a disaster-related impact—i.e., how does the activity restore housing or infrastructure, or revitalize the economy?

- Documentation could include damage or building estimates for physical losses, or post-disaster analyses or assessments for economic or non-physical losses.
IV. Waivers/Alternative Requirements
Waivers/Alternative Requirements

• Appropriations provide authority to adopt, modify, and/or waive standard CDBG regulations

• Most common waivers/alt. req. included in 1\textsuperscript{st} FR Notice published following appropriations act

• Additional waivers/alt. req. upon grantee request, must be published in FR Notice to be effective

• Waivers/alt. req. should assist a grantee to address specific needs related to its recovery activities
Waivers/Alternative Requirements

• ‘Good cause’ exists
• Must **not** be inconsistent with overall purpose of HCD Act
• Cannot conflict with cross-cutting requirements that the Secretary may not waive
What to include in your request:

- CDBG requirement for which the grantee is seeking a waiver or alternative requirement

- Summary of unmet recovery need that waiver or alternative requirement will assist grantee to meet, including documentation supporting the need and the consequences for the grantee’s recovery if the waiver or alternative requirement is not be approved.
Examples of supporting documentation:

- **Tourism industry assistance**: data documenting the decline in tourism revenue in disaster-impacted communities

- **Tenant-based rental assistance**: documentation of unmet housing needs of vulnerable populations until rehabilitation of or construction of affordable rental units is completed
Steps in waiver/alt. req. process:

- **Coordination with HUD partners** on specific types of waivers/alt. req.
  - Example: Coordination with Relocation Specialist for Section 414 of Stafford Act/URA-related waivers

- **Coordination with other federal partners** when related to certain pivotal requirements
  - Example: Waiver of Overall Benefit Requirement
V. Overview of Disaster-Specific Appropriations and Evolving Recovery Priorities

Hurricanes Katrina, Rita, and Wilma
Highlights

• Hurricanes Katrina, Rita and Wilma caused massive devastation in the Gulf Coast region between August 29 and October 24, 2005

• $19.7 billion for CDBG-DR to the most affected states - Louisiana, Mississippi, Alabama, Florida, and Texas

• This appropriation is the largest amount of CDBG disaster relief provided to one area in the history of the program

• Compensation waiver – Louisiana and Mississippi only
CDBG-DR Activities

CDBG-DR Activity Categories as % of Total Budgeted ($19.65B)

- Housing: 14%
- Compensation: 59%
- Infrastructure and Public Improvements: 9%
- Clearance/Demolition and Debris Removal: 0.24%
- Economic Development and Tourism: 6%
- Administration: 3%
- Planning: 0.46%
- Public Facilities and Buildings for General Conduct of Government: 5%
- Buyout, Acquisition & Disposition: 2%

Source: DRGR, Analysis of KRW grants only, Q1/2015
Recovery Status

- Almost 10 years after Hurricanes Katrina, Rita and Wilma hit - the States have spent almost 94% of the total appropriation
- Alabama has expended 100% of their allocation and have completed the grant closeout process
- Texas is nearing 100% expenditure and grant closeout

<table>
<thead>
<tr>
<th>Grantee</th>
<th>Allocation Amount</th>
<th>Funds Disbursed</th>
<th>% of Allocation Disbursed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alabama</td>
<td>$95,600,000</td>
<td>$95,600,000</td>
<td>100%</td>
</tr>
<tr>
<td>Texas</td>
<td>$503,000,000</td>
<td>$499,000,000,000</td>
<td>99.2%</td>
</tr>
<tr>
<td>Louisiana</td>
<td>$13,400,000,000</td>
<td>$12,800,000,000</td>
<td>95.6%</td>
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<tr>
<td>Florida</td>
<td>$184,500,000</td>
<td>$169,000,000</td>
<td>92.4%</td>
</tr>
<tr>
<td>Mississippi</td>
<td>$5,500,000,000</td>
<td>$4,900,000,000</td>
<td>88.9%</td>
</tr>
<tr>
<td>TOTAL</td>
<td>$19,700,000,000</td>
<td>$18,500,000,000</td>
<td>93.8%</td>
</tr>
</tbody>
</table>

Source: DRGR, Analysis of KRW grants only, Q1/2015
Activities & Accomplishments

- $2.5 Billion invested in housing activities to assist:
  - 12,660 rehabilitated/reconstructed housing units
  - 767 newly constructed housing units
  - 2,894 households with homeownership assistance funds
  - 35,597 affordable rental housing units

- $1.6 Billion invested in infrastructure activities
  - Infrastructure activities refer to construction/reconstruction of streets, utilities, water lift stations, sewer lines, public improvement, dikes and dams

- $757 Million invested in economic development, recovery and tourism activities:
  - Assisting 5,472 businesses
  - Creating 6,490 permanent jobs
Public Laws 110-252 and 110-329
Midwest Floods & Hurricanes Gustav and Ike (2008 Disasters)
Highlights

• Midwest Floods (MWF) - $300 million

• Hurricanes Gustav & Ike - $6.4 billion
  – $377 million rescinded
  – $311 million set-aside for the Disaster Recovery Enhancement Fund

• 23 State grantees
The Disaster Recovery Enhancement Fund (DREF) is a $311,602,923 set-aside under P.L. 110-329

Available to grantees that demonstrated additional eligible, unmet disaster recovery needs, and plans to undertake certain types of activities

DREF was precursor to drive for resiliency
CDBG-DR Activities

CDBG-DR Activity Categories as % of Total Budgeted ($6.26B)

- Housing: 35%
- Infrastructure and Public Improvements: 32%
- Administration: 4%
- Public Facilities and Buildings for General Conduct of Government: 13%
- Planning: 2%
- Buyout: 4%
- Capacity building for nonprofit/public entities: 0.43%
- Acquisition/Disposition: 1%
- Clearance/Demolition and Debris Removal: 1%
- Compensation: 0.05%
- Economic Development and Tourism: 6%

Source: DRGR, Analysis of MWF & Gustav/Ike grants only, Q1/2015
## Recovery Status

<table>
<thead>
<tr>
<th>Grantee</th>
<th>Allocation Amount</th>
<th>Funds Disbursed</th>
<th>% Disbursed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Maine</td>
<td>$2,187,114</td>
<td>$2,187,114</td>
<td>100%</td>
</tr>
<tr>
<td>Montana</td>
<td>$666,666</td>
<td>$666,666</td>
<td>100%</td>
</tr>
<tr>
<td>Oklahoma</td>
<td>$1,793,876</td>
<td>$1,793,876</td>
<td>100%</td>
</tr>
<tr>
<td>South Dakota</td>
<td>$1,987,271</td>
<td>$1,987,271</td>
<td>100%</td>
</tr>
<tr>
<td>Nebraska</td>
<td>$5,557,736</td>
<td>$5,552,880</td>
<td>99.9%</td>
</tr>
<tr>
<td>Colorado</td>
<td>$589,651</td>
<td>$588,657</td>
<td>99.8%</td>
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<tr>
<td>West Virginia</td>
<td>$3,127,935</td>
<td>$3,118,745</td>
<td>99.7%</td>
</tr>
<tr>
<td>Wisconsin</td>
<td>$139,584,277</td>
<td>$126,256,706</td>
<td>90.5%</td>
</tr>
<tr>
<td>Kentucky</td>
<td>$3,717,686</td>
<td>$3,340,035</td>
<td>89.8%</td>
</tr>
<tr>
<td>Minnesota</td>
<td>$925,926</td>
<td>$789,272</td>
<td>85.2%</td>
</tr>
<tr>
<td>Arkansas</td>
<td>$95,223,399</td>
<td>$79,813,747</td>
<td>83.8%</td>
</tr>
<tr>
<td>Florida</td>
<td>$107,958,038</td>
<td>$90,399,278</td>
<td>83.7%</td>
</tr>
<tr>
<td>Indiana</td>
<td>$439,559,497</td>
<td>$365,135,263</td>
<td>83.1%</td>
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<tr>
<td>Georgia</td>
<td>$5,210,779</td>
<td>$4,248,449</td>
<td>81.5%</td>
</tr>
<tr>
<td>Iowa</td>
<td>$890,869,466</td>
<td>$704,666,775</td>
<td>79.1%</td>
</tr>
<tr>
<td>Illinois</td>
<td>$211,041,438</td>
<td>$161,514,907</td>
<td>76.5%</td>
</tr>
<tr>
<td>Mississippi</td>
<td>$14,003,403</td>
<td>$10,607,177</td>
<td>75.7%</td>
</tr>
<tr>
<td>Missouri</td>
<td>$108,637,928</td>
<td>$76,120,191</td>
<td>70.1%</td>
</tr>
<tr>
<td>Louisiana</td>
<td>$1,093,212,571</td>
<td>$675,001,819</td>
<td>61.7%</td>
</tr>
<tr>
<td>Tennessee</td>
<td>$92,517,890</td>
<td>$53,361,059</td>
<td>57.7%</td>
</tr>
<tr>
<td>Texas</td>
<td>$3,113,472,856</td>
<td>$1,671,336,677</td>
<td>53.7%</td>
</tr>
<tr>
<td>Puerto Rico</td>
<td>$29,982,887</td>
<td>$15,569,100</td>
<td>52%</td>
</tr>
<tr>
<td>California</td>
<td>$54,531,784</td>
<td>$20,618,283</td>
<td>37.8%</td>
</tr>
</tbody>
</table>

**Total**  
$6,416,360,074  
$4,074,673,947  
64%

*Source: DRGR, Analysis of MWF & Gustav/Ike grants only, Q1/2015*
2011-2013 Disaster Grantee Allocations

- $15.18 for CDBG-DR (Currently 34 grantees)
  - For the “most impacted and distressed” communities that suffered a Presidentially-declared disaster in 2011, 2012, or 2013

- Total Allocations:
  - $13 Billion to Sandy Grantees
  - $1.1 Billion to other 2011, 2012 & 2013 Disaster Grantees
  - $1 Billion to National Disaster Resilience Competition
Highlights

Emphasis on forward looking planning and resilience against future risks

– Hurricane Sandy Task Force and Rebuilding Strategy
– Rebuild by Design
– National Disaster Resilience Competition
Highlights

• 2 year time limit on funds once obligated (partial obligations until September 2017)

• Eligibility of Pre-award expenses

• Public Housing Authority set aside and PHA consultation requirements

• Small Business/Private Utility provisions
Highlights

• Grantees may adopt another Federal agency’s environmental review, approval, or permit

• Advisory Base Flood Elevation + 1

• HUD approval of major infrastructure or “covered” projects

• Comprehensive risk analysis & resilience performance standards

• Green Building and Green Infrastructure Requirements
## Rebuild by Design

<table>
<thead>
<tr>
<th>Grantee</th>
<th>Proposal</th>
<th>Location</th>
<th>RBD CDBG-DR Allocation</th>
</tr>
</thead>
<tbody>
<tr>
<td>New Jersey</td>
<td>New Meadowlands</td>
<td>Meadowlands</td>
<td>$150,000,000</td>
</tr>
<tr>
<td>New Jersey</td>
<td>Resist, Delay, Store, Discharge</td>
<td>Weehawken/Hoboken/Jersey City</td>
<td>$230,000,000</td>
</tr>
<tr>
<td>New York State</td>
<td>Living with the Bay</td>
<td>Nassau County</td>
<td>$125,000,000</td>
</tr>
<tr>
<td>New York State</td>
<td>Living Breakwaters</td>
<td>Staten Island</td>
<td>$60,000,000</td>
</tr>
<tr>
<td>New York City</td>
<td>The Big U</td>
<td>Manhattan/Lower East Side</td>
<td>$335,000,000</td>
</tr>
<tr>
<td>New York City</td>
<td>Hunts Point Lifelines</td>
<td>South Bronx/Hunts Point</td>
<td>$20,000,000</td>
</tr>
<tr>
<td>Connecticut</td>
<td>Resilient Bridgeport</td>
<td>Bridgeport</td>
<td>$10,000,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
<td><strong>$930,000,000</strong></td>
</tr>
</tbody>
</table>
CDBG-DR Activities

Public Law 113-2
Top 10 Activity Categories of
$3.75B in CDBG-DR Funds Budgeted by 32 grantees
as of 3/19/15

- Rehab/recon of residential structures: 41%
- Public services: 10%
- econ. development: 6%
- Acquisition - buyout of residential properties: 8%
- Residential Location Incentive Grants - (Waiver only): 5%
- Administration: 5%
- Affordable Rental Housing: 5%
- Rehab/recon of public facilities: 4%
- Planning: 3%
- Debris removal: 2%
- Other: 11%
## Recovery Status

<table>
<thead>
<tr>
<th>Disaster Grantees</th>
<th>Allocation Amount</th>
<th>Funds Disbursed</th>
<th>% Disbursed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sandy</td>
<td>$13,013,017,000</td>
<td>$3,197,836,449</td>
<td>25%</td>
</tr>
<tr>
<td>2011-2012</td>
<td>$514,012,000</td>
<td>$86,934,656</td>
<td>17%</td>
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<tr>
<td>2013</td>
<td>$654,863,000</td>
<td>$11,342,201</td>
<td>2%</td>
</tr>
<tr>
<td>All 113-2</td>
<td>$14,181,892,000</td>
<td>$3,296,113,306</td>
<td>23%</td>
</tr>
<tr>
<td>All 113-2</td>
<td>$14,181,892,000</td>
<td>$3,296,113,306</td>
<td>23%</td>
</tr>
</tbody>
</table>
Resources

- CDBG-DR Website at HUD Exchange
- 24 CFR 570 and HCD Act (including searchable eCFR)
- Guides to National Objectives and Eligible Activities
- “Basically CDBG” presentations
- Relevant supplemental appropriations law(s)
- Relevant Federal Register Notice(s)
Thank you!