



# **CDBG-DR Basics and Beyond**

**Tuesday, May 7, 2024  
1:15 p.m.-2:15 p.m. CDT**

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



# Presenters



**Belamri Quiles  
Velez**

She/Her

HUD Office of Disaster  
Recovery (ODR)



**Grant Johnson**

He/Him

Capital Access, Inc.



**Dayatra Coles**

She/Her

Capital Access, Inc.



# Learning Objectives

- Attendees will gain an understanding of CDBG-DR and CDBG-DR mitigation set-aside requirements.
- Attendees will learn to plan CDBG-DR and CDBG-DR mitigation set-aside activities to save time and effort, and reduce the risk of monitoring and audit findings.

# Agenda

- Understanding CDBG-DR and CDBG-DR mitigation set-aside requirements
- Preparing for program launch
- Audit-proofing your CDBG-DR award
- Creating efficiencies with cross-cutting compliance



# **Understanding CDBG-DR and CDBG-DR Mitigation Set-aside Requirements**

---



## CDBG-DR Activities Must:

1. Address a direct or indirect impact from the disaster in a most impacted and distressed area (known as "tie-back").
2. Be a CDBG eligible activity or eligible under a waiver and alternative requirement.
3. Meet a national objective.

*Note: Activities under the CDBG-DR Mitigation Set-aside have slightly different requirements.*

# Disaster Tieback 101

- **What is disaster tieback?** All CDBG-DR funded activities must directly or indirectly “tie back” to the qualifying disaster event by addressing a disaster-related impact and restoring housing, infrastructure, or the economy.
- **How do you document tieback?** Tieback may be documented through methods such as post-disaster assessments, satellite photos, damage inspections, engineering reports, or insurance estimates.
- **What is an example of indirect tieback?** A storm resulted in a loss of businesses to an area already suffering from disinvestment. The grantee uses CDBG-DR funds for a street improvement project to support businesses returning to the area, even though the street did not have direct storm damage.
- **Is tieback required for MIT projects?** No, 15% of funds must be allocated to MIT activities which do not require a tieback.

# Establishing and Documenting Tieback

- Utilize FEMA damage assessments and Project Worksheets (PWs) and/or insurance claims as a way to systematically and efficiently establish tieback.





# CDBG-DR Mitigation Set-aside Requirements

Grantees must identify in the action plan their proposed uses of CDBG-DR mitigation set-aside:

Meet the definition of mitigation activities.

Address the current and future risks identified in the mitigation needs assessment in the most impacted and distressed areas.

Are CDBG-eligible activities or eligible pursuant to a waiver of alternative requirement.

Meet a national objective of the program.

# The Mitigation Needs Assessment

- Grantees must complete a Mitigation Needs Assessment to assess the characteristics and impacts of **current and future hazards** identified through recovery from the qualified disaster **and any other Presidentially declared disaster**.
- This must address risks to **indispensable services that enable continuous operation** of critical business and government functions and are critical to human health and safety or economic security.
- At a minimum, the assessment **must use the risks identified in the current FEMA-approved** state or local Hazard Mitigation Plan (HMP) OR consult the agency completing an update to the jurisdictional plan.

# Choosing to Use the CDBG–DR Mitigation Set-aside

- Grantees can choose two ways to meet the requirements of the CDBG-DR mitigation set-aside:
  - 1. Tieback.** Include eligible recovery activities that have tieback to the disaster and incorporate mitigation measures into the recovery activities; OR
  - 2. No Tieback.** Include activities that do not have tieback to the disaster but are still eligible and incorporate mitigation measures (in this way the mitigation set-aside is a cap!).

# Documenting the CDBG-DR Mitigation Set-aside in DRGR



- To count any activities towards the CDBG-DR mitigation set-aside, grantees must:
  - Document how those activities and the incorporated mitigation measures will meet the definition of mitigation.
  - Report the activities as a "MIT" activity type in DRGR.
    - All "MIT" activities in DRGR count towards the 15% set aside.
  - **Note:** Grantees must still incorporate "mitigation" activities as part of the recovery. HUD expects grantees to go well over 15%! However, any activities over the 15% cap must have "tieback" to the disaster.

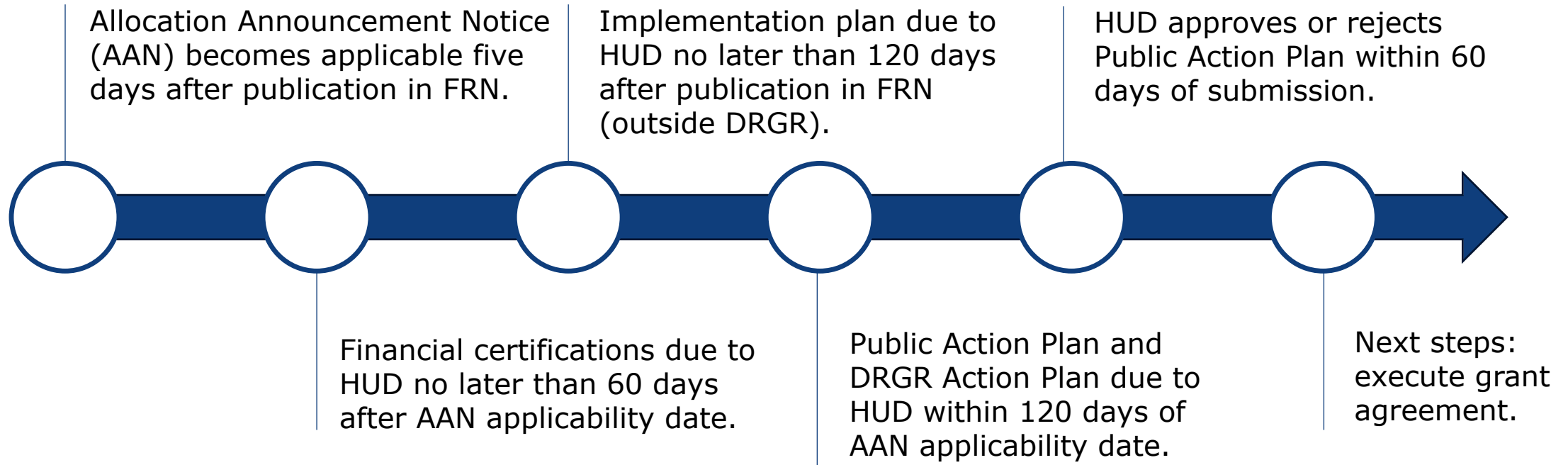
# CDBG-DR and CDBG-DR MIT Set-aside Guiding Documents

	CDBG & Cross-Cutting Regulations	<ul style="list-style-type: none"><li>• Provide the basic architecture for CDBG-DR and CDBG-DR MIT set-aside</li></ul>
	Federal Register Notices (FRNs)	<ul style="list-style-type: none"><li>• Waive or modify certain provisions of the CDBG regulations</li></ul>
	Grantee Action Plan & Amendments	<ul style="list-style-type: none"><li>• Outline specific activities that will be undertaken in compliance with regulations and FRNs</li></ul>
	Contracts or Subrecipient Agreements	<ul style="list-style-type: none"><li>• Describe responsibilities for implementing activities listed in the action plan</li></ul>
	Program Policies and Procedures	<ul style="list-style-type: none"><li>• Describe how action plan activities should be undertaken in compliance with regulations and FRNs</li></ul>
	Public Laws	<ul style="list-style-type: none"><li>• Appropriate funds for CDBG-DR and contain appropriation-specific statutory requirements</li></ul>





# Timeline: Allocation to Grant Agreement



# Reducing Administrative Burden



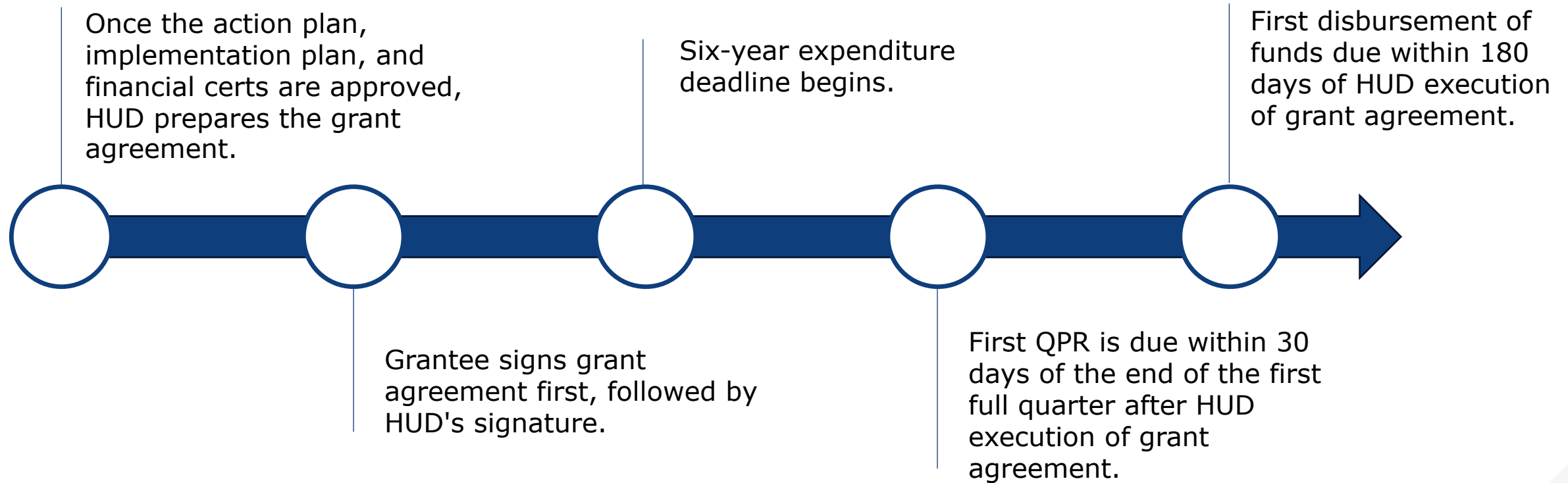
- Grantees that have received prior CDBG-DR awards can reference and update the following documents to save time:
  - Public Action Plan
  - Implementation plan
  - Financial certifications
- HUD will accept a grantee's prior implementation plan, among other requirements, if it was submitted within the last 3 years and was subject to Consolidated Notice requirements.



# Preparing for Program Launch

---

# Grant Agreement Execution and Related Deadlines





# Public Action Plan vs. DRGR Action Plan



Grantees must complete the CDBG-DR action plan in two forms:

## Public Action Plan

- Entered into DRGR and contains the Unmet Needs Assessment, program descriptions and budgets, and other requirements.

## DRGR Action Plan

- Entered into DRGR, must be consistent with the Public Action Plan, and contains granular detail on specific activities undertaken.



# TIP: Review the Consolidated Notice Interactive User Guide



Resources and assistance to support HUD's community partners

NEED HOUSING ASSISTANCE?

HUD EXCHANGE

Trainings Program Support Grantees

## Action Plan Development

### Public Housing, Affordable Rental Housing

It is important that the grantee analyzes and describes unmet housing categories. To successfully analyze each type of housing, the grantee should coordinate with local public housing authorities (PHAs), local Finance agencies, and other HUD-funded programs (e.g., Section 8 Voucher Program, HOME, ESG, etc.) in the MID areas. When evaluating vulnerable populations, the grantee must describe how CDBG (and other sources) will promote housing and address transitional housing measures to keep LMI families from becoming homeless, and support persons who require supportive housing.

Transitional housing includes emergency shelters and housing for the homeless, permanent supportive housing, and permanent housing for those who are homeless or at risk of homelessness. Supportive housing may be targeted to elderly, frail elderly, persons with disabilities (mental, physical, developmental, etc.), victims of domestic violence, persons with alcohol or other substance-use disorder, persons with HIV/AIDS and their families, and public housing residents, as identified in 24 CFR 91.315(e)). Analyzing and addressing the needs of vulnerable populations is also discussed below in the Fair Housing, Civil Rights data & Advancing Equity section of the Guidebook.

Close

populations

# Considerations for the CDBG-DR Action Plan

- The Consolidated Notice allows grantees to complete an Action Plan for Program Administrative Costs (PACs) to expedite access to administrative funds.
- The grantee should include any eligible, pre-agreement activities in the action plan that it intends to reimburse itself for.
- Substantial Amendments are very common in CDBG-DR, unlike in the CDBG annual programs; grantees should build these into processes and timing.
- Include enough detail about activities to enable meaningful public comment, but not so much detail that an amendment is required for every minor program change. Additional details can be provided in the program policies and procedures (see example on next slide).
- Use the action plan review checklist for your disaster year (available on the [HUD.gov](https://www.hud.gov)) to ensure action plan meets HUD requirements.





# Example Program Description for Single-Family Housing Program

- The following housing assistance activities are eligible under the single-family housing rehabilitation program:
  - Rehabilitation, reconstruction, or replacement of housing units (including single-family, or small rental housing) damaged by the storm, including bringing the home into code compliance, and the incorporation of mitigation measures, including elevation, to help protect against future storm impacts
  - Repairs to, or replacement of, manufactured, modular and mobile homes impacted by the storm
  - Temporary housing assistance based on individual tenant/homeowner needs and their participation in the program
  - Title assistance based on an individual homeowner's needs and participation in the program

## Key Considerations for the Implementation Plan

- The implementation plan is between the grantee and HUD—it is not required to be posted publicly.
- The grantee can use HUD's Implementation Plan Review checklist to ensure compliance.
- **Best Practice:** Consider the implementation plan a living document that should be updated regularly over the life of the grant as implementation lessons are learned and adaptations are made.





# CDBG-DR Implementation Planning Tools Available on the HUD Exchange



- [Implementation plan narrative template](#) – Annotated with prompts and helpful tips for writing your implementation plan. Includes a sample CDBG-DR organizational chart.
- [Administrative and planning budget workbook](#) – Helps grantees budget their administrative and planning expenses to make the most of these limited funds while staying within applicable caps.
- Look out for additional tools on the HUD Exchange, including the Program Budget Projections Workbook that helps grantees develop quarterly expenditure projections for their programs and update their projections with actual data throughout the life of the award.



# Allocating Staff Costs

- Prior to launch, grantees should determine their policy for allocating staff costs, as some staff costs may be charged as either a Program Administrative Cost (PAC) or Activity Delivery Cost (ADC).
- Charging costs as ADCs requires additional documentation that each expense meets a national objective, but can help limited admin funds go further.
- There is no cap on ADCs, although 2 CFR 200 requires all costs be necessary and reasonable.
- For more information on CDBG-DR cost allocation, see [Notice CPD-23-06](#).



# Administrative and Planning Budget Workbook



CDBG-DR Admin, Planning and Activity Delivery Cost Budget							
TOTAL CDBG-DR AWARD		\$	10,000,000				
Cost Allocation Type	Max HUD Allowed %	Max HUD Allowed \$	Approved Action Plan Budget	Actual Projected	Balance to Reconcile		
DR Admin	5%	\$ 500,000	\$ 250,000	\$0	\$250,000		
DR Planning	15%	\$ 1,500,000	\$ 750,000	\$0	\$750,000		
STAFF EXPENSES							
Position Details			Cost Allocation %				
Position Title	Reports To	Employment Type	State/Local	DR Admin	DR Planning	DR Activity Delivery Costs	Total %
Coordinator	Manager	Full-time employed with Grantee	25%	25%	25%	25%	100%
							0%
							0%
							0%

# Expanding Operations—Staff vs. Contractors

## Grantee Staff

- Train existing staff 
- Hire new, temporary, permanent or “special projects” staff 

## Contractors

- Cannot perform inherently governmental functions
- Must be properly procured

# System of Record

- Serves as a digital file cabinet where all program and project files are complete, accurate and organized.
- Supports management of DOB verification, program production reporting, grantee and subgrantee monitoring, and vendor management.
- Should include strict naming conventions and version control that all staff adhere to.
- Should be fully compliant with security requirements around Personally Identifiable Information (PII) as well as record retention requirements at 24 CFR 570.490 (states) and 24 CFR 570.506 (entitlements).
- Costs to develop the system of record must be charged as a PAC, not an ADC.



# Monitoring/Audit-proofing Your CDBG-DR Award

---



# Alleviating Administrative Burden: System of Record

- Grant Management Systems, where feasible and practicable, can:
  - Serve as a digital System of Record accessible by grantee, subrecipient staff, and HUD/HUD OIG during monitoring and audits
  - Standardize and streamline data collection for compliance and DRGR reporting
  - Automate DOB checks award amounts, and other tools
  - Generate progress and project management reports to identify progress and slow spending
  - Reduce staff time collecting and reviewing documents and other day-to-day duties



# Program Policies and Procedures

- CDBG-DR grantees must have policies and procedures in place for each CDBG-DR funded program or project, even one-time projects.
- Intended audience is staff who will be administering CDBG-DR activities, whether grantee or subrecipient staff.
  - For direct application programs such as home repair, a different version of the policies and procedures should be posted to guide beneficiaries through program rules.
- Policies and procedures manuals should include:
  - Information about all phases of the activity, from project selection to closeout.
  - Detailed file checklists to ensure all required documentation is included for monitoring purposes.
- Grantees should have a version control system, such as this [sample](#) from the CDBG-DR Tools and Templates Library.



# Reducing Administrative Burden: Policies and Procedures

- Designing effective policies and procedures, with useful forms and checklists, can help ensure staff perform necessary tasks correctly the first time, reducing the need to go back and correct errors and omissions.
- Having established processes in place ensures new staff (which may be likely over a 6-year period) can be trained and get up to speed more quickly.
- Implementing proper file management policies and procedures embedded throughout the entire process reduces the amount of time necessary to prepare for monitoring and audits.



# Best Practices: Tips to Avoid Findings

- Ensure financial certifications include detailed conflict of interest and Anti-Fraud, Waste and Abuse (AFWA) policies that are followed by all staff, partners and contractors.
  - Use the [Financial Certifications checklist](#) for your disaster year to ensure your financial certifications meet HUD requirements.
- Work closely with internal auditor to resolve any systemic issues they identify.
- Refer to HUD's [CPD Monitoring Handbook](#), especially Chapter 6 which covers CDBG-DR and CDBG-MIT, when designing recovery activities.





# Creating Efficiencies with Crosscutting Compliance

---



# Crosscutting Requirements

HUD does not have authority to waive the following requirements:

- Environmental Review
- Federal Labor Standards – Davis Bacon and Related Acts (DBRA)
- Civil Rights Requirements
- HUD's Lead Safe Housing Rule
- The Uniform Relocation Act (URA)
- For more information:

<https://www.hudexchange.info/resource/34/cdbg-crosscutting-issues-toolkit-contents/>

# Streamlining Procurement

- For local government grantees, collaborative procurement with other jurisdictions is encouraged under 2 CFR 200.318(e).
- Online cooperative purchasing systems may be used but grantees should conduct due diligence to ensure applicable procurement requirements are met.
- Contractor pre-qualification and unit pricing are common with home repair programs but can work for any program where the same types of activities requiring similar qualifications are procured repetitively.
- Professional services (e.g., administrative support) may be procured under [2 CFR 200.459](#) as long as the grantee is not delegating or contracting any inherently governmental responsibilities.



## Streamlining Procurement (Cont.)

- Unit pricing and/or additional or deductive alternatives can help reduce the need for cost analysis if change orders occur.
- For physical projects, Davis Bacon and Section 3 requirements should be incorporated into the bid manual if cost estimate is near or above applicability thresholds.
- If there are other factors besides price (such as completion time or contractor expertise), consider using RFP method instead of sealed bids for construction projects if your state/local procurement rules allow.

# Environmental Review Efficiencies

- Start the environmental review (ER) as soon as projects are identified—scope should be about 30% developed to allow for modifications in response to environmental concerns.
  - It is not necessary to wait until the action plan is published to start the ER. If ER costs are to be paid with CDBG-DR funds, however, make sure pre-award costs are authorized in the action plan.
- Use the tiered ER process for activities where specific addresses are not yet identified, such as home repair.
- Use the Unified Federal Review (UFR) process and programmatic agreement for historic preservation on projects that involve other federal agencies.
- For projects in the 100-year floodplain, verify the cost of increased policy limits prior to final project design to ensure availability of flood insurance.

# Fair Housing and Equal Opportunity

- Applicable Civil Rights requirements are overseen by HUD's **Office of Fair Housing and Equal Opportunity** (FHEO).
- Grantees, subrecipients, and contractors must comply with all applicable federal civil rights laws that prohibit discrimination. These laws include those which apply to all federally funded programs and activities, housing activities, and employment.
- For every CDBG-DR funded program and activity, grantees must contemplate how the grantee will afford eligible populations an equal opportunity to participate in, and benefit from, program activities, while ensuring that program activities do not discriminate against protected classes, even if unintentional.
- Grantees should consider the compliance with and implementation of FHEO requirements from the outset, beginning at grant launch and continuing throughout its lifecycle, by monitoring and utilizing data effectively.





# Fair Housing and Equal Opportunity

- **Affirmative Marketing:** Identify historically underserved and disadvantaged populations and their needs to promote program participation and benefit.
- **Communication:** Ensure minority language access, needs of people with disabilities, intake and management of complaints, and methods tailored to the populations served.
- **Disability Access:** Comply with **Section 504** and provide reasonable accommodations/modifications.





# Fair Housing and Equal Opportunity

- **Employment:** All employment and hiring related to CDBG-DR funding must comply with applicable employment and labor laws.
- **Fair Housing:** CDBG-DR grantees must ensure that programs affirmatively further fair housing. Subrecipients must take meaningful actions to combat discrimination, overcome historic patterns of segregation, promote fair housing choice, and foster inclusive communities.
- **Reporting & Recordkeeping:** Demographic data and information about program beneficiaries and compliance efforts must be collected and maintained at the activity level.

# Build America Buy America (BABA)

- BABA does not apply to activities funded solely with CDBG-DR or MIT funds.
- If an activity leverages other funds with CDBG-DR, BABA may apply depending on the fund source.
  - For example, an infrastructure activity funded with both CDBG-DR and CDBG entitlement funds would be subject to BABA.

# Duplication of Benefits (DOB) Analysis

- HUD, FEMA, and the Federal Insurance Mitigation Administration (FIMA) have established a Computer Matching Program through a Computer Matching Agreement (CMA).
  - Executing a CMA with HUD offers:
    - A simple process for grantees to request data.
    - Quick and efficient access to data.
  - Contact assigned grant manager or CPD Rep to initiate the process.
  - For more information:  
[https://www.hud.gov/program\\_offices/comm\\_planning/cdbg-dr/data-sharing](https://www.hud.gov/program_offices/comm_planning/cdbg-dr/data-sharing)



# Duplication of Benefits (DOB) Analysis

- Enter into data-sharing agreements with SBA and insurance agencies as soon as possible to gain access to data (e.g., what assistance has been provided to homeowners, businesses, renters, and governments?).
  - A [sample data-sharing agreement](#) is available in the CDBG-DR Toolkit.
- Conduct unmet needs assessment to support future DOB analyses.



A photograph of the St. Louis skyline, including the Gateway Arch and the Old Courthouse, framed within a white hexagonal border with a drop shadow.

# Reducing Administrative Burden Takeaways



# Reducing Administrative Burden Takeaways

- Grantees can access its administrative funds early by submitting an action plan for program administrative costs.
- Make sure the action plan includes the right amount of detail—enough to accurately describe the programs, but not so much that an amendment is required for every minor program change.
- Grantees may rely on previous implementation plans and financial certifications if they have received an allocation subject to HUD's Consolidated Notice within the past 3 years.
- An organized system of record and robust policies and procedures are critical to avoiding findings.
- Grantees have several options to streamline cross-cutting compliance.





# Resources

- [CDBG-DR Consolidated Notice Interactive Guide](#)
- [Consolidated Notice Covered CDBG-DR Grantees \(2020, 2021, 2022, and 2023 Grantees\)](#)
- [CDBG-DR Toolkit](#)
- [CDBG-DR Laws, Regulations and Federal Register Notices](#)



# Resources

- [Disaster Recovery Tools and Templates Library](#)
- [Notice CPD-23-06 on Allocating Costs Between Program Administration, Activity Delivery, and Planning for CDBG-DR, CDBG-MIT, and CDBG-NDR Grantees](#)
- [HUD CPD Monitoring Handbook \(6509.2\)](#)



# Questions and Answers

A photograph of the St. Louis skyline, including the Gateway Arch, is framed within a white, irregular hexagonal shape on the left side of the slide. The background of the slide consists of green and blue geometric shapes.

# 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).

This material is based upon work supported, in whole or in part, by Federal award number D-22-TA-PA-0015 awarded to Capital Access, Inc. by the U.S. Department of Housing and Urban Development. The substance and findings of the work are dedicated to the public. Neither the United States Government, nor any of its employees, makes any warranty, express or implied, or assumes any legal liability or responsibility for the accuracy, completeness, or usefulness of any information, apparatus, product, or process disclosed, or represents that its use would not infringe privately-owned rights. Reference herein to any individuals, agencies, companies, products, process, services, service by trade name, trademark, manufacturer, or otherwise does not constitute or imply an endorsement, recommendation, or favoring by the author(s), contributor(s), the U.S. Government or any agency thereof. Opinions contained herein are those of the author(s) and do not necessarily reflect the official position of, or a position that is endorsed by, HUD or any Federal agency.



# Next Session

**The next sessions will begin at 2:30 CDT.**

Maximizing your CDBG-DR Funds: Navigating Eligible Activities and National Objectives: Grand Ballroom DEF

Environmental Review Mini Sessions: Enhancing Process Efficiencies and Incorporating New Environmental Criteria: Grand Ballroom ABC