



# **Policy Corner: Decoding Complex Requirements and Shaping CDBG-DR Policy**

Wednesday, May 8, 2024  
9:45 a.m.-10:45 a.m. CDT



**2024 CDBG-DR Problem Solving Clinic  
May 7-9, 2024 | St. Louis, MO**

# Presenters



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She/Her

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# Learning Objectives

- Attendees will understand the role of the Office of Disaster Recovery's (ODR) Policy Division in shaping CDBG-DR policy.
- Attendees will learn more about HUD's waiver authority and the essential steps grantees should follow to successfully request waivers with a "good cause" justification.
- Attendees will gain a high-level understanding of recent statutory changes and new guidance impacting CDBG-DR implementation.

# Agenda

- A look inside the Office of Disaster Recovery (ODR)
- Overview of HUD's Statutory Authority and Waiver Requests
- Statutory changes and new guidance
  - CDBG-DR mitigation set-aside
  - Accessing admin funds early
  - Extending periods of performance
  - Interchangeability provisions
- Reducing administrative burden takeaways





# A Look Inside the Office of Disaster Recovery (ODR)

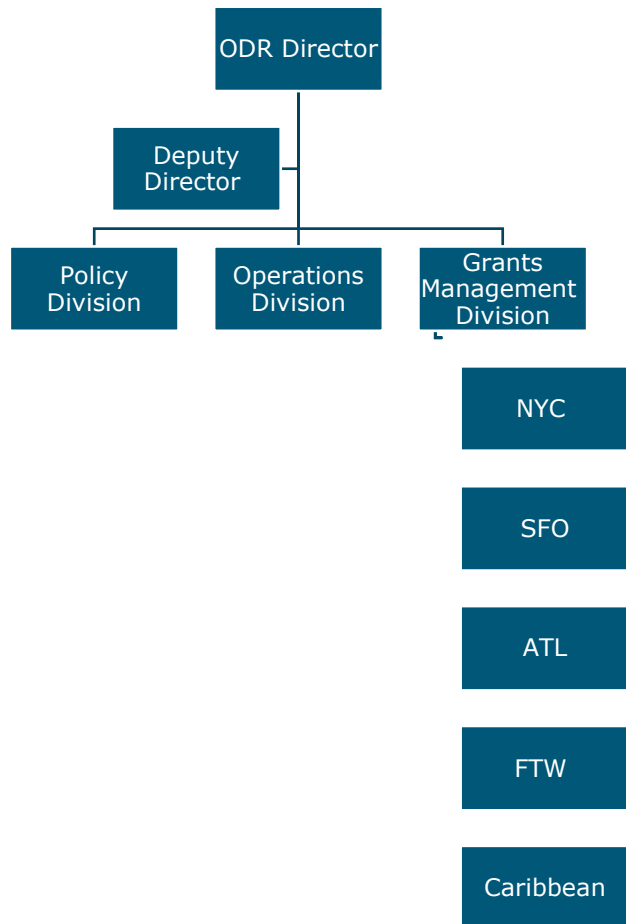
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# HUD's Office of Disaster Recovery (ODR)

- Established in 2023
- Located within the Office of Community Planning and Development (CPD)
- Comprised of three Divisions
  - Operations
  - Grants Management
  - Policy



## Organizational Structure of ODR



## ODR's Divisions at a Glance

### Operations Division

- Manages internal controls and risk management.
- Provides internal training.
- Facilitates responses to OIG and GAO audits.

### Grants Management Division

- Oversees day-to-day grant management functions (e.g., monitoring, correspondence, action plan reviews, etc.).
- Facilitates all grantee-related communication through ODR's regional teams and CPD Field Offices.



# ODR's Policy Division

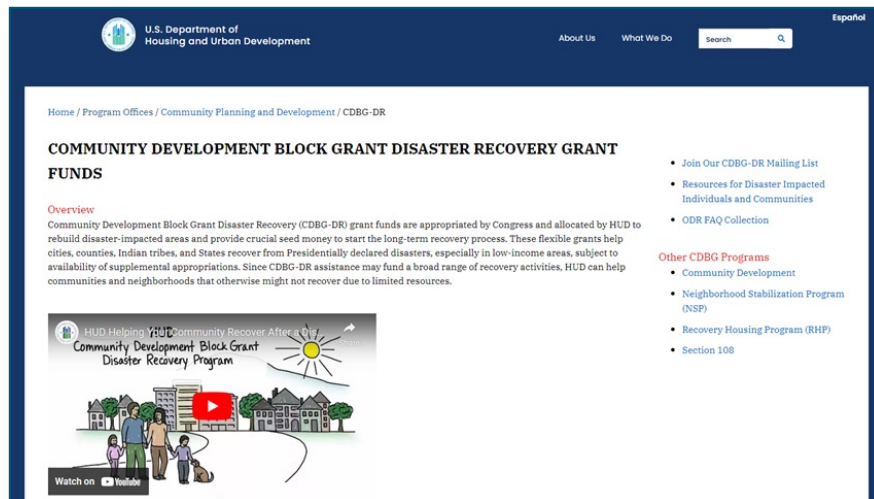
- Develops and facilitates all policy decisions for CDBG-DR, CDBG-MIT, National Disaster Resilience (NDR), and Rebuild by Design (RBD) grantees.
- Drafts Federal Register notices, CPD notices, waiver and alternative requirement memoranda, and CDBG-DR-related policy guidance.
- Supports technical assistance (TA) product development.
- Provides training to grantees through webinars, launch TA, and the annual Problem Solving Clinic.
- Coordinates with internal and external partners.
- Manages website communications via HUD.gov and the HUD Exchange.



# What is the difference between HUD.gov and the HUD Exchange?

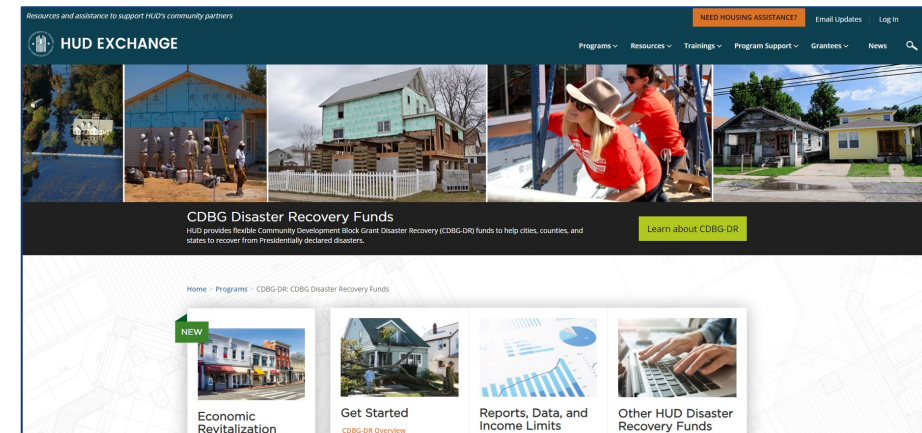
## HUD.gov

- The official government website of the U.S. Department of Housing and Urban Development




## HUD Exchange

- An online platform for providing program information, guidance, services, and tools to HUD's community partners (e.g., CDBG-DR grantees)



# What materials are posted on [HUD.gov](https://www.hud.gov)?

- Documents that:
  - Communicate HUD's statutory, regulatory, or programmatic requirements (e.g., Federal Register notices)
  - Go through a formal clearance process (e.g., CPD notices)
  - Contain content developed by HUD (e.g., Policy Bulletins, FAQs)
- Data or reports that help with formal submissions to HUD or are required by statute (e.g., monthly reports)



The graphic features the HUD logo, a sun, a family walking a dog, and a red YouTube play button. Text includes 'HUD Helping Your Community Recover After a Disaster', 'Community Development Block Grant', 'Disaster Recovery Program', and 'Watch on YouTube'.

- [HUD Helping Your Community Recover After a Disaster Overview Video \(Español\)](#)
- [CDBG-DR Overview Presentation](#)
- [Fact Sheet](#)
- [Consolidated Notice Covered CDBG-DR Grantees \(2020, 2021, 2022, and 2023 Grantees\)](#)

**Other HUD Disaster Recovery Grants**

- [CDBG-Mitigation \(CDBG-MIT\)](#)
- [National Disaster Resilience \(NDR\)](#)
- [Rebuild by Design \(RBD\)](#)

**I Want To Review**

- [Laws, Regulations, and Federal Register Notices](#)
- [CPD Notices](#)
- [CDBG-DR Policy Bulletins, FAQs, and ODR Digests](#)
- [News and Announcements](#)
- [Reports](#)
- [Income Limits](#)
- [Monitoring Handbook](#)

# The Policy Division's Footprint on HUD.gov

## Laws, Regulations, and Federal Register Notices

[Home](#) / [Program Offices](#) / [Community Planning and Development](#) / [CDBG-DR](#) / [Regulations](#)

### CDBG-DR LAWS, REGULATIONS, AND FEDERAL REGISTER NOTICES

CDBG Disaster Recovery (CDBG-DR) funding is authorized under Title I of the Housing and Community Development Act of 1974, as amended. Public Laws are the appropriation acts that provide funding for each disaster. In addition to any requirements cited in the appropriation acts, the CDBG regulations in 24 CFR 570 apply to CDBG-DR funds. However, CDBG-DR appropriations generally grant HUD broad authority to issue waivers and alternative requirements, which are identified in a Federal Register Notice issued by HUD shortly following the announcement of allocations. HUD also provides guidance on the CDBG-DR program through CPD Notices.

#### CDBG-DR Duplication of Benefits Requirements

[^ Top](#) | [2023](#) | [2022](#) | [2021](#) | [2020](#) | [2019](#) | [2018](#) | [2017](#) | [2016](#) | [2015](#) | [2011-2013](#) | [2011](#) | [2010](#) | [2008](#) | [2005](#) | [2003-2004](#) | [2001](#)

Laws, Regulations, and Notices	Publication Date	Subject	FONSI
<a href="#">84 FR 28836</a>	June 20, 2019	June 2019 Duplication of Benefits Notice	<a href="#">FONSI</a>
<a href="#">84 FR 28848</a>	June 20, 2019	June 2019 Duplication of Benefits Implementation Notice	<a href="#">FONSI</a>
<a href="#">76 FR 71060</a>	November 16, 2011	November 2011 Duplication of Benefits Notice	<a href="#">FONSI</a>

- [FEMA DRRA Fact Sheet](#)
- [CDBG-DR FAQs 2023-03: FAQs Duplication of Benefits and the DRRA Loan Exception](#)
- [Optional Duplication of Benefits Analysis Worksheet Overview](#)

#### CDBG-DR Data Matching Program

[^ Top](#) | [2023](#) | [2022](#) | [2021](#) | [2020](#) | [2019](#) | [2018](#) | [2017](#) | [2016](#) | [2015](#) | [2011-2013](#) | [2011](#) | [2010](#) | [2008](#) | [2005](#) | [2003-2004](#) | [2001](#)

#### Page Contents (skip to section)

- [CDBG-DR General](#)
- [2023 Events](#)
- [2022 Events](#)
- [2021 Events](#)
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- [2019 Events](#)
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- [2017 Events](#)
- [2016 Events](#)
- [2015 Events](#)
- [2013-2011 Events](#)
- [2011 Events](#)
- [2010 Events](#)
- [2008 Events](#)
- [2005 Events](#)
- [2004-2003 Events](#)
- [2001 Events](#)

## CDBG-DR Policy Bulletins, FAQs, and ODR Digests

[Home](#) / [Program Offices](#) / [Community Planning and Development](#) / [CDBG-DR](#) / [Policy Bulletins and FAQs](#)

### CDBG-DR POLICY BULLETINS, FAQs AND ODR DIGEST

Community Development Block Grant (CDBG-DR) Policy Bulletins, Frequently Asked Questions (FAQs), and Office of Disaster Recovery (ODR) Digest are developed to support grantees with the implementation of their CDBG-DR programs. The bulletins are aimed at addressing more complex concepts that grantees have identified through coordination with HUD and should be utilized as a resource for building comprehension and identifying next steps. The FAQs will interpret policy and program implementation criteria in a more streamlined manner than a full bulletin. The ODR Digest is a quarterly newsletter to keep grantees and partners informed on the latest policy issues affecting grantees, provide announcements on trainings, and highlight the work that CDBG-DR and Community Development Block Grant Mitigation (CDBG-MIT) grantees are doing.

#### CDBG-DR Policy Bulletins

##### CDBG-DR Policy Bulletin 2022-01: Economic Revitalization and Investing in Disaster-Impacted Communities

Summary: This Policy Bulletin summarizes how CDBG-DR funds can be used for economic revitalization by funding tourism-related activities. The bulletin addresses how these activities can be funded through existing CDBG-eligible activities and through waivers and alternative requirements.

- [CDBG-DR Policy Bulletin 2022-01](#)
- [CDBG-DR Policy Bulletin 2022-01 \(Español\)](#)

##### CDBG-DR Policy Bulletin 2022-02: Guidance on the 2019 Duplication of Benefits Notice

Summary: This Policy Bulletin provides guidance on how best to consolidate various requirements in the 2019 DOB Notice ([84 FR 28836](#)) and DOB Implementation Notice ([84 FR 28848](#)), as amended by the OMNI Notice ([85 FR 60821](#)). This guidance document restates information for clarity but does not establish any new requirements and lacks the force and effect of binding law.

- [CDBG-DR Policy Bulletin 2022-02](#)
- [CDBG-DR Policy Bulletin 2022-02 \(Español\)](#)
- [Video Review of CDBG-DR Policy Bulletin 2022-02](#)



# What Gets Posted on the HUD Exchange?



Home » Programs » CDBG-DR: CDBG Disaster Recovery Funds

**NEW**

**Economic Revitalization Guide for CDBG-DR Grantees**

This guide describes strategies for economic revitalization that advance recovery and resilience in underserved communities. View the guide in English and Spanish.

[View the Guide](#)

**Get Started**

[CDBG-DR Overview](#)  
[Consolidated Notice Grantees](#)  
[Laws, Regulations, and Federal Register Notices](#)  
[CPO Notices](#)  
[Guidance](#)  
[CDBG-DR FAQs](#)  
[Active Disaster Grants and Grantee Contact Information](#)

**Reports, Data, and Income Limits**

[Reports](#)  
[CDBG Low- and Moderate Income Data](#)  
[Income Calculator](#)  
[Income Limits](#)

**Reporting Systems**

[DBG-DR: Disaster Recovery Grant Reporting System](#)  
[FPRS: Federal Funding Accountability and Transparency Act Subaward Reporting System](#)

**Other HUD Disaster Recovery Funds**

[CDBG-MIT: CDBG Mitigation](#)  
[NDR: National Disaster Resilience](#)  
[RBD: Rebuild By Design](#)

**Explore CDBG-DR Resources**

Begin by selecting one of the spotlighted resources, explore collections of topic specific resources, or delve into the Disaster Recovery Tools & Templates Library, which provides a comprehensive and centralized location for model tools, templates, and training materials.

**Interactive CDBG-DR Guidebook on Understanding the Consolidated Notice**

View this guidebook designed for recipients of CDBG-DR funds to learn more about the requirements in the CDBG-DR Consolidated Notice.

[Learn More](#)

**Citizen Participation & Equitable Engagement Toolkit**

Explore this toolkit which aids CDBG-DR grantees in centering equity in disaster recovery programs through an enhanced citizen participation process.

[Learn More](#)

**Key Strategies and Resources for Equitable Resilience**

Read this collection of briefs which provides communities in the immediate wake of a disaster with crucial, yet often overlooked, post-disaster resilience strategies to incorporate into early recovery planning.

[Learn More](#)

**Disaster Recovery Tools & Templates Library**

Explore this library which displays resources that can help CDBG-DR grantees prepare for, design, and implement their programs.

[Learn More](#)

**Featured Topics**

[Toolkits & Early Planning](#)

[Natural Hazard Risk & Resilience Tools](#)

[Equity in Disaster Planning & Recovery](#)

[Federal Partner Resources](#)

- TA products and recorded trainings that are intended to build capacity, understanding, and skills to aid in the successful implementation of HUD's programs.
  - Typically developed by HUD-funded TA providers.
  - Includes manuals, toolkits, guidebooks, and other training materials.
- Each product states that it does not bind the public, except as authorized by law or as incorporated into a contract, pursuant to Executive Order 13891.



# The Policy Division's Footprint on the HUD Exchange




## Economic Revitalization Guide for CDBG-DR Grantees

## Citizen Participation & Equitable Engagement Toolkit

### Economic Revitalization Guide for CDBG-DR Grantees

English | Spanish

Download Guide as PDF

Search 

- Introduction
  - Economic Development Strategies that Work
  - CDBG-DR 101
  - Who Should Use This Guide
- Case Studies
- Resource Library




#### Introduction

*"Families and individuals living in **underserved communities** experience greater inequity and . . . are also often more vulnerable to extreme weather events and natural disasters resulting from changing climate."*

### Citizen Participation & Equitable Engagement (CPEE) Toolkit

English | Spanish

Search 

- Introduction
  - 1. Shift the Mindset
  - 2. Create the Structure
  - 3. Understand the Community
  - 4. Determine Engagement Strategies
  - 5. Practice Equitable Engagement
  - 6. Evaluate Engagement and Programming
- Glossary of Terms
- Resource Library
- Downloadable Tools



**Advancing equity—the consistent and systematic fair, just, and impartial treatment of all individuals—should be the cornerstone of all federal programs.** Community Development Block Grant - Disaster Recovery (CDBG-DR) grantees advance equity in disaster recovery by actively involving people who have been historically underserved, marginalized, and adversely affected by persistent poverty and inequality in their own recovery, and prioritizing their needs throughout planning and implementation.

In line with Executive Order 13985, the citizen participation process provides grantees an opportunity to engage with people of color, people with disabilities, people with limited English proficiency, people in rural areas, members of religious minorities, people who are LGBTQIA+, and other underserved communities, and to allocate federal resources in a way that advances fairness and equity. Citizen participation should begin very early in both the planning and launch phases of recovery and continue as unmet needs are better understood and programs, typically, are refined during implementation.

A photograph of the St. Louis Gateway Arch is framed within a white, irregular hexagonal shape on the left side of the slide. The arch is a large, white, catenary-shaped structure that dominates the left side of the image. In the background, the St. Louis skyline is visible, including the Old Courthouse and other buildings. The foreground shows a green field and a flagpole with the American flag.

# Overview of HUD's Statutory Authority and Waiver Requests

# CDBG-DR: Appropriations – Still Not a Program

- Statutory authority is provided through individual supplemental appropriations.
- CDBG regulations at [24 CFR 570](#) apply, unless modified by a Federal Register notice or waiver published on HUD's website.
- Federal Register Notices outline what a grantee can do and identify regulations or statute that HUD waived specifically for that appropriation.



The screenshot shows the Code of Federal Regulations (CFR) website. At the top, it says "Code of Federal Regulations" and "A point in time eCFR system". Below this, it displays "Title 24". A search bar is present with the text "Enter a search term or CFR reference (eg. fishing or 1 CFR 1.1)". The breadcrumb trail indicates the current location: "Title 24 / Subtitle B / Chapter V / Subchapter C / Part 570". The main content area is titled "ECFR CONTENT" and shows "ENHANCED CONTENT". It lists "PART 570—COMMUNITY DEVELOPMENT BLOCK GRANTS" with its authority and source. Below this, it shows "Subpart A—General Provisions" and "§ 570.1 Purpose and primary objective." The page also includes a "Table of Contents" link and a "View table of contents for this page." link.



# HUD's Waiver Authority From Appropriations Acts



Waiver authority.  
Requirement.

*ther*, That in administering the amounts made available under this heading in this Act, the Secretary of Housing and Urban Development may waive, or specify alternative requirements for, any provision of any statute or regulation that the Secretary administers in connection with the obligation by the Secretary or the use by the recipient of these funds (except for requirements related to fair housing, nondiscrimination, labor standards, and the environment), if the Secretary finds that good cause exists for the waiver or alternative requirement and such waiver or alternative requirement would not be inconsistent with the overall purpose of title I of the Housing and Community Development Act of 1974: *Provided*





# HUD's Waiver Authority Limitations

- Via CDBG-DR Public Laws
  - HUD can “***waive or specify alternative requirements for any provision of any statute or regulation*** that the Secretary administers in connection with the obligation by the Secretary, or use by the recipient of these funds, ***except for requirements related to:***
    - fair housing,
    - nondiscrimination,
    - labor standards, and
    - the environment.”

# How can HUD Waive a Regulation or Requirement?



- "...based upon a determination by the Secretary that **good cause exists**, and that the waiver and alternative requirement is **not inconsistent with the overall purposes of title I of the HCDA...**"
  - HCDA = Housing and Community Development Act of 1974
- HUD may also exercise its regulatory waiver authority under 24 CFR 5.110, 91.600, and 570.5.

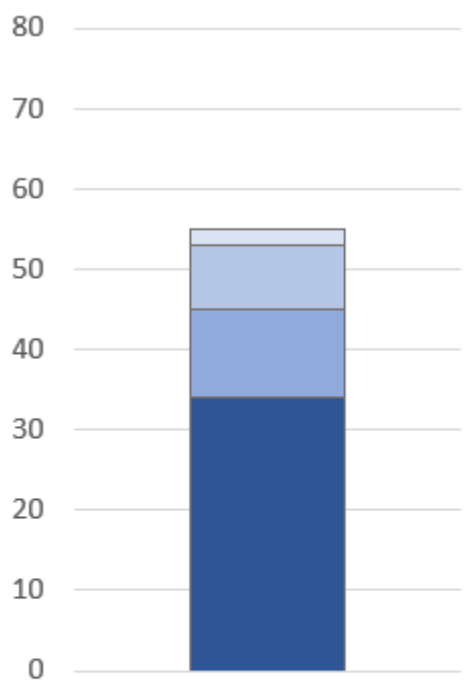
# Grantee-specific Waivers

- What does HUD's waiver authority mean for grantees?
  - Grantees can request waivers and/or alternative requirements with a "good cause" justification.
- When should grantees request waivers or alternative requirements?
  - Some grantees may have unique challenges or recovery needs that require a grantee-specific waiver and/or alternative requirement.
- Where can grantees find grantee-specific waivers and alternative requirements?
  - OMNI Federal Register Notices and waiver memoranda on the [CDBG-DR Laws, Regulations, And Federal Register Notices](#) webpage on HUD.gov.

# CDBG-DR Waivers (2013-2023)

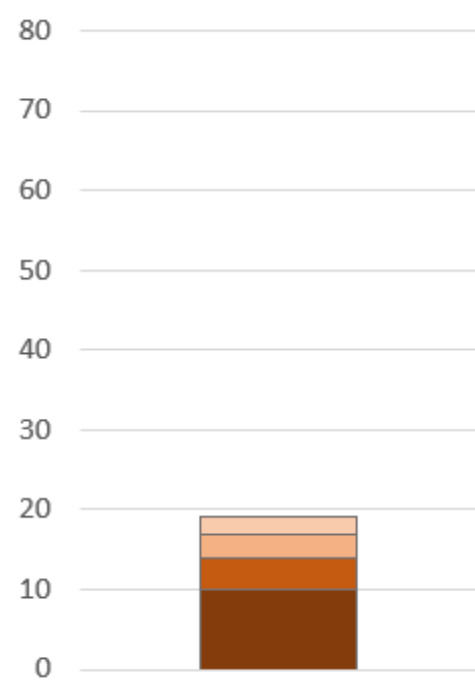


Total = 165  
Waivers



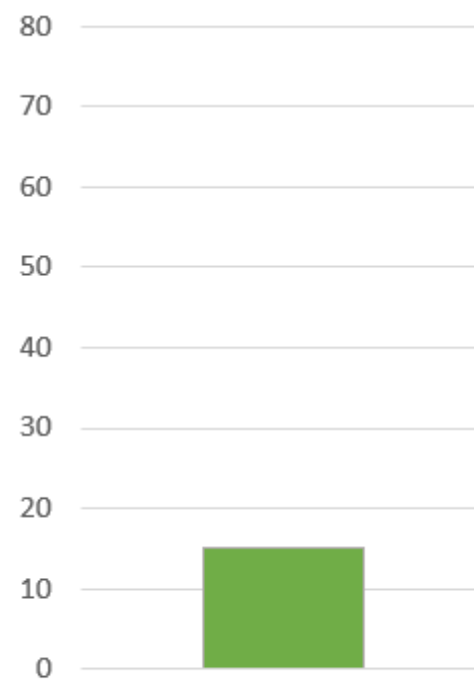
Housing

- Mortgage assistance
- Flood prevention (not buyouts)
- Rental assistance
- Buyouts

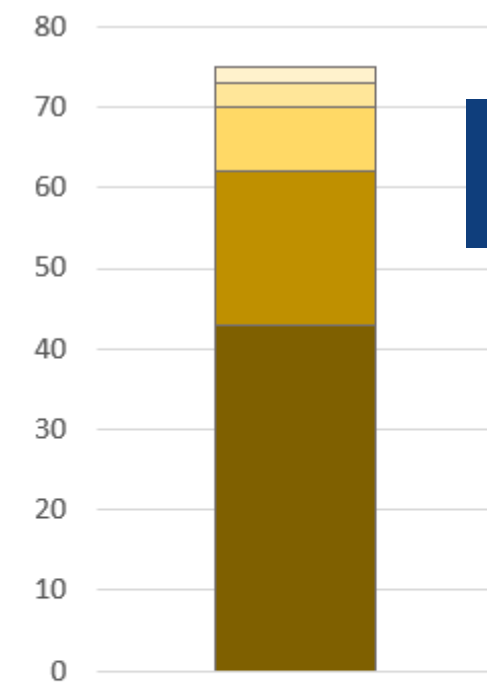


Infrastructure

- Other flood prevention activities
- Buildings for the conduct of gov
- Assistance for private utilities
- Infrastructure requirements



Economic Development



Program Administration

- Planning activities
- Aligning across allocations
- Interchangeability/Pre-Award Exp./MIDs
- Income limits/Overall Benefit
- Documentation/Reporting



# Waiver Request Process



1. Grantee identifies the need for a waiver and/or alternative requirement and notifies its HUD-assigned grant manager.
2. Grantee drafts a formal waiver request and submits the request to [disaster\\_recovery@hud.gov](mailto:disaster_recovery@hud.gov) (cc HUD-assigned grant manager/CPD Representative and Regional Assistant Director/CPD Director).
3. HUD reviews the request to determine if good cause exists and is consistent with title I of the HCDA.
4. If HUD approves of the request based on the above criteria, HUD drafts the waiver to be published in an OMNI notice or waiver memorandum.

# Format of a Waiver Request



- Letter to HUD
  - **Summary of waiver request**
    - Disaster/disaster year (e.g., 2017 wildfires, Hurricane Sandy)
    - Public Law (e.g., Public Law 117-328)
    - Grant type (e.g., CDBG-DR, CDBG-MIT)
    - Specific provisions to be waived or modified (e.g., section V.A.8.b.(1) of the August 30, 2019 Federal Register notice (84 FR 45838))
    - The alternative requirement requested (when applicable)
  - **Reason for request**
    - Any relevant background or context related to the disaster and/or applicable CDBG-DR activities
    - Maps and data to support the background and reason for the request
    - A clear "good cause" justification to tie the above information together

# The “Good Cause” Justification

- Specify why the waiver and/or alternative requirement is being requested and is necessary.
  - Include all relevant and compelling statutory, regulatory, policy, or operational challenges.
- Explain how the waiver and/or alternative requirement will promote a more effective and efficient recovery effort that will still primarily benefit low- and moderate-income persons.

A photograph of the St. Louis Gateway Arch and the city skyline, framed within a white hexagonal border with a drop shadow, set against a background of green and blue geometric shapes.

# Statutory Changes and New Guidance





# CDBG-DR Mitigation Set-aside

# What is the CDBG-DR Mitigation Set-aside?

- Recent appropriations acts for 2020 to 2023 grantees required HUD to include in any allocation of CDBG-DR funds for unmet needs an additional amount of 15% for mitigation activities.
- Similar to CDBG-MIT activities, activities funded by the CDBG-DR mitigation set-aside must:
  - 1) Meet the definition of mitigation activities
  - 2) Address the current and future risks identified in the mitigation needs assessment in the MID areas
  - 3) Be CDBG eligible activities under title I of the HCDA or otherwise eligible through a waiver or alternative requirement
  - 4) Meet a national objective

# Key Differences Between the Set-aside and CDBG-MIT

## CDBG-DR Mitigation Set-aside

- Only applies to 2020 to 2023 grantees (as of 5/8/24)
- Included in the CDBG-DR allocation and within the total CDBG-DR grant amount
  - Need to report the activities as a "MIT" activity type in DRGR
- No separate Federal Register notice with mitigation set-aside requirements
  - Requirements included in the CDBG-DR Allocation Announcement Notices

## CDBG Mitigation (CDBG-MIT)

- Unique funding opportunity for states and local governments that received CDBG-DR funds for certain disasters in 2015, 2016, 2017, and 2018 only
- Separate allocation from the initial CDBG-DR allocation
  - Treated as a separate grant when reporting
- Requirements included in CDBG-MIT-specific Federal Register notices



# **Accessing Admin Funds Early: Administrative-only Action Plan**





# Action Plan for Program Administrative Costs



- **Optional:** Grantees can choose to submit an action plan for Program Administrative Costs (PACs).
- **What is the benefit?**
  - Grantees can access administrative funds before grant funds to begin CDBG-DR implementation rather than reimbursing expenses later.
- **What are the steps?**
  - 7-day comment period.
  - Prominently post on the grantee's official disaster recovery website.
  - Afford residents, affected local governments, and other interested parties a reasonable opportunity to review the contents of the plan.
  - Submit the subset of certification statements.
- **Once approved, begins the grant's period of performance.**

# Resources and Templates for the Action Plan for Program Administrative Costs



## Optional Action Plan Template for Program Administrative Costs

## HUD Review Checklist for the Action Plan for Program Administrative Costs

2020, 2021, 2022, and 2023 CDBG-DR Grants

### Optional Action Plan Template for Program Administrative Costs

**Purpose:** The purpose of this document is to provide an optional template for Community Development Block Grant Disaster Recovery (CDBG-DR) grantees funded under the Disaster Relief Supplemental Appropriations Act, 2022 (Public Law 117-43), the Continuing Appropriations Act, 2023 (Public Law 117-180), and the Department of Housing and Urban Development Appropriations Act, 2023 (Public Law 117-328) (collectively, the “Appropriations Acts”) to submit an Action Plan for Program Administrative Costs (PACs).

Grantee Name:	
State:	
Date Plan Submitted:	
Total Grant Amount:	
Amount of Administrative Funds Budgeted:	
Grantee Contact (Name):	
Grantee Contact (Email/Phone):	
HUD Contact (Name):	
HUD Contact (Email/Phone):	

<b>Community Development Block Grant Disaster Recovery (CDBG-DR) Disaster Relief Supplemental Appropriations Act, 2022 (Pub. L. 117-43), Continuing Appropriations Acts, 2023 Public Law 117-180, and the Department of Housing and Urban Development Appropriations Act, 2023 (Public Law 117-328)</b>	
<b>Action Plan for Program Administrative Costs (PACs)</b>	
<b>HUD Review Checklist</b>	
<b>For Disasters Occurring in 2020, 2021, 2022, and 2023</b>	
Grantee Name:	
State:	
Date Plan Submitted:	
Total Grant Amount:	
Amount of PACs Budgeted:	
Grantee Contact (Name):	
Grantee Contact (Email/Phone):	
HUD Reviewer (Name):	
HUD Reviewer (Email/Phone):	

Criteria:	Yes	If yes, provide the page number	No
<b>A. Public Notices and Comment Period Requirements</b>			
Does the manner of publication of the Action Plan for Program Administrative Costs include the following requirements?			



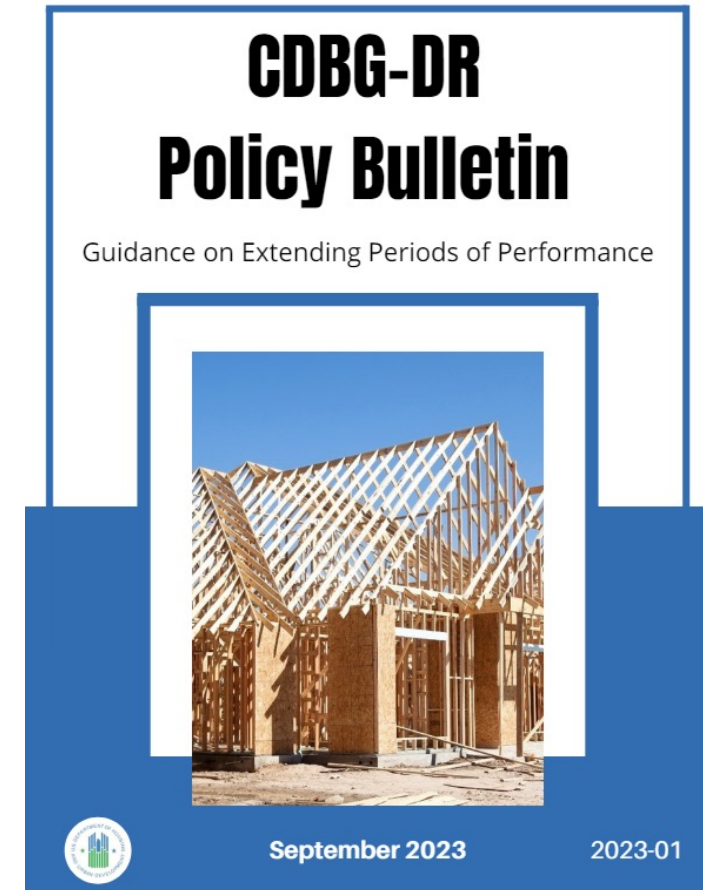
# Extending Periods of Performance



# **CDBG-DR Policy Bulletin – Guidance on Extending Periods of Performance**



- Provides guidance on how to submit a request to extend a CDBG-DR grant's period of performance
- Applies to grants awarded for disasters occurring after 2011
- Recommends the best approach for building a grantee's "good cause" justification for the extension





# How Can HUD Extend the Period of Performance?

- **Considerations**

- 1) Based on the Secretary's determination that the extension is necessary.
- 2) The grantee has demonstrated that it has evaluated all reasonable alternatives prior to determining that an extension is the only remaining viable alternative.

- **Process**

- Extend administratively in accordance with the waiver and alternative requirement governing the timely distribution of funds.
  - E.g., via a letter and/or amendment to the grant agreement

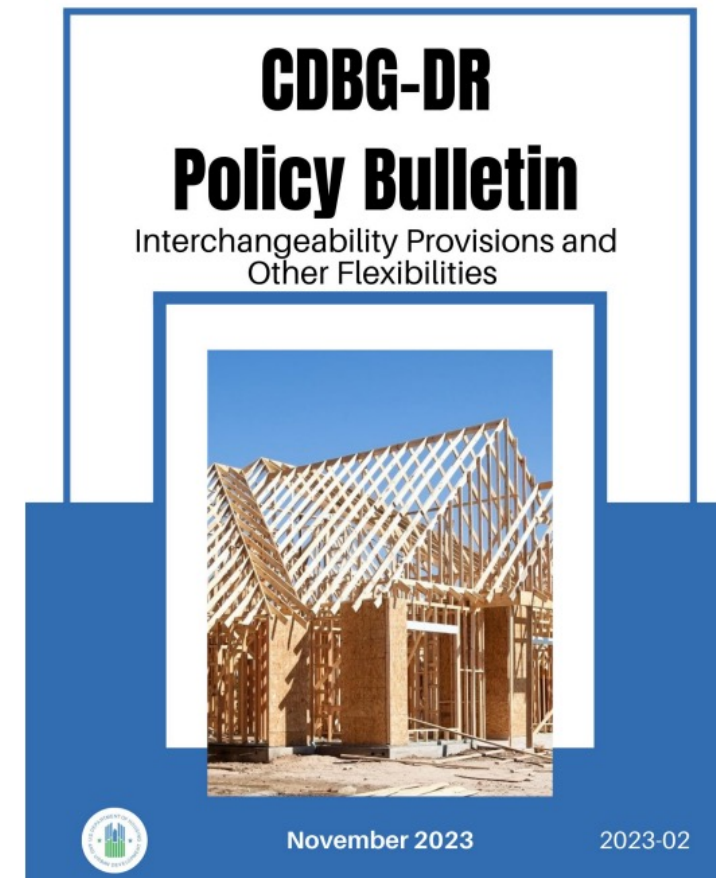


# Interchangeability Provisions

# CDBG-DR Policy Bulletin – Interchangeability Provisions and Other Flexibilities



- Provides an overview of the statutory authority and applicability of interchangeability
- Reviews requirements, provides examples, and offers tips for grantees choosing to implement interchangeability for **Program Administrative Costs (PACs)** and **grant funds**
- Illustrates how to report outcomes within the Disaster Recovery Grant Reporting (DRGR) system when using funds interchangeably



# Interchangeability – Terminology

- **PAC Interchangeability:** The authority to use CDBG-DR and CDBG-MIT funds interchangeably for administrative costs.
- **Grant Funds Interchangeability:** The authority to use grant funds interchangeably, as long as the MID areas overlap and the activities address the unmet needs of both disasters (e.g., planning costs, Activity Delivery Costs, activity costs, etc.).

*Note: Grantees are encouraged to review [CPD Notice 23-06](#), which provides guidance and definitions for the allocation of costs.*



# Interchangeability – Statutory Authority

There are different provisions allowing interchangeability across multiple grants for disasters occurring in 2015 or later.

**Pub. L. 116-20**

**2015 disasters and later:**

Program Administrative Costs  
(PACs) (any future act)

**Pub. L. 117-43**

**2020-2021 disasters:**

Grant funds (same unmet recovery  
needs and overlapping MIDs)

**Pub. L. 117-43**

**2020-2021 disasters:**

Program Administrative Costs  
(PACs) (any past or future act)

PAC Interchangeability allows interchangeability for CDBG-MIT and the CDBG-DR mitigation set-aside.

Grant Funds Interchangeability only allows interchangeability for CDBG-DR funds (unmet needs).

# Interchangeability – The Rules Follow the Money

- All waivers and alternative requirements associated with a CDBG-DR grant apply to the use of the funds provided by that grant, regardless of which disaster the funded activity will address (i.e., the rules follow the money).
  - Grantees may request additional waivers and alternative requirements to address disaster-specific needs.
  - Requesting waivers that create consistency between grants may be especially helpful for a grantee using Grant Funds Interchangeability.

# Example of PAC Interchangeability

A grantee receives CDBG-DR funds for disasters that occurred in 2017 and 2020, *the grantee may use PAC Interchangeability to:*

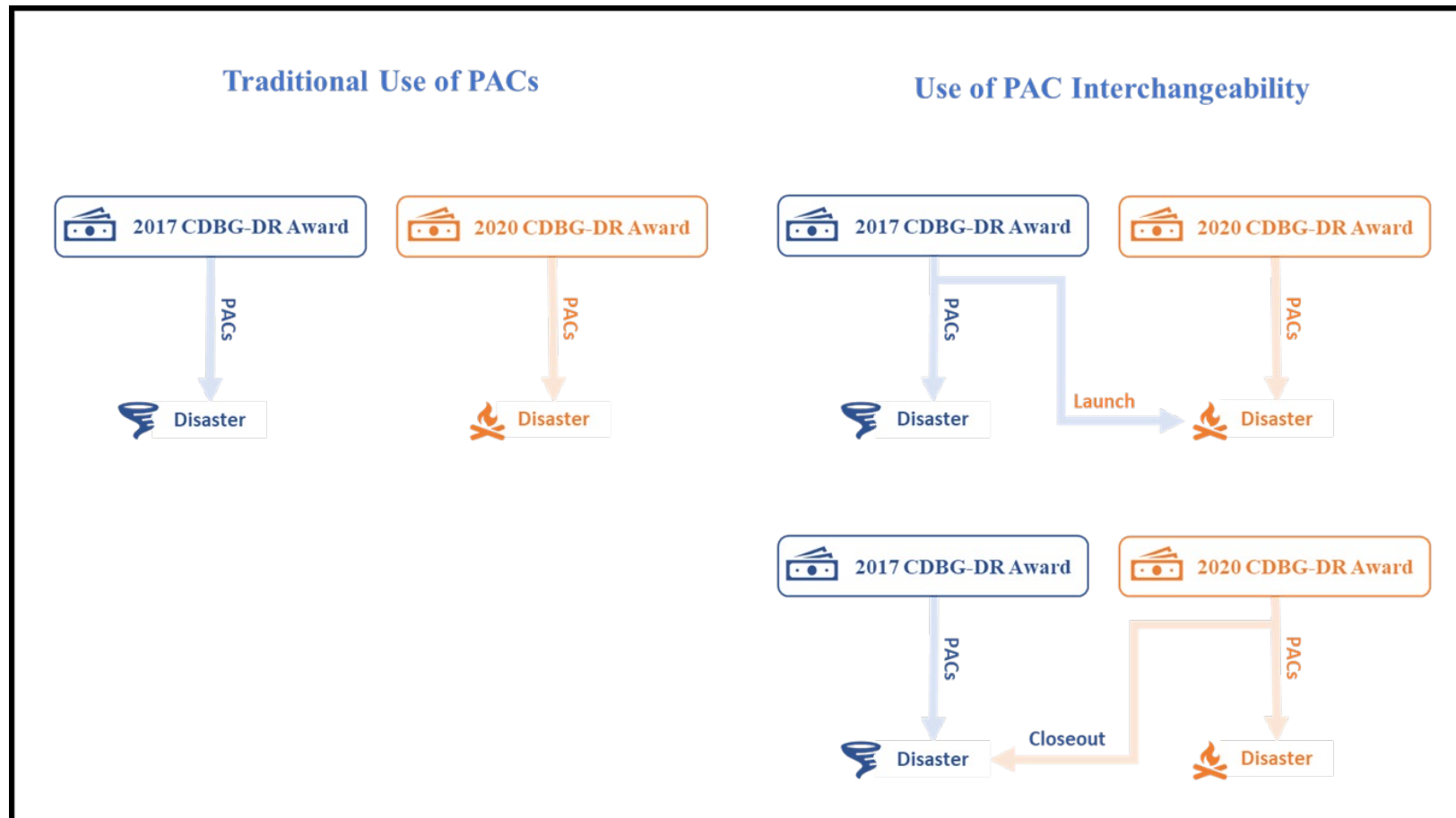
## Expedite recovery after 2020 disaster

- Use 2017 admin funds to **write 2020 AP**
- Use 2017 admin funds to **manage 2020 grant** (e.g., maintain records in DRGR; conduct marketing/outreach for 2020 AP; etc.)

## Close out 2017 disaster grant

- Use 2020 admin funds to **close out** 2017 disaster grant (useful if 2017 grant is nearing 5% admin cap)

# Example of PAC Interchangeability





# Grant Funds Interchangeability – Allowable Uses

- Grant Funds Interchangeability may be used to cover non-administrative costs (Activity Delivery Costs (ADCs), planning costs, activity costs, etc.) when:



The grant has the **authority** to use Grant Funds Interchangeability



The **most impacted and distressed areas** overlap



The recovery activities are the **same** (i.e., eligible CDBG-DR activity)

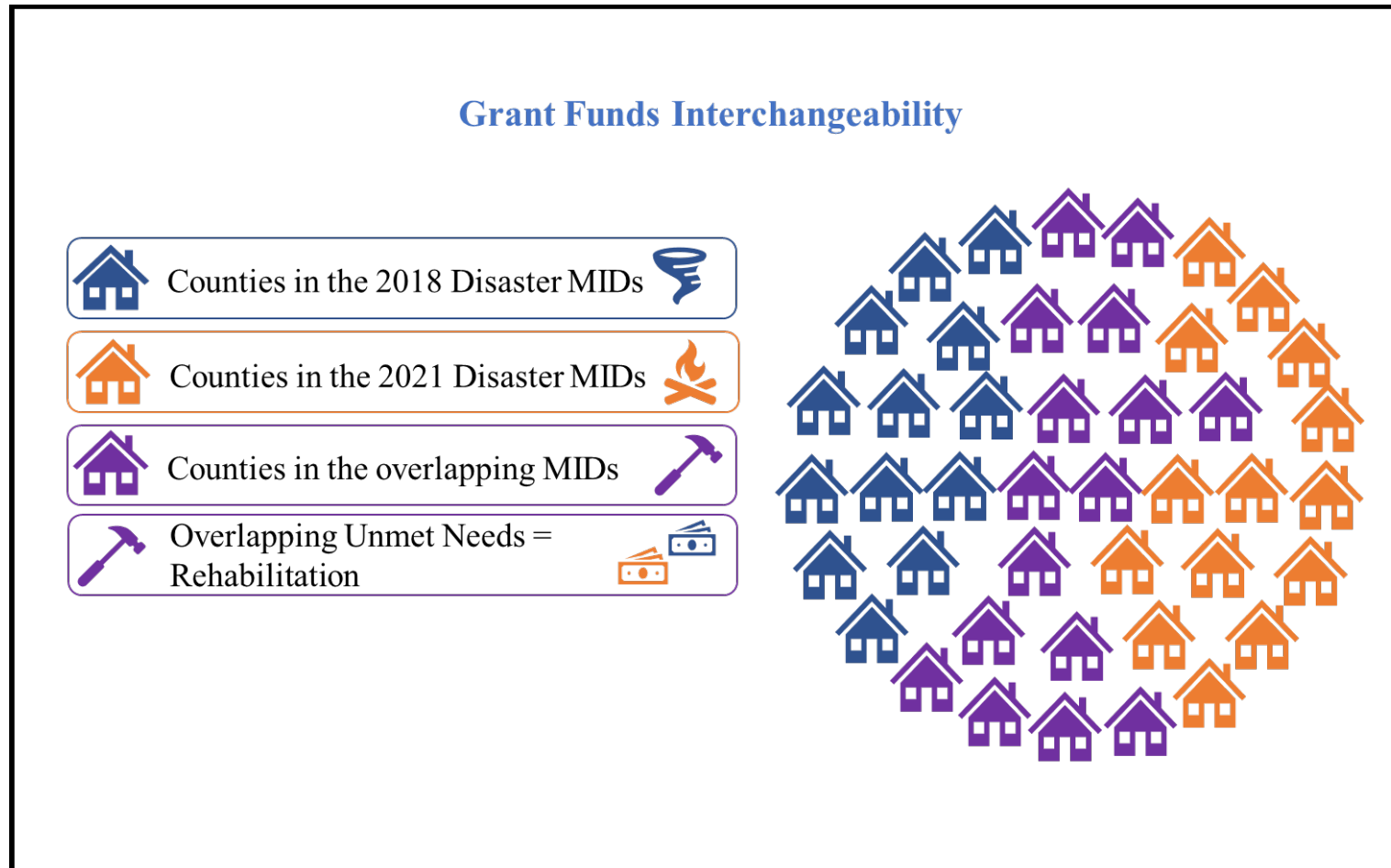


The activities address **unmet recovery needs** of both disasters

# Grant Funds Interchangeability – Unmet Recovery Needs

- May use Grant Funds Interchangeability when grants have overlapping MID areas and the activity will address unmet recovery needs of both major disasters at the highest reasonable level (i.e., the action plan level - not unmet needs of individual beneficiaries).
- Must demonstrate that each activity is connected to the specific recovery need for which the funds were appropriated (i.e., “tieback”), but not that each activity is connected to the same specific recovery need of both disasters.
- As unmet recovery needs are generally developed at the MID-area, “tieback” is generally developed at the activity-level.

# Example of Grant Funds Interchangeability



# Grant Funds Interchangeability – Best Practices



To successfully adopt Grant Funds Interchangeability, grantees are encouraged to:

1. Develop and update policies and procedures.
2. Identify recovery needs of both disasters.
3. Update each action plan.
4. Limit the use of interchangeability to the overlapping MID areas.
5. Track outcomes separately in DRGR.
6. Train staff, subrecipients, or other partners that administer the funds to understand which rules apply (e.g., the “rules follow the money”).



# Grant Funds Interchangeability – HUD's Review



- HUD will evaluate whether the use of funds in the overlapping MID areas will address unmet recovery needs of both major disasters at the highest reasonable level.
  - For CDBG-DR grants, this will be evaluated at the action plan level (not by evaluating unmet needs of individual beneficiaries (e.g., not house by house)).
- Grantees must describe in their action plan that governs the use of the funds how the combined use of all funds under both appropriations will address unmet recovery needs of both major disasters.

## Coming Soon!



- HUD is developing a new tool to support CDBG-DR grantees use their funds interchangeably.
- This tool will help grantees navigate nuances between the different provisions and flexibilities offered in the appropriations acts.

A photograph of the St. Louis skyline, including the Gateway Arch and the Old Courthouse, framed within a white hexagonal border. The background of the slide features green and blue geometric shapes.

# Reducing Administrative Burden Takeaways

# Reducing Administrative Burden Takeaways

- **Takeaway #1:** ODR's Policy Division posts guidance (e.g., Policy Bulletins) on [HUD.gov](https://www.hud.gov) to address complex requirements.
- **Takeaway #2:** Grantees don't have to start from scratch and have access to a variety of trainings, tools, and templates developed by TA providers on the HUD Exchange (e.g., [Disaster Recovery Tools and Templates Library](#)).
- **Takeaway #3:** For unique disaster recovery needs, grantees should explore requesting a waiver and/or alternative requirement if certain CDBG-DR requirements are hampering their recovery and mitigation efforts.

# Resources

- CDBG-DR on HUD.gov
  - [https://www.hud.gov/program\\_offices/comm\\_planning/cdbg-dr](https://www.hud.gov/program_offices/comm_planning/cdbg-dr)
- CDBG-DR Policy Bulletins, FAQs, and ODR Digests
  - [https://www.hud.gov/program\\_offices/comm\\_planning/cdbg-dr/policy\\_bulletins\\_and\\_FAQs](https://www.hud.gov/program_offices/comm_planning/cdbg-dr/policy_bulletins_and_FAQs)
- CDBG-DR on the HUD Exchange
  - <https://www.hudexchange.info/programs/cdbg-dr/>



# Resource Room: Conversations with ODR's Policy Division

- For in-person attendees, join the Policy Division in the Clinic's Resource Room (Midway 6) after the break from 11:00 a.m. to 12:00 p.m. in an optional Q&A session to:
  - Learn more about published policy guidance and TA resources.
  - Ask questions about the recent statutory changes.
  - Offer up ideas for future policy guidance and TA.

A photograph of the St. Louis Gateway Arch is framed within a white, irregular hexagonal shape on the left side of the slide. The arch is a large, white, catenary-shaped structure that dominates the left side of the image. In the background, the St. Louis skyline is visible, including the Old Courthouse and other buildings. The foreground shows a green field and a flagpole with the American flag.

## Thank You!

If you have any questions, please feel free to send an email to ODR's Policy Division at [ODRPolicyDivision@hud.gov](mailto:ODRPolicyDivision@hud.gov).



# Next Session

**The next sessions will begin at 11:00 a.m. CDT.**

Strengthening Disaster Preparedness with  
CDBG-DR Funding: Grand Ballroom DEF  
Making the Most of Your Unmet Needs  
Assessment: Grand Ballroom ABC