

To: Brandon McNaughton, Anita Baker, and Nancy Masseus
From: Daniel Sardine and Robin Keegan
Date: January 27, 2026
RE: Summary of changes to Action Plan in response to HUD's January 20, 2026 Pause Letter: B-25-DU-02-0001 - Action Plan Comments

This memo provides a summary of the changes that were made to the Action Plan in response to HUD's comments.

1. HUD COMMENT: Allocation and Award Caps (I.C.1.d of the Universal Notice)

The program description for the Public Services Program is missing the maximum income of any beneficiary receiving assistance under this program. Identification of maximum income is required by I.C.1.d.7.(2) of the universal notice. Please add the maximum income for beneficiaries for the public services program in the description of the program. Identification of the responsible entity for environmental review is required for each program (per I.C.1.d.3). While on page 133 of the action plan there is a statement that DCCED will act as the responsible entity for all projects, for certain activities this may not be sufficient.

For CDBG-DR funds awarded to local governments either through a method of distribution or as a subrecipient, the local government would be the responsible entity for the environmental review. The State is requested to revise the program descriptions to include identification of the responsible entity for environmental review, to include local governments, for those programs where a local government could be receiving CDBG-DR funds.

- 1) Added Maximum income of any beneficiary: in the Public Services program table on **page 132**:
 - a. "Assistance is primarily limited to households at or below 80% of AMI. Exceptions may be made on a case-by-case basis where necessary to address an Urgent Need or as permitted by waiver. Further details will be provided in the forthcoming program policies and procedures manual."
- 2) Environmental review: We included a section within each program table to better delineate the potential Responsible Entity based on method of distribution. We also updated Section 5.1.3. on **page 135** to clarify the Responsible Entity depending on method of distribution.

2. HUD COMMENT: Funding Criteria (I.C1.e)

For the Infrastructure Program and the Mitigation Set-Aside program, a combination direct implementation and method of distribution model is identified. For funds sub-granted to eligible entities through a method of distribution or for applications that the grantee solicits for programs to be carried out directly, the universal notice prescribes the funding criteria in the action plan to include; “All criteria used to allocate and award the funds, ***including the relative importance of each criterion and any priorities***”

The program descriptions for the Infrastructure Program and the Mitigation Set-Aside Program, do include eligibility criteria, however the relative importance of the criterion is not identified.

The State is requested to revise the program descriptions to include the relative importance of the criterion for the Infrastructure and the Mitigation Set-Aside programs.

- 1) We added the relative importance of each criterion and priorities to program tables for both the Public Infrastructure program on **page 127** and the separate Mitigation Set-Aside program on **Page 130**.

Miscellaneous items:

Page 119 of the action plan - Buyouts are listed in program description chart, however buyouts are not cited in the listed eligible activities. The program description should be consistent whether buyouts are an eligible activity or not.

- 1) On **page 119**, we added FR-6489-N-01, III.D.5.h. buyouts to “eligible activities” in the Homeowner Disaster Recovery Housing program table. We also added provision III.D.5.k. - *Alternative requirement for housing rehabilitation and buyout – assistance for second homes*. DCCED does not envision this provision being used but chose to include in case a community elects to create a buyout zone but does not have the resources to provide buyouts for these homes. DCCED understands that this provision does not allow owners of second homes to receive rehabilitation assistance or safe housing incentives.

We also added language stating that further details on the options under this program, including voluntary buyouts, will be provided in the forthcoming Homeowner Disaster Recovery Policies and Procedures manual.

Page 123 of the action plan - The description indicates an “Infrastructure and Mitigation Program”, however Infrastructure and Mitigation Set-Aside are identified later as two distinct programs. Additionally, there is a typo on the amount of the mitigation set-aside, which should be \$2,436,000. The narrative on **page 123** appears that it needs to be updated, and the amount of mitigation set-aside should be corrected on this page.

- 1) We revised language on **page 123** to clarify that the Public Infrastructure program and the Mitigation Set-Aside program are two separate programs.
- 2) We also updated the name of the of the infrastructure program to Public Infrastructure and added some descriptors in the program description to better communicate the type of projects considered under this program.
- 3) We removed mention of the Mitigation Set-Aside program on page 123, which deleted the program amount typo.